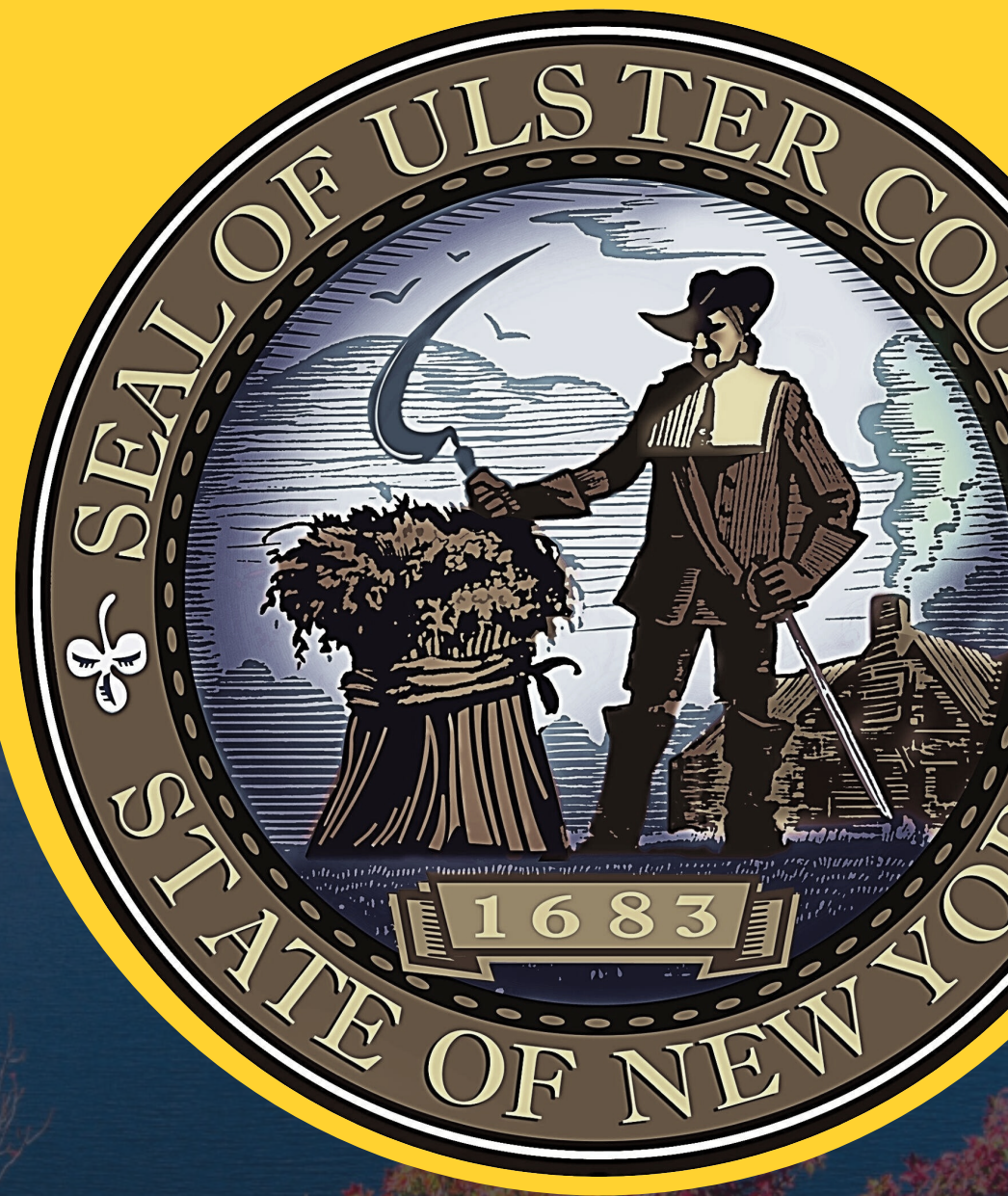


Ulster County

New York



# Analysis And Review

## 2024 Executive Budget





**2023**  
**ULSTER COUNTY**  
**LEGISLATIVE MEMBERS**

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*District No. 2 - Town of Saugerties, Village of Saugerties ..... Joseph Maloney*  
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*District No. 23 - Town of Hurley, Town of Woodstock ..... Jonathan R. Heppner*



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# TABLE OF CONTENTS

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<b>SECTION I – EXECUTIVE SUMMARY</b>	<b>1</b>
Introduction.....	1
Constraints and Objectives Associated with the Review.....	1
Approach and Methodology .....	1
Summary of Findings.....	2
<b>SECTION II – STATUS OF PRIOR RECOMMENDATIONS (FROM REVIEW OF PRIOR YEAR’S PROPOSED BUDGETS)</b>	<b>9</b>
<b>SECTION III – BUDGET PRACTICES</b>	<b>10</b>
Budget Process, Timeline and Management.....	10
Key Operating Funds .....	10
Best Practices - The Municipal Budget Process .....	11
<b>SECTION IV – REVENUES</b>	<b>15</b>
Revenue Introduction.....	15
Current and Projected Economic Conditions Must Be Considered.....	15
Sales Tax.....	16
Real Property Taxes.....	20
State and Federal Aid.....	23
Hotel or Motel Occupancy Tax.....	29
Departmental Revenues .....	30
Revenue Analysis – Conclusion .....	32
<b>SECTION V –EXPENDITURES</b>	<b>33</b>
Expenditure Introduction .....	33
Budget Lines (and Budget Line Groups) Analysis.....	33
Creation of Recurring Costs.....	35
Personnel Changes .....	36
Payroll Reduction/Attrition Savings .....	37
Fuel .....	38
Purchase Orders and Encumbrances .....	39
Status of Collective Bargaining Agreements.....	40
General Expenditure Benchmark Analysis.....	41
Expenditure Analysis – Conclusion.....	46

**SECTION VI – BUDGETARY VARIANCES** **47**

---

Budgetary Variance trends – General Revenues .....47  
Budgetary Variance trends – General Expenditures .....48

**SECTION VII – FUND BALANCE** **49**

---

Fund Balance Estimate .....49  
Use of Reserves.....49  
Appropriated Fund Balance .....51  
General Fund Trends.....52  
Community Development Trends.....55  
County Road Fund .....56  
Road Machinery Fund.....59  
Debt Service Fund.....63

**SECTION VIII – SUMMARY OF INDEBTEDNESS** **66**

---

Debt Overview .....66  
Debt Authority .....67  
Outstanding Indebtedness .....68  
Indebtedness Peer Benchmark Comparison.....69  
Cash Flow Financings.....70  
Bond Anticipation Notes.....70  
Authorized But Unissued Debt .....71

**SECTION IX – CAPITAL PLANNING** **72**

---

Administration of Capital Budget and Planning .....72  
Capital Improvement Program Summary .....74

**SECTION X – FISCAL POLICIES AS BEST PRACTICE** **77**

---

Fiscal Policies As A Best Practice .....77  
GFOA Recommended Fiscal Policies .....79

**SECTION XI – CONCLUSION** **81**

---

**APPENDIX A:**

**DEPARTMENTAL SUMMARIES** **A-1**

---

County Attorney..... A-1  
Department of Budget..... A-3  
County Clerk..... A-5  
County Comptroller ..... A-8  
Department of Economic Development..... A-10  
Department of Emergency Management ..... A-12  
Department of Environment ..... A-13  
Department of Finance..... A-17  
Department of Health..... A-20  
Information Services..... A-22

Department of Mental Health .....	A-25
Department of Personnel.....	A-27
Department of Planning .....	A-30
Department of Public Works .....	A-32
Department of Safety .....	A-34
Sheriff .....	A-36
Department of Social Services.....	A-39

**APPENDIX B:**

**DEMOGRAPHIC AND SOCIOECONOMIC ENVIRONMENT B-1**

General Information.....	B-1
Population Benchmarks .....	B-4
Income Benchmarks.....	B-5
Employment Benchmarks.....	B-7
Housing Benchmarks .....	B-10

**APPENDIX C:**

**SAMPLE FISCAL POLICIES C-1**

Introduction.....	C-1
Financial Goals .....	C-1
Financial Policies .....	C-1
Sample Budget Policy.....	C-2
Sample Cash Management and Investment Policy .....	C-4
Sample Capital Asset Policy.....	C-12
Sample Debt Management Policy.....	C-14
Sample Expenditure Policy.....	C-16
Sample Credit Card Issuance and Use Policy.....	C-18
Sample Operating Position Policy .....	C-20
Sample Purchasing Policy.....	C-21
Sample Revenue Policy .....	C-25

**APPENDIX D:**

**SUMMARY OF PRIOR YEAR RECOMMENDATIONS D-1**

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# SECTION I

## EXECUTIVE SUMMARY

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### INTRODUCTION

Ulster County (the “County”) commissioned Capital Markets Advisors, LLC’s Strategic Consulting Group (“CMA”) to review and analyze the County’s proposed budget for its fiscal year ending December 31, 2024 (the “2024 Proposed Budget”). This marks CMA’s fourth, consecutive year reviewing the County’s budget. Members of CMA’s Strategic Consulting Group conducted an evaluation of the County budget and key departments during October through November 2023, with continual review expected through the adoption of the budget.

### CONSTRAINTS AND OBJECTIVES ASSOCIATED WITH THE REVIEW

As part of the process, CMA elected to conduct in-person interviews of key departments of the County. This Review details the findings associated with CMA’s analysis. Due to the short timeframe with which CMA conducted its review, certain areas of concern were not able to be fully analyzed. As a result, the County may elect to conduct additional analysis to further explore efficiencies within its operations. Additionally, the County’s Department of Finance underwent significant turnover during the past year, particularly with regards to management. This has led to a delay in data entry for the current fiscal year, resulting in potentially incorrect or dated actual results in the 2024 Proposed Budget. CMA utilized the actual results as stated in the budget book and any discrepancies should be noted accordingly. The findings by CMA were based on its review and may be subject to change and adjustment as additional investigations are requested by CMA or the County.

### APPROACH AND METHODOLOGY

CMA focused on a series of targeted key departments, agencies or functions of the County. Such targets either constituted a large percentage of the services provided by the County or were deemed important for review by CMA, the County or both. The Review and recommendations concentrate on the 2024 Proposed Budget.

During the evaluation period, CMA conducted several in-person interviews with County officials, performed a comprehensive review of available financial documents, accumulated data on comparable municipalities for the benchmarking of financial and personnel matters and participated in conversations with various industry professionals.

Baseline details relative to the demographic and socioeconomic environment of the County are also provided in Appendix B of the Review. Appendix B provides a foundation for understanding the County’s local economy. Appendix D includes various samples of fiscal policies.

## SUMMARY OF FINDINGS

Herein follows a concise summary of CMA’s findings. Detailed analysis of each of the following findings should be reviewed on the noted pages in the body of this Review.

Focus Area		Topic	Detail	Page
1.	Budget Process	Organization of Budget Document(s)	The 2024 Proposed Budget book lacks the inclusion of previously adopted fiscal policies.	11
2.	Budget Process	Glossary of Terms	Although included, the placement of the glossary at the end of the budget document makes it less useful than it would be if placed prior to when many of the terms and words are used in the budget presentation.	12
3.	Budget Process	Statistical Information	The 2024 Proposed Budget document remains lacking in demographic and socioeconomic information.	12
4.	Budget Process	Design of the Budget Document	The 700+ page PDF version of the 2024 Proposed Budget still lacks hyperlinks in the Table of Contents.	12
5.	Budget Process	Lack of Year-to-Date Information	The County should better label the “2023 Actual” columns in the various data charts by stating the through date for the information.	13
6.	Budget Process	2023 Actuals	The comparison column that measures the proposed 2024 Proposed Budget (line by line) versus what was budgeted for 2023 is missing.	14
7.	Budget Process	Public Engagement	The timeline and schedule of actions allow for ample public engagement. Inclusion of public meeting dates on the summary table would enhance the 2024 Proposed Budget.	14

Focus Area		Topic	Detail	Page
8.	Revenues	Sales Tax	Sales tax projections included in the 2024 Proposed Budget may be aggressive and hard to achieve. October 2023 sales tax collections should be reviewed before making a final decision on sales tax revenue in the 2024 Proposed Budget.	20
9.	Revenues	Real Property Taxes - Levy	The County's budgeting of the same amount of real property tax in 2024 as it did in 2023 was done as a starting point for formulating the 2024 Budget Proposed, with estimates and budgets for the remaining revenue lines and all expense lines done subsequently. The process should be reversed.	23
10.	Revenues	Real Property Taxes – Tax Cap	Even if the County will not exceed the 2% tax cap limit, it should still consider passing a resolution allowing for the override as this speaks directly to the County's willingness to adopt a structurally balanced and realistic budget.	23
11.	Revenues	State Aid and Federal Aid	Moving forward the County needs to closely monitor State and Federal aid on a continuous basis, since it represents such a large portion of total revenues (27% in the 2024 Proposed Budget) and as it did in the 2023 Adopted Budget (25%). The projection of aid in the 2024 Proposed Budget is deemed to be appropriate but should be the subject of constant monitoring.	28



Focus Area		Topic	Detail	Page
12.	Revenues	Hotel or Motel Occupancy Tax	The projected increase from 2% to 4% was deemed a positive for 2024. Nevertheless, since the Home Rule legislation has not yet been signed by the Governor and requires additional approval from the County Legislature to go into effect, there is a level of inherent risk which must be considered and further discussed.	30
13.	Revenues	Departmental Revenue	Should sales tax or the anticipated increase of hotel or motel occupancy taxes not materialize, the County should review its various fee schedules for opportunities to increase recurring sources of revenue.	32
14.	Expenditures	Budget Lines and Budget Line Groups	There are a number of budget lines and budget line groups that raise questions, such as overtime, supplies and health insurance, among others. It is recommended that the County Finance Staff review the lines discussed in this Review to ensure they are as accurate as possible and reflect the funding required to meet demands.	35
15.	Expenditures	Recurring Costs	The 2024 Proposed Budget contains several proposals that will create new programs and services which utilize outside funding sources. The County should review these proposals and determine what, if any, future additional and/or recurring costs might be created as a result of implementing them.	36
16.	Expenditures	Personnel Changes	The County should include benefit costs for the new positions being added which are presented on page 25 of the 2024 Proposed Budget.	36

Focus Area		Topic	Detail	Page
17.	Expenditures	Payroll Reduction / Attrition Savings	As presented in the 2024 Proposed Budget, the negative “Payroll Reduction – Attrition Savings” line is relatively uncommon and the budget does not provide an informative explanation of exactly what the line represents or how it was calculated. The use of a contingency line would be a more transparent practice.	37
18.	Expenditures	Fuel	Fuel costs were deemed to be appropriately budgeted in the 2024 Proposed Budget.	39
19.	Expenditures	Departmental Utility Costs	With the addition of large capital projects, utility costs should be reviewed mid-year.	39
20.	Expenditures	Purchase Orders and Encumbrances	As of October 31, 2023, only 3.78% of the (2023) original adopted budget has been encumbered and only 14.06% of the 1,487 expense lines had some or all of the lines encumbered. Use of encumbrances remains important for the remainder of 2023 and moving forward in administering the 2024 County budget.	40
21.	Expenditures	Collective Bargaining	With collective bargaining contracts expiring at the end of fiscal 2024, the findings of the pending comprehensive salary study could significantly impact negotiations and/or future costs. The County will need to plan accordingly.	41
22.	Budget Variances	Revenue	The revenue variance analysis suggests that several sources of revenue in the governmental funds continue to be underbudgeted.	47

Focus Area		Topic	Detail	Page
23.	Budget Variances	Expenditures	The expenditure variance analysis suggests that several expenditure lines in the governmental funds continue to be overbudgeted.	48
24.	Fund Balance	Fund Balance Estimate	The 2024 Proposed Budget fund balance estimate is appropriate but could be further expanded to include a projection/estimate of year-end 2024 unrestricted fund balance. That estimate should be compared to the County's fund balance policy to ensure adherence to the policy.	49
25.	Fund Balance	Use of Reserves	Although supportive of the County's action to create dedicated reserves to pay for future capital projects, it is recommended that the County consider taking a portion of the \$36 million (\$2 to \$4 million) and creating reserves that would insure against the costs of unanticipated events in yearly operations.	50
26.	Summary of Indebtedness	Debt Overview	There remain several authorizations that are significantly dated. The recent addition of a debt management plan should help to better control authorizations.	66
27.	Summary of Indebtedness	Cash Flow Financings	Not having to issue cash flow notes is deemed a credit positive event.	70
28.	Summary of Indebtedness	November Financings	The County is currently in the process of issuing debt obligations. The sale date for the issuance was November 1, 2023, with tentative closings scheduled for November 15, 2023. The County should confirm that the debt service appropriations have been revised to reflect actual payments correlating to the issuance of debt in November 2023.	70

Focus Area		Topic	Detail	Page
29.	Summary of Indebtedness	Authorized but Unissued Debt	An estimate of future borrowing related to actual spending should be included with the capital information and in the chart for Debt Authorized and Unused to make the Capital Improvement Plan more informative and useful.	70
30.	Capital Planning	Authorized but Unissued Debt II	Remaining partial authorizations should be reviewed and repealed if they are not anticipated to be utilized.	73
31.	Capital Planning	Capital Plan I	The County should establish a Capital Plan/Project Committee or Task Force to review all outstanding and ongoing capital projects to filter out those projects no longer desired and re-establish the need for the desired projects moving forward.	73
32.	Capital Planning	Capital Plan II	The County should reaffirm all funding sources, including the use of authorized debt for each project.	73
33.	Capital Planning	Capital Plan III	The County should consider the establishment of a Capital Project Manager (with perhaps a Project Assistant and a Senior Account Clerk) to oversee and manage the County's capital improvement efforts and capital Budget/Plan.	73
34.	Capital Planning	Capital Plan IV	The backlog of prior year projects is significantly hampering the accuracy of the Capital Plan.	76
35.	Fiscal Policies and Internal Controls	GFOA Best Practices	The County would benefit from drafting written financial policies encompassing areas recommended as a best practice by the GFOA.	80



Focus Area		Topic	Detail	Page
36.	Conclusion	Mid-Year Budget Status	CMA should update this Review at a mid-year point in 2024.	81

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**SECTION II**  
**STATUS OF SELECT PRIOR RECOMMENDATIONS**  
***(FROM REVIEW OF PRIOR YEAR’S PROPOSED BUDGETS)***

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During 2022, CMA was retained by the County to conduct a comprehensive review of the County’s 2023 Proposed Budget. A report was provided to the County in November 2023 which included CMA’s findings, a number of initiatives and/or recommendations and the status of initiatives and/or recommendations from prior years.

As a part of the review of the 2024 Proposed Budget, County officials provided CMA with a memo which detailed the status of prior initiatives and/or recommendations. The memo was dated July 14, 2023 and provided to CMA in mid-September. The status of projects is believed to be generally accurate.

Attached as Appendix D to this Review is a copy of the prior year initiatives and/or recommendations memo.

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## SECTION III BUDGET PRACTICES

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### **BUDGET PROCESS, TIMELINE AND MANAGEMENT**

The County’s operating budget serves a number of functions. It designates purposes for which resources are to be apportioned among various departments and agencies and provides authority to County officials to both incur obligations and to pay expenses. It is an executive budget. That is, the County Executive serves as the Chief Budgetary Officer of the County. Together with the assistance of department heads and County officials, the Executive prepares and submits to the County Legislature the proposed annual budget, capital program, and accompanying budget message, which concisely summarizes the priorities, goals and initiatives of the budget. The Legislature holds public hearings and a final budget is prepared and adopted no later than the second Thursday of December each year.

Based on CMA’s review of the budget process, the County was found to generally follow industry recognized best practices.

### **KEY OPERATING FUNDS**

Activities are accounted for in separate funds in order to show accountability. The County’s Budget includes a total of six (6) “major” funds, each of which is further described below.

**General Fund (A).** The General Fund, or the A Fund, is considered to be the chief operating fund of the County and accounts for the revenues and expenditures of the general government.

**Special Grant Fund (B).** The Special Grant Fund, or the B Fund, accounts for proceeds received under the Workforce Investment Act and Community Development Block Grant programs.

**County Road Fund (D).** The County Road Fund, or the D Fund, accounts for the acquisition and maintenance of roads and bridges.

**Road Machinery Fund (E).** The Road Machinery Fund, or the E Fund, accounts for the acquisition and maintenance of road machinery and equipment.

**Self-Insurance Fund (S).** The Self-Insurance Fund, or the S Fund, accounts for the County’s self-insurance plan

**Debt Service Fund (V).** The Debt Service Fund, or the V Fund, accounts for the financial resources that are restricted, committed or assigned to expenditures for principal and interest on long-term general obligation debt of the County (if not accounted for in other Funds).

## **BEST PRACTICES - THE MUNICIPAL BUDGET PROCESS**

The National Advisory Council on State and Local Budgeting (“NACSLB”) was established by eight associations of state and local government, including the Government Finance Officers Association (“GFOA”). The purpose of the NACSLB was to develop a set of industry recognized best budgetary practices. These best practices remain endorsed by the GFOA. GFOA has a national organization structure but is also organized at the state level. The GFOA has a very active and engaged operation and presence in the State of New York.

Herein follows a concise discussion of best budgetary practices and CMA’s findings relative to its review of the County’s 2024 Proposed Budget.

**Best Practices in Budget Format.** The presentation of the annual operating budget is critical. It should be informative yet easy to understand.

The GFOA recommends that municipal governments incorporate the below guidelines and practices to facilitate a broader consumption and greater comprehension of municipal budget documents.

*Organization of Budget Document(s).* Improving the organization of the budget document(s) reduces redundancy and fosters a better flow of data that is organized in a logical sequence. The GFOA has identified six (6) major sections which they have deemed as critical.

1. Introduction and Overview;
2. Financial Structure, Policy and Process;
3. Financial Summaries,
4. Capital and Debt,
5. Departmental Information, and
6. Document-Wide Criteria (Glossary and Statistical/Supplemental Section).

Source: GFOA Best Practices, Making the Budget Document Easier to Understand.

*CMA Finding - Organization of Budget Document(s).* For 2024, CMA’s review notes a continuation of a budget document that was redesigned with the 2023 Executive Budget and incorporates reformatted sections. The 2024 Proposed Budget includes most of the sections and information recommended by the GFOA. Transparency has been enhanced for 2024, however adopted fiscal policies are not included as a part of the budget book.

The Key Terms and Definitions section that begins on page 713 is a very helpful and useful part of the 2024 Proposed Budget, especially for the public and others reading the budget who do not have an extensive knowledge of financial terms. The compendium of word and term explanations is thorough and extensive, which makes it extremely valuable. However, its placement on page 713 buries this important section for the reader/reviewer.



When laws are drafted and proposed, or contracts written, definitions are normally placed at the beginning of all text to better inform those who do not read such documents on a regular basis and make the document more understandable – similar to a long-detailed budget document.

***CMA Finding – Glossary of Terms.*** *The Key Terms and Definitions section of the budget is thorough and provides valuable information to the reader/reviewer. However, its placement at the end of the budget document makes it less useful than it would be if placed prior to when many of the terms and words are used in the budget presentation.*

*CMA recommends that the Key Terms and Definitions section be moved to an earlier position in the budget document. One potential placement would be between page 15, which contains the budget timeline, and page 16, which contains the beginning of 2024 Proposed Budget Proposals (which is where the reader begins to find many terms and words addressed in the Key Terms section).*

***Statistical Information of Budget Document(s).*** The GFOA recommends inclusion of the following statistical or supplemental information in the budget:

1. Form of Government
2. Geographical Map
3. Community Profile, Inclusive of a Historical and Perspective on Current Community Issues.
4. Demographic and Socioeconomic Statistics

***CMA Finding – Statistical Information of Budget Document(s).*** *The 2024 Proposed Budget remains lacking in demographic and socioeconomic information. Inclusion of this data, utilizing simple charts and tables, would make the document more informative and would provide context for spending decisions and revenue projections. As was done in the past two year’s Analysis and Review, CMA has included demographic and socioeconomic information in Attachment B to this Review. The information is similar to that provided in Official Statements of the County, which has historically been prepared in November of each year.*

***Design of Budget Document(s).*** The design of the budget document should be simple and easy to use, but attractive. The GFOA recommends the use of hyperlinks between the Table of Contents and specific pages on electronic versions of budgeted documents.

***CMA Finding - Design of Budget Document(s).*** *The 2024 Proposed Budget document incorporates an online version. Although the online information was an excellent addition, the 700+ page PDF version still lacks hyperlinks.*

***Detail of Budget Document(s).*** Although the budget documents(s) should contain an appropriate level of detail to convey information, excessive amounts of data can hinder the reader’s understanding. The GFOA also recommends that budget information be presented in such a way that is consistent between funds and between departments.

An important part in the presentation of any budget is how the data contained within is presented in charts, tables and diagrams. In reviewing the County's 2024 Proposed Budget, there were several pieces of information that, if added, could strengthen its informative value and provide the reader with a better understanding of year-to-date budget performance and the impact of proposals for FY2024.

For example, on pages 35 and 36, the revenues chart contains a column that is titled "FY2023 Actual" (as do all the charts in the budget book). This column was not used in the County's FY2023 Executive Budget (see the "Revenue by Fund" chart on page 17 of the 2023 Executive Budget). Including what is essentially a year-to-date (YTD) column makes any budget presentation more informative and useful, and is a positive addition to the 2024 Proposed Budget. However, it is also important that the "actual" or "YTD" column identifies through what date the information represents. By providing the "through" or "as of" date, the reader/reviewer can effectively make accurate comparisons for activity and budget performance for the same point in time in previous years. It would also provide a much clearer picture of revenue received, or what has been spent, by a specific and identifiable date in the current year versus what was budgeted. The County's financial database/system should generate a YTD date column in all reports provided at any time of the year so that the executive team and/or the Legislature can obtain timely information and evaluate with certainty any spending, revenues received or other budget activity (like encumbrances).

In reviewing the 2024 Proposed Budget, it was noted that the charts lack any information or analysis that compares the amount proposed in the 2024 Proposed Budget lines with what was adopted for 2023. Information that shows proposed spending reductions, increases, or no changes for each budget line is a strong tool that enhances and facilitates budget review. In many jurisdictions, a "Percent Change" column is the first item budget reviewers look to in order to get an immediate understanding of proposed spending and revenue projections. Percentage change calculations are extremely helpful and strengthen the presentation of any budget.

***CMA Finding - Lack of Year-to-Date Information:*** *The County should better label the "2023 Actual" columns in the various data charts by stating the through date for the information. For example, the column title should be "YTD through 10/1/23", or whichever date is appropriate. In addition, the County should add a column in its charts that compares the proposed amounts (line by line) in the 2024 Proposed Budget with the budget lines in the 2023 Executive Budget. The column should read something to the effect of "Pct. Change from FY2023". These recommendations would make the budget presentation stronger and more informative for the public and for those who review, amend and adopt it.*

*Summaries of Budget Document(s).* Budget summaries as a supplement to the main budget document are a recommended best practice of the GFOA since the use of tables, charts, and graphs can assist in transmitting data and information.

*CMA Finding - Highlights of Budget Document(s). The 2024 Proposed Budget, and its presentation, can be strengthened by identifying through which date the “2023 Actual” column represents. In addition, CMA also found that a comparison column that measures the proposed 2024 budget (line by line) versus what was budgeted for 2023 is missing.*

**Best Practices in Budgeting – Public Engagement.** Transparency and fiscal accountability should be considered a core value of the budget process. As a best practice, the NACSLB and the GFOA recommend local governments to encourage effective and well implemented public engagement processes.

*CMA Finding – Public Engagement. CMA has reviewed the County’s “Budget Timeline” which is presented in table form in the 2024 Proposed Budget. The timeline is comprehensive and outlines the County budget process in a concise way. It provides ample time from the day the budget was released by the County Executive to the first of three scheduled public hearings. The Legislature votes on the budget on December 5<sup>th</sup>, which is after three public hearings in November. The Legislature has those three weeks to consider public comments and incorporate them into the final budget, as it deems appropriate. CMA believes the timeline and schedule of actions allow for ample public engagement. Although noted as being comprehensive and concise, the Budget Timeline on page 15 of the 2024 Proposed Budget could be strengthened by adding dates for each of the three public meetings.*

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## SECTION IV REVENUES

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### REVENUE INTRODUCTION

The Proposed Budget of the County for the fiscal year ending December 31, 2024 has been constructed with the use of approximately \$413.1 million in revenues derived from various sources and \$16.3 million in appropriated fund balance and reserves. Key sources of revenue, as depicted in the 2024 Proposed Budget, include sales tax, State aid and Federal aid, real property taxes and special assessments, and departmental fees and charges. A summary of such revenues for the audited fiscal years ended December 31, 2017 through 2021, the unaudited fiscal year ended December 31, 2022, as budgeted for 2023 and as proposed by the County Executive for 2024 is discussed below. Information for certain fiscal years has been excerpted from the County's audited financial reports; however, such presentation has not been audited.

### CURRENT AND PROJECTED ECONOMIC CONDITIONS MUST BE CONSIDERED

CMA reviewed the County's 2024 Proposed Budget to evaluate the treatment of projected sales and occupancy tax revenue, departmental revenues, and departmental expenses (including the use of budgeted contingency) within the context of the current economic environment and actions being taken at the Federal level which will directly impact the County's fiscal performance on a forward moving basis.

A review of recent literature and articles shows there is concern amongst many financial institutions and experts over what might happen in the economy in 2024.

**Personal Debt.** In an article titled "These Record Debt Figures Are a Massive Red Flag for the American Economy", EJ Antoni of the Heritage Foundation states "American families are drowning in debt, especially on credit cards. The latest data from the Federal Reserve Bank of New York show Americans ended the first half of this year with over a trillion dollars of credit card debt for the first time ever. At the same time, credit card interest rates are at record highs, pushing many Americans to the financial brink." This viewpoint is supported in a September article by business reporter Lisa Fickenscher who wrote "Inflation squeezed Americans are defaulting on their credit cards and auto loans at levels not seen since the financial crisis – and the struggle to pay their bills is poised to get worse as interest rates rise and the moratorium on student loans expires." The more people struggle to pay bills, the less likely they are apt to spend and pay sales tax. Mark Zandi, Chief Economist at Moody's Analytics, drove home this point when he told the Washington Post "The increase in delinquencies and defaults is symptomatic of the tough decisions that these households are having to make right now – whether to pay their credit card bills, their rent or buy groceries." Obviously, these kinds of decisions exclude the option of buying the types of items that generate sales tax for local governments.



In an article titled “Déjà Vu? The Recent Rise in Credit Card Debt Delinquencies”, Juan Sanchez and Olivia Wilkinson of the St. Louis Federal Reserve Bank write “Although credit card delinquency rates were low during the COVID-19 recession, they have been on the rise since the end of 2021...severe delinquency results in account closure and loss of access to credit.” In a separate article by CNN titled “Americans’ credit card debt hits a record \$1 trillion,” we read that Sofia Baig, an economist at Morning Consult says, “as interest rates feed through from the Federal funds rate to interest rates on mortgages and credit cards, that affects everyday consumers,” and CMA believes that this impact on consumers is what must be accounted for in any projection of sales tax for the coming year.

The point is further supported by Matt Schulz and Dan Shepard of Lending Tree who conclude in a recent article updated on October 25, that “thanks to still-rising interest rates, stubborn inflation and myriad other economic factors, credit card balances are likely only going to climb, at least in the near-future.”

**Student Loan Repayment.** In addition, payments on the \$1.57 trillion in student loans are resuming in October 2023, thus taking more spendable revenue out of the economy, as will a return to more traditional unemployment requirements and benefits.

Taken together, these many economic factors must be considered when budgeting any revenues that depend on the health of the economy and disposal income.

## **SALES TAX**

Section 1210 of the New York Tax Law (the “Tax Law”) authorizes counties to levy sales and compensating use taxes of up to 3% in addition to the 4% sales tax levied by the State. Certain counties have received approval by the State Legislature to impose a sales and compensating use tax of greater than 3%. Sales and compensating use taxes are collected by the State and distributed to counties and municipalities of the State on a monthly basis.

A significant portion of County revenues are derived in the form of sales tax. Sales tax accounted for approximately 40% of the County’s General Fund revenue, excluding other sources. Budgeting for sales tax is extremely important in that miscalculation can lead to substantial shortages due to the magnitude of this revenue stream.

**2024 Proposed Amount.** The 2024 Proposed Budget includes \$167 million for sales tax revenue, the same amount that was contained in the 2023 Adopted Budget. The \$167 million for 2023 was a large increase over the \$142 million that was adopted for 2022 due to the higher-than-expected receipts experienced during the first three quarters of 2022. CMA cautioned that the \$167 million in the 2023 Proposed Budget might be a little high and the County should consider modifying the amount by several million dollars.

**Prior Recommendation.** In last year’s report, CMA suggested that “the County should consider projecting sales tax [for 2023] at a level not above what will be collected this year [2022].....Because of the magnitude of the sales tax number (even a 1% reduction represents a \$1.67 million in revenue).....assuming the County does not experience reductions in the fourth

quarter of 2022 compared to 2021, and collects the same amount as 2021, the County should end 2022 with about \$163.8 million in sales tax collection for 2022.”

Based on the New York State Department of Taxation’s AS300 sales tax collection report, the County received \$164,737,159 in 2022 (See Sales Tax Year-to-Date Chart, below). The County indicates on page 35 of the 2024 Proposed Budget that \$165,528,731 was collected in 2022. CMA assumes approximately \$165 million in sales tax revenue for 2022. The \$165 million is less than the adjusted sales tax projection of \$167 million for 2022 (which was achieved late in 2022 and was used as the basis for the County’s 2023 budget) by at least \$1.47 million or by as much a \$2.26 million.

**Sales Tax Year-to-Date Trend Comparison  
Fiscal Years December 31, 2022 and 2023**

Month	2022	Subtotal 2022	2023	Subtotal 2023	Difference
Jan	\$12,097,059		\$12,885,342		\$ 788,283
Feb	10,038,136		11,820,702		1,782,566
Mar	15,571,128		14,111,883		(1,459,245)
Apr	13,106,402		12,416,314		(690,088)
May	12,712,398		12,291,947		(420,451)
Jun	16,087,320		16,642,401		555,081
Jul	12,984,641		13,797,578		812,937
Aug	12,571,252		13,443,905		872,653
Sep	17,572,789	\$122,741,125	18,487,133	\$125,897,205	914,344
Oct	12,180,447		--		
Nov	12,613,832		--		
Dec	17,201,746		--		
<b>TOTAL</b>	<b>\$164,737,150</b>				

Source: NY State Dept. of Taxation and Finance - Office of Tax Policy Analysis - Sales Tax Distribution Analysis (Report AS300)

**Current Year Trend.** For fiscal year 2022, the County budgeted \$142 million for sales tax in a year with a strong retail economy fueled by:

- (i) Federal COVID assistance in the American Rescue Plan Act (“ARPA”) and the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act;
- (ii) Less stringent and larger than normal unemployment benefits and payments;
- (iii) The suspension of student loan payments; and
- (iv) Comparatively low credit card and other interest rates

As stated in the prior section, year-to-date collections in the first three quarters of 2022 led to the large increase in projected sales tax revenue in the 2023 Proposed Budget. Although cautioned in the prior budget analysis, the County adopted the 2023 budget with that large projected increase

to sales tax revenue. The County fell about \$2 million short of that within-year revised estimate in 2022.

This year, 2023, the County would need to collect close to what it did in the last quarters of 2021 and 2022 (~\$41-\$42 million) and not the amount collected in the final quarters of 2019 and 2020 (~\$33-\$36 million) in order to reach the \$167 million contained in the 2023 Adopted Budget (See the 4th Quarter Sales Tax Trend Analysis Chart below).

**4th Quarter Sales Tax Trend Analysis**  
**Fiscal Years December 31, 2019 to 2022**

Month	2019	2020	2021	2022
<b>Oct</b>	\$ 9,270,916	\$ 9,307,256	\$11,262,672	\$12,180,447
<b>Nov</b>	9,794,658	9,252,585	11,496,050	12,613,832
<b>Dec</b>	14,009,017	17,770,163	18,019,533	17,201,746
<b>TOTAL</b>	<b>\$33,074,591</b>	<b>\$36,330,004</b>	<b>\$40,778,255</b>	<b>\$41,996,025</b>

Source: NY State Dept. of Taxation and Finance - Office of Tax  
Policy Analysis - Sales Tax Distribution Analysis (Report AS300)

**Easing but Continued Supply Chain Concerns.** In addition to unenthusiastic economic forecasts, there remains multiple disruptions in the product supply and distribution chain which could continue in 2024. These types of disruptions could have an adverse impact on economic activity and thus on sales tax collections. Supply chain problems and their impact on economic activity are other reasons to be cautious in projecting large increases in sales tax revenues.

**Sales Tax – Trend Analysis.** The Trend Analysis, on the following page, sets forth the amount of sales tax reported in the County’s Governmental Funds in the audited financial statements for the fiscal years ended December 31, 2017 through 2022, the unaudited financial statement for the fiscal year ended December 31, 2022, the amount included in the 2023 Adopted Budget and the amount in the County 2024 Proposed Budget.

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**Sales Tax and Governmental Funds Revenues**  
**Fiscal Years December 31, 2017 to 2024**

<b>FY Ending Dec 31:</b>	<b>Governmental Funds Revenue <sup>(1) (2)</sup></b>	<b>Sales Tax</b>	<b>% Sales Tax to Governmental Funds Revenues</b>
<b>2017 (Audited)</b>	\$306,900,518	\$115,339,913	37.58%
<b>2018 (Audited)</b>	318,337,385	120,322,069	37.80
<b>2019 (Audited)</b>	321,415,067	127,215,937	39.58
<b>2020 (Audited)</b>	321,945,417	127,306,183	39.54
<b>2021 (Audited)</b>	387,429,155	154,916,412	39.99
<b>2022 (Unaudited)</b>	390,992,145	165,528,731	42.34
<b>2023 (Adopted Budget) <sup>(3) (4)</sup></b>	375,764,819	167,000,000	44.44
<b>2024 (Proposed Budget) <sup>(3) (4)</sup></b>	396,800,231	167,000,000	42.09

- (1) Audited and unaudited amounts include the General Fund, Debt Service Fund, Capital Projects Fund, UTASC and Total Nonmajor Funds.
- (2) Exclusive of other financing sources.
- (3) Budgeted amounts include the General Fund, Special Grant, County Road Fund, Road Machinery Fund, Self-Insurance Fund and Debt Service Fund.
- (4) Budgeted amounts exclude the appropriation of \$5.6 million in 2023 and \$16.3 million in 2024.

Source: The audited financial statements for 2017 through 2021, the unaudited financial statements for 2022, the 2023 Amended Budget and the 2024 Proposed Budget of the County. The summary itself is not audited.

On average, over the period 2017 through 2021, actual sales tax has historically accounted for more than 38.90% of County revenue in the Governmental Funds. For 2024, the proposed amount of sales tax equates to 42.09% of governmental revenues, which represents a significant increase over the time period measured.

**Sales Tax – Budgetary Variance Analysis.** Operating budgets of the County were compared against the actual results for each of the fiscal years 2018 through 2022, inclusive. The results were utilized to evaluate a trend of accuracy relating to budgetary forecast.

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**Sales Taxes – Budgetary Variance Analysis**  
**Fiscal Years December 31, 2018 to 2022**

<b>Fiscal Year</b>	<b>(Final) Adopted Budget</b>	<b>Actual Results</b>	<b>Positive (Negative) Variance</b>
<b>2022</b>	\$143,000,000	\$165,528,731	\$22,528,731
<b>2021</b>	125,559,288	154,871,457	29,357,412
<b>2020</b>	128,561,423	127,306,183	(1,255,240)
<b>2019</b>	124,935,116	127,215,937	2,280,821
<b>2018</b>	118,007,318	120,322,069	2,314,751

Source: The budgets of the County.

Positive budgetary variances were reported in each of the last five fiscal years, excluding 2020.

***CMA Finding- Sales Tax.** The 2024 Proposed Budget anticipates \$167 million in sales tax revenue, which, based on previous and current year collections, as well as predicted 2024 economic conditions, may be aggressive.*

*Sales tax is both the County’s largest source of recurring revenue and the most sensitive to fluctuations in the economy. Based on previous and current year collections, as well as predicted 2024 economic conditions, CMA recommends that the County remains flexible through the 2024 budget formulation process and takes into account October 2023 sales tax collections before making a final decision on sales tax revenue in the 2024 Proposed Budget. If a decision is made to lower the projected amount of sales tax revenue in the final 2024 budget, then the amount of that reduction will need to be offset by adding revenue (i.e. more appropriated fund balance or increases in fees), or reduce spending in one or more places in the budget. Reduced spending, as opposed to surplus appropriation, is always preferable when attempting to compensate for lost revenue.*

**REAL PROPERTY TAXES**

The collection of taxes on real property represents the County’s second largest source of revenue. Real property taxes accounted for approximately 22.02% of the County’s Governmental Funds revenue for the fiscal year ended December 31, 2022 (unaudited). The collection of real property taxes could be impacted by a recessionary period.

**Real Property Taxes – Trend Analysis.** Evaluating historical fiscal data provides constructive information that can be used to both identify structural imbalances and predict future risks.

The following table sets forth the amount of real property tax reported in the County’s Governmental Funds in the audited financial statements for the fiscal years ended December 31, 2017 through 2021, the unaudited financial statement for the fiscal year 2022, amount included in the 2023 Adopted Budget and the amount in the County Executive’s 2024 Proposed Budget.

**Real Property Taxes and Governmental Funds Revenues**  
**Fiscal Years December 31, 2017 to 2024**

FY Ending Dec 31:	Governmental Funds Revenue <sup>(1) (2)</sup>	Real Property Taxes	Other Real Property Tax Items	% RP Taxes & Tax Items to Governmental Funds Revenues
<b>2017 (Audited)</b>	\$306,900,518	\$74,977,057	\$5,282,724	26.15%
<b>2018 (Audited)</b>	318,337,385	75,082,199	5,624,634	25.35
<b>2019 (Audited)</b>	321,415,067	72,067,714	5,078,862	24.00
<b>2020 (Audited)</b>	321,945,417	72,026,254	4,957,180	23.91
<b>2021 (Audited)</b>	387,429,155	77,224,271	5,585,357	21.37
<b>2022 (Unaudited)</b>	390,992,145	77,902,298	8,198,511	22.02
<b>2023 (Adopted Budget) <sup>(3) (4)</sup></b>	375,764,819	73,028,225	5,619,000	20.93
<b>2024 (Proposed Budget) <sup>(3) (4)</sup></b>	396,800,231	73,028,225	4,380,000	19.51

- (1) Audited and unaudited amounts include the General Fund, Debt Service Fund, Capital Projects Fund, UTASC and Total Nonmajor Funds.
- (2) Exclusive of other financing sources.
- (3) Budgeted amounts include the General Fund, Community Development Fund, County Road Fund, Road Machinery Fund, Self-Insurance Fund and Debt Service Fund.
- (4) Budgeted amounts exclude the appropriation of \$5.6 million in 2023 and \$16.3 million in 2024.

Source: The audited financial statements for 2017 through 2021, unaudited financial statement for 2022, the 2023 Adopted Budget and the 2024 Proposed Budget of the County. The summary itself is not audited.

Real property taxes accounts for 19.51% of governmental revenues in the 2024 Proposed Budget, which is on a downward trend with prior years.

**Real Property Taxes – Benchmark Analysis.** Similar to the trend analysis, per-capita benchmarks were used to compare the County to its peers.

The following table sets forth the percent change of real property tax reported in the 2021 for Mid-Hudson counties on a per-capita basis.

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**BASED ON 2021 DATA**  
**Revenue Benchmark Analysis – Real Property Taxes**

County	Rank	2021 Real Property Taxes Per Capita
<b>Sullivan</b>	1	\$888
<b>Westchester</b>	2	714
<b>Rockland</b>	3	496
<b>Putnam</b>	4	445
<b><i>Ulster</i></b>	<b>5</b>	<b>424</b>
<b>Dutchess</b>	6	358
<b>Orange</b>	7	331

- (1) The categorization of expenditures was determined by the Office of State Comptroller and the numbers represented are those reported by the State. The State was unable to provide additional details relating to the composition of each sub-category. As such, a variation in the reporting of the sub-categories amongst the jurisdictions is possible. The presentation is for discussion purposes. CMA cannot guarantee data accuracy or completeness.
- (2) Rank is highest to lowest with 1 being the highest and 7 being the lowest.

Source: The Empire Center, New York State and other official government sources.

Relative to real property taxes, the County posted the 5<sup>th</sup> highest per capita rate of the Mid-Hudson counties for 2021, the most recent year for which such information is available.

**Formulation of Property Tax Revenue Line.** Property tax revenue should reflect the amount needed to close any gap that exists between anticipated non-property tax revenue and projected expenses/costs. Non-property tax revenue and expenses/costs should be calculated and budgeted first. The difference between the two (in almost all cases expenses will exceed non-property tax revenue) is filled (and the budget balanced) from the collection of real property tax. Non-property tax revenue and operating expenses should be based on well thought out and realistic projections of each. This leads to accurate and ample property tax collections.

The 2024 Proposed Budget proposes a property tax levy exactly equal to the amount budgeted in the 2023 Adopted Budget (\$74,028,225). Creating a budget using a pre-determined property tax revenue number is an indication that non-property tax revenue and operating expenses/costs were developed so as to create a difference that could be satisfied by collecting the same amount of property tax as the previous year. In this way the budget can be presented as keeping “the property tax levy flat”.

However, establishing the desired tax levy first, then formulating the remainder of the revenue side of the budget, and the entire operating expenses budget could result in unrealistic and/or inaccurate projections in order to produce the desired “gap” – in this case \$74,028,225. Although this might not lead to a shortfall in property tax revenue for 2024, using this apparent backward

method of budgeting as a standard practice could cause problems in the future by creating revenue shortfalls or inaccurate budgeting of one or more revenue and/or expense lines.

***CMA Finding- Real Property Tax Levy.*** *CMA believes the County’s budgeting of the same amount of real property tax in 2024 as it did in 2023 was done as a starting point for formulating the Recommended 2024 Budget, with estimates and budgets for the remaining revenue lines and all expense lines done subsequently. The process should be reversed.*

*CMA recommends that in the future the real property levy (amount of real property tax to be collected) be derived as a result of first developing the budgets for all non-property tax revenue lines and all expense/cost lines and then filling the gap with the real property tax levy needed for a balanced budget. For 2024 the County should review the property tax levy of \$74,028,225 in the Proposed Budget to ensure it is ample.*

***CMA Finding- Real Property Tax Cap.*** *The NY Tax Cap Law establishes a limit on the annual growth of property taxes levied by local governments and school districts to 2% or the rate of inflation, whichever is less. Local governments may exceed the tax cap by passing a local law or resolution to override the Tax Cap. Essentially, the process to override the tax cap is two steps. First the jurisdiction must pass a resolution or local law. Then they must adopted a budget exceeding the allowable limit. Since the resolution, or part one of this process, speaks directly to the County’s willingness to adopt a structurally sound budget, this should be considered even when there is no intention to override the allowable limit.*

## **STATE AND FEDERAL AID**

**State Aid.** The County derives a major portion of its Governmental Funds revenue from State aid. State aid accounted for approximately 15.66% of the County’s Governmental Funds revenue for the fiscal year ended December 31, 2022 (unaudited).

*State Aid – Trend Analysis.* Evaluating historical fiscal data provides constructive information that can be used to both identify structural imbalances and predict future risks.

The following sets forth the amount of State aid reported in the County’s Governmental Funds in the audited financial statements for the fiscal years ended December 31, 2017 through 2021, unaudited financial statements for the fiscal year 2022, the amount included in the 2023 Adopted Budget and the amount in the County Executive’s 2024 Proposed Budget.

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**State Aid and Governmental Funds Revenues**  
**Fiscal Years December 31, 2017 to 2024**

FY Ending Dec 31:	Governmental Funds Revenue <sup>(1) (2)</sup>	State Aid	% State Aid to Governmental Funds Revenues
<b>2017 (Audited)</b>	\$306,900,518	\$46,228,956	15.06%
<b>2018 (Audited)</b>	318,337,385	53,772,166	16.89
<b>2019 (Audited)</b>	321,415,067	53,028,515	16.50
<b>2020 (Audited)</b>	321,945,417	55,520,902	17.25
<b>2021 (Audited)</b>	387,429,155	53,824,404	13.89
<b>2022 (Unaudited)</b>	390,922,145	61,245,307	15.66
<b>2023 (Adopted Budget) <sup>(3) (4)</sup></b>	375,764,819	57,812,837	15.39
<b>2024 (Proposed Budget) <sup>(3) (4)</sup></b>	396,800,231	66,302,501	16.71

- (1) Audited and Unaudited amounts include the General Fund, Debt Service Fund, Capital Projects Fund, UTASC and Total Nonmajor Funds.
- (2) Exclusive of other financing sources.
- (3) Budgeted amounts include the General Fund, Community Development Fund, County Road Fund, Road Machinery Fund, Self-Insurance Fund and Debt Service Fund.
- (4) Budgeted amounts exclude the appropriation of \$5.6 million in 2023 and \$16.3 million in 2024.

Source: The audited financial statements for 2017 through 2021, the unaudited financial statements for 2022, the 2023 Adopted Budget and the 2024 Proposed Budget of the County. The summary itself is not audited.

*State Aid – Benchmark Analysis.* Similar to the trend analysis, the benchmarks were used to compare the County to its peer, Mid-Hudson counties on a per-capita basis.

The following table sets forth the percent change of State aid reported in 2021 for Mid-Hudson counties on a per-capita basis.

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**Exhibit RV-VII  
 BASED ON 2021 DATA  
Revenue Benchmark Analysis – State Aid**

County	Rank	2021 State Aid Per Capita
<b>Westchester</b>	1	\$367
<b>Sullivan</b>	2	362
<b><i>Ulster</i></b>	<b>3</b>	<b>317</b>
<b>Dutchess</b>	4	308
<b>Putnam</b>	5	249
<b>Rockland</b>	6	248
<b>Orange</b>	7	241

- (1) The categorization of expenditures was determined by the Office of State Comptroller and the numbers represented are those reported by the State. The State was unable to provide additional details relating to the composition of each sub-category. As such, a variation in the reporting of the sub-categories amongst the jurisdictions is possible. The presentation is for discussion purposes. CMA cannot guarantee data accuracy or completeness.
- (2) Rank is highest to lowest (1 being the highest, 7 the lowest).

Source: The Empire Center, New York State and other official government sources.

Relative to State aid, the County posted the 3<sup>rd</sup> highest amount of the Mid-Hudson counties for 2021, the most recent year for which such information is available.

**Federal Aid.** The County derives a major portion of its Governmental Funds revenue from Federal aid. Federal aid accounted for approximately 10.56% of the County’s Governmental Funds revenue for the fiscal year ended December 31, 2022 (unaudited).

*Federal Aid – Trend Analysis.* Evaluating historical fiscal data provides constructive information that can be used to both identify structural imbalances and predict future risks.

The following sets forth the amount of Federal aid reported in the County’s Governmental Funds in the audited financial statements for the fiscal years ended December 31, 2017 through 2021, the unaudited financial statement for the fiscal year ended December 31, 2022, the amount included in the 2023 Adopted Budget and the amount in the 2024 Proposed Budget.

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**Federal Aid and Governmental Funds Revenues**  
**Fiscal Years December 31, 2017 to 2024**

FY Ending Dec 31:	Governmental Funds Revenue <sup>(1) (2)</sup>	Federal Aid	% State Aid to Governmental Funds Revenues
<b>2017 (Audited)</b>	\$306,900,518	\$40,395,780	13.16%
<b>2018 (Audited)</b>	318,337,385	37,286,906	11.71
<b>2019 (Audited)</b>	321,415,067	34,412,179	10.71
<b>2020 (Audited)</b>	321,945,417	36,405,304	11.31
<b>2021 (Audited)</b>	387,429,155	31,549,106	8.14
<b>2022 (Audited)</b>	390,992,145	41,273,430	10.56
<b>2023 (Adopted Budget) <sup>(3) (4)</sup></b>	375,764,819	38,393,974	10.22
<b>2024 (Proposed Budget) <sup>(3) (4)</sup></b>	396,800,231	44,506,360	11.22

- (1) Audited and unaudited amounts include the General Fund, Debt Service Fund, Capital Projects Fund, UTASC and Total Nonmajor Funds.
- (2) Exclusive of other financing sources.
- (3) Budgeted amounts include the General Fund, Community Development Fund, County Road Fund, Road Machinery Fund, Self-Insurance Fund and Debt Service Fund.
- (4) Budgeted amounts exclude the appropriation of \$5.6 million in 2023 and \$16.3 million in 2024.

Source: The audited financial statements for 2017 through 2021, the unaudited financial statements for 2022, the 2023 Adopted Budget and the 2024 Proposed Budget of the County. The summary itself is not audited.

*Federal Aid – Benchmark Analysis.* Similar to the trend analysis, the benchmarks were used to compare the County to its peer, Mid-Hudson counties on a per-capita basis.

The following table sets forth the percent change of Federal aid reported in the 2021 for Mid-Hudson counties on a per-capita basis.

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**BASED ON 2021 DATA**  
**Revenue Benchmark Analysis – Federal Aid**

County	Rank	2021 Federal Aid Per Capita
Sullivan	1	\$289
Westchester	2	275
Dutchess	3	231
<b><i>Ulster</i></b>	<b><i>4</i></b>	<b><i>177</i></b>
Putnam	5	175
Orange	6	170
Rockland	7	142

- (1) The categorization of expenditures was determined by the Office of State Comptroller and the numbers represented are those reported by the State. The State was unable to provide additional details relating to the composition of each sub-category. As such, a variation in the reporting of the sub-categories amongst the jurisdictions is possible. The presentation is for discussion purposes. CMA cannot guarantee data accuracy or completeness.
- (2) Rank is highest to lowest (1 being the highest, 7 the lowest).

Source: The Empire Center, New York State and other official government sources.

Relative to Federal aid, the County posted the 4<sup>th</sup> highest amount of the Mid-Hudson counties for 2021, the most recent year for which such information is available.

**State and Federal Aid.** The County derives a major portion of its revenue from State and Federal aid. State and Federal aid accounts for 27% of revenues (\$110,809,861) in the 2024 Proposed Budget (see below). Such aid comprised 25% of revenues in the 2023 Adopted Budget. The percentage of aid is going up in the Proposed Budget as is total spending itself (overall spending is up 8.3 percent in 2024 Proposed Budget), which means a portion of the spending increase proposed in the 2024 Proposed Budget is to be paid for by the \$14.3 million increase in anticipated State and Federal aid (see below).

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**Federal and State Aid in the Budget**  
**Fiscal Years December 31, 2021 to 2024**

	2021 Actual	2022 Adopted	2023 Adopted	2023 YTD	2024 Proposed Budget	Change 2023 Adopted to 2024 Proposal	Pct. Change
<b>State Aid</b>	\$53,824,404	\$50,307,888	\$58,114,554	\$22,503,216	\$66,302,501	\$8,187,947	14.09%
<b>Federal Aid</b>	\$31,549,106	\$38,407,333	\$38,393,974	\$7,086,458	\$44,506,360	\$6,112,386	15.92%
<b>TOTAL</b>	<b>\$85,373,510</b>	<b>\$88,715,221</b>	<b>\$96,508,528<sup>(1)</sup></b>	<b>\$29,589,674</b>	<b>\$110,808,861<sup>(2)</sup></b>	<b>\$14,300,333</b>	<b>14.82%</b>

(1) This number represents 25% of the \$381,342,516 2023 Adopted Budget.

(2) This number represents 27% of the \$413,131,360 total 2024 Proposed Budget.

Source: 2024 Proposed Budget and 2024 Legislative Summary Chart of the Proposed Budget.

The heavy reliance on State and Federal aid to fund many of the services provided by the County requires careful monitoring of all aid expected and budgeted for in 2024.

For example, Social Services Administration revenue depends heavily on State and Federal aid. The 2024 Proposed Budget for the Social services Administration increases budgeted aid by over \$2.9 million (almost 12%) compared to the 2023 Adopted Budget (page 612 of the Executive Budget). For Safety Net departmental revenue the 2024 Proposed Budget calls for almost a \$1.2 million (42.6%) increase in State and Federal aid (page 630 of the Executive Budget). Obviously, this type on reliance on outside aid demands close monitoring to allow for reaction time to any unanticipated shortfalls or changes.

*CMA Findings –State and Federal Aid. As CMA stated on pages 31 and 34 of last year’s budget review, moving forward the County needs to closely monitor State and Federal aid on a continuous basis, especially since it represents such a large portion of total revenues (27% in the 2024 Proposed Budget) and as it did in the 2023 Adopted Budget (25%). The projection of aid in the 2024 Proposed Budget is deemed to be appropriate but should be the subject of constant monitoring.*

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## HOTEL OR MOTEL OCCUPANCY TAX

The County's Commissioner of Finance is responsible for the collection of hotel occupancy taxes imposed on the occupancy of hotel rooms, as authorized by the County Charter. Occupancy tax is the tax that is charged for things such as motel and hotel rooms, and homes rented through services like AirBnB. According to the Charter, the term "hotel" or "motel" includes an apartment hotel, motor court or inn, boardinghouse or club, or similar hotel or motel type of accommodations by whatever name designated, whether or not meals are served, and shall include those facilities commonly known as "bed-and-breakfast" and "tourist" facilities.

In 2023, the County requested Home Rule legislation that the Hotel & Motel Occupancy Tax rate be increased from 2% to 4%. The State Legislature has passed this Home Rule legislation and it is currently waiting to be delivered to the Governor for her review. The 2024 Proposed Budget anticipates the approval of this legislation. As such, in the 2024 Proposed Budget, occupancy tax receipts are increased by 100% from \$3,150,000 in the 2023 Amended Budget to \$6,300,000. If the tax increase does not take place until a later date in 2024, then the County should expect to reduce the budgeted revenue by a proportionate amount.

Hotel or motel occupancy tax revenue accounted for approximately 0.96% of the County's Governmental Funds revenue for the fiscal year ended December 31, 2022 (unaudited).

**Trend Analysis.** The following table sets forth the amount of hotel or motel occupancy tax revenue reported in the County's Governmental Funds in the audited financial statements for the fiscal years ended December 31, 2017 through 2021, the unaudited financial statement for the fiscal year ended 2022, the amount included in the 2023 Adopted Budget and the amount in the County's 2024 Proposed Budget.

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**Hotel or Motel Occupancy Taxes and Governmental Funds Revenues**  
**Fiscal Years December 31, 2017 to 2024**

FY Ending Dec 31:	Governmental Funds Revenue <sup>(1) (2)</sup>	Hotel or Motel Occupancy Taxes	% Hotel or Motel Occupancy Tax to Governmental Funds Revenues
<b>2017 (Audited)</b>	\$306,900,518	\$1,530,160	0.50%
<b>2018 (Audited)</b>	318,337,385	1,805,747	0.57
<b>2019 (Audited)</b>	321,415,067	2,032,778	0.63
<b>2020 (Audited)</b>	321,945,417	1,691,458	0.53
<b>2021 (Audited)</b>	387,429,155	3,357,322	0.87
<b>2022 (Unaudited)</b>	390,992,145	3,750,115	0.96
<b>2023 (Proposed Budget) <sup>(3) (4)</sup></b>	375,764,819	3,150,000	0.84
<b>2024 (Proposed Budget) <sup>(3) (4)</sup></b>	396,800,213	6,300,000	1.59

- (1) Audited and unaudited amounts include the General Fund, Debt Service Fund, Capital Projects Fund, UTASC and Total Nonmajor Funds.
- (2) Exclusive of other financing sources.
- (3) Budgeted amounts include the General Fund, Community Development Fund, County Road Fund, Road Machinery Fund, Self-Insurance Fund and Debt Service Fund.
- (4) Budgeted amounts exclude the appropriation of \$5.6 million in 2023 and \$16.3 million in 2024.

Source: The audited financial statements for 2017 through 2021, the unaudited financial statement for 2022, the 2023 Amended Budget and the 2024 Proposed Budget of the County. The summary itself is not audited.

*CMA Finding- Hotel or Motel Occupancy Tax Rate Increase. In its prior review, CMA recommended the occupancy rate be reviewed by the County and increased accordingly to match the “market rate.” The County’s rate of 2% is far below the rate charged by most New York counties, which is generally in the range of 4% to 4.5%. The increase reflected in the 2024 Proposed Budget is deemed a positive step in the realignment of this revenue source. Nevertheless, since the Home Rule legislation has not yet been signed by the Governor, there is a level of inherent risk which must be considered and further discussed. In the event that the rate is not able to be increased, the County will need to consider an alternate plan correlating to the \$3 million increase. In addition, if the tax increase does not take place until a later date in 2024, then the County should expect to reduce the budgeted revenue by a proportionate amount.*

**DEPARTMENTAL REVENUES**

The County derives revenues from various form of departmental fees and charges. Departmental revenue accounted for approximately 2.67% of the County’s Governmental Funds revenue for the fiscal year ended December 31, 2022 (unaudited).

The following table sets forth the amount of departmental revenue reported in the County’s Governmental Funds in the audited financial statements for the fiscal years ended December 31,

2017 through 2021, the unaudited financial statement for 2022, the amount included in the 2023 Adopted Budget and the amount in the County Executive’s 2024 Proposed Budget.

**Departmental Revenues and Governmental Funds Revenues**  
**Fiscal Years December 31, 2017 to 2024**

FY Ending Dec 31:	Governmental Funds Revenue <sup>(1) (2)</sup>	Departmental Revenues	% Departmental Revenues to Governmental Funds Revenues
<b>2017 (Audited)</b>	\$306,900,518	\$10,038,653	3.27%
<b>2018 (Audited)</b>	318,337,385	9,688,696	3.04
<b>2019 (Audited)</b>	321,415,067	9,240,832	2.88
<b>2020 (Audited)</b>	321,945,417	10,030,575	3.12
<b>2021 (Audited)</b>	387,429,155	10,049,580	2.59
<b>2022 (Unaudited)</b>	390,992,145	10,429,659	2.67
<b>2023 (Proposed Budget) <sup>(3) (4)</sup></b>	375,764,819	9,888,360	2.63
<b>2023 (Proposed Budget) <sup>(3) (4)</sup></b>	396,800,231	8,979,293	2.26

- (1) Audited and unaudited amounts include the General Fund, Debt Service Fund, Capital Projects Fund, UTASC and Total Nonmajor Funds.
- (2) Exclusive of other financing sources.
- (3) Budgeted amounts include the General Fund, Community Development Fund, County Road Fund, Road Machinery Fund, Self-Insurance Fund and Debt Service Fund.
- (4) Budgeted amounts exclude the appropriation of \$5.6 million in 2023 and \$16.3 million in 2024.

Source: The audited financial statements for 2017 through 2021, the unaudited financial statement for 2022, the 2023 Adopted Budget and the 2024 Proposed Budget of the County. The summary itself is not audited.

**Recessionary Impact.** In the uncertain and threatening economic environment described earlier, it is important that departmental revenues be budgeted (projected) carefully and conservatively. CMA reviewed departmental revenue lines to assess whether the County’s revenue estimates (especially those for departmental fees) were developed in line with current and predicted economic conditions. Some of the larger lines are presented in following table.

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**Departmental Revenues – Larger Revenue Line Comparison**

<b>Line</b>	<b>2023 Budget</b>	<b>2024 Proposed</b>
<b>Clerk Fees – Recording</b>	\$1,800,000	\$1,250,000
<b>Clerk Fees – Vehicle</b>	850,000	1,200,000
<b>Pub. Works – Auto Use Tax</b>	1,200,000	1,200,000
<b>Emergency Tel. System Surcharge</b>	810,000	820,000
<b>Sheriff Fees</b>	240,000	225,000
<b>Federal Aide Public Safety</b>	201,450	203,439
<b>State Aid Court Facility</b>	197,000	197,000
<b>Community College Tuition</b>	75,000	75,000

*CMA Finding- Departmental Revenue. After reviewing all revenue lines, CMA has concluded that the County has been careful and conservative in developing departmental income projections. Fee projections for some of the larger departmental revenue items were conservative and did not over-project for 2024. Nevertheless, should sales tax or the anticipated increase of hotel or motel occupancy taxes not materialize, the County should review its various fee schedules for opportunities to increase recurring sources of revenue.*

**REVENUE ANALYSIS – CONCLUSION**

Like many other public jurisdictions, in order to operate and provide adequate services to residents and other stakeholders, the County requires secure, predictable revenue sources which will grow on an annual basis to keep pace with expenditures. Annual growth of recurring revenue sources is an important factor since the County’s largest expenditures (salaries, employee benefits, equipment, etc.) also increase annually. If revenues become stagnant and expenditure growth cannot be offset, the fiscal condition of the County will deteriorate.

As a result of economic uncertainty, there continues to exist significant and unknown factors outside the direct control of the County which could, potentially severely and significantly, impact key revenue sources. As a result, it is inevitable that a certain level of revenue risk will exist in the 2024 Proposed Budget. To limit the risk of developing a structurally imbalanced budget, revenues should be kept as conservative as possible.

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## SECTION V EXPENDITURES

### EXPENDITURE INTRODUCTION

The Proposed Budget of the County for the fiscal year ending December 31, 2024 includes total expenses of \$413.1 million. These expenditures are proposed to be offset with \$396.8 million in revenues and approximately \$16.3 million in fund balance.

### BUDGET LINES (AND BUDGET LINE GROUPS) ANALYSIS

CMA reviewed budget line groupings to determine if line amounts were reasonable in the 2024 Proposed Budget based on year-to-date activity as reported to CMA by County staff. Six particular budget line groupings in the 2024 Proposed Budget raised questions about the amounts proposed when considering both the 2023 adopted amounts and year-to-date performance. The two (2) following charts provided a representation of CMA’s calculations. Following the charts are additional narratives.

#### Budget Lines and Group Analysis - Budget Account Comparisons

Year	Budget Account	Adopted	Proposed 2024	Dollar Difference	% Difference
2022	Overtime Pay -1410	\$4,163,425	\$5,869,890.00	\$1,706,465.00	40.99%
2023	Overtime Pay -1410	\$4,892,818	\$5,869,890.00	\$977,072.00	<b>19.97%</b>
2022	Vehicles - 2100	\$246,000	\$315,000.00	\$69,000.00	28.05%
2023	Vehicles - 2100	\$673,000	\$315,000.00	(\$358,000.00)	<b>-53.19%</b>
2022	Computer Equipment - 2200	\$1,077,239	\$935,588.00	(\$141,651.00)	-13.15%
2023	Computer Equipment - 2200	\$1,111,748	\$935,588.00	(\$176,160.00)	<b>-15.85%</b>
2022	Other Equip./Capital Outlays - 2300	\$1,467,320	\$1,196,175.00	(\$271,145.00)	-18.48%
2023	Other Equip./Capital Outlays - 2300	\$1,285,911	\$1,196,175.00	(\$89,736.00)	<b>-6.98%</b>
2022	Supplies - 4000	\$4,604,012	\$6,082,755.00	\$1,478,743.00	32.12%
2023	Supplies - 4000	\$6,271,415	\$6,082,755.00	(\$188,660.00)	<b>-3.01%</b>
2022	Health Insurance - 8020	\$29,288,189	\$30,064,477.00	\$776,288.00	2.65%
2023	Health Insurance - 8021	\$29,427,356	\$30,064,477.00	\$637,121.00	<b>2.17%</b>

Source: Budget Accounts Chart Provided by County Staff

**Budget Lines and Group Analysis – Year to Date Account Comparisons**

Budget Account	YTD 2022	YTD 2023	Dollar Difference	% Difference
Overtime Pay - 1410	\$3,793,172	\$2,693,264	(\$1,099,908)	-29.00%
Vehicles - 2100	\$227,177	\$249,048	\$21,871	9.63%
Computer Equipment - 2200	\$645,304	\$368,155	(\$277,149)	-42.95%
Other Equip./Capital Outlays - 2300	\$304,657	\$667,626	\$362,969	119.14%
Supplies - 4000	\$3,423,855	\$3,653,378	\$229,523	6.70%

Source: Budget Accounts Chart Provided by County Staff

**Overtime Pay Lines (1410).** The 2024 Proposed Budget appropriates \$5,869,890 for Overtime Pay across all departments, which represents an increase of 19.97% compared to the amount adopted for 2023. Nevertheless, the year-to-date numbers show that overtime spending is actually down by approximately 29% when compared to the same point in time during 2022. The question is why such a large increase when actual overtime spending seems to be running lower in 2023 than 2022?

**Vehicle (2100).** The 2024 Proposed Budget reduces vehicle expenditures by \$358,000, or by 53.19%, compared to the 2023 Adopted Budget. Conversely, current year to date spending for this purpose is showing an increase of 10%. The drastic reduction in the 2024 Proposed Budget seems abnormal considering current year trends.

**Computer Equipment (2200).** The 2024 Proposed Budget decreases budgeted spending for Computer Equipment by 15.85% when compared to the 2023 Adopted Budget. However, year-to-date spending for Computer Equipment is down by approximately 43% compared to 2022. Thus, the reduced amount seems to be a reasonable base. However, the 2024 Proposed Budget (in its narrative) discusses new programs with new staff and new improved facilities (like the former IBM headquarters improvement which the narrative describes as an effort to “grow at this re-energized industrial complex”). CMA believes computer equipment and electronic data processing capabilities will need to be addressed (and potentially expanded) as programs, staffing and facilities grow. The question is whether the amount budgeted will meet the growing needs for computer technology if the County’s services expand as outlined in the 2024 Proposed Budget.

**Other Equipment/Capital Outlays (2300).** Year-to-date spending for this purpose shows an increase of approximately 119%. Nevertheless, the 2024 Proposed Budget lowers appropriations for this purpose by approximately 7% compared to the 2023 Adopted Budget. Similar to Computer Equipment, with plans to expand and improve programs and facilities it would be reasonable to assume that new and improved equipment and capital items will be needed in 2024. It appears that some of that equipment is being purchased in the current fiscal year, but the demand should continue moving forward based on plans described in the 2024 Proposed Budget. CMA believes

the group of budget lines for Other Equipment/Capital Outlays should be reviewed to ensure the projected budget meets future needs.

**Supplies (4000).** Year-to-date spending for the many Supplies Lines is up by over 6.7%. Supplies is a large budget item (over \$6 million proposed for 2024) and it impacts almost all departments and governmental units. The 2024 Proposed Budget contains a 3% decrease in the group of supplies lines despite the fact that year-to-date spending is up by almost 7% compared to the same point in time in 2022. This raises the question of whether the amount proposed for 2024 is adequate based on the 2023 spending trends and the future demand from new and expanding programs and facilities.

**Health Insurance (8020).** Health Insurance lines total \$30.064 million, making Health Insurance one of the largest expenses to the County. The Health Insurance lines group shows a slight increase in spending year-to-date and a slight increase (2.17%) in the proposed spending amount for 2024. A large portion of Health Insurance is paid late in the fiscal year so a more accurate view of actual Health Insurance costs for 2023 and the year-to-date comparison with 2022 is forthcoming. That said, CMA questions the static budget for Health Insurance in an atmosphere of rising health care costs. Research shows that there is widespread agreement in the insurance industry that costs will be rising substantially in 2024 – well above the 2.17% in the 2024 Proposed Budget. A recent Reuters article titled “US Employers to see biggest cost jump in decade in 2024” states “U.S. employers are bracing for the largest increase in health insurance costs in a decade next year, according to forecasts from healthcare consultants... Benefit consultants from Mercer, Aon (AON.N) and Willis Towers Watson (WTW.O) see employer healthcare costs jumping 5.4% to 8.5% in 2024 due to medical inflation, soaring demand for costly weight-loss drugs and wider availability of high-priced gene therapies.” This position is supported in a well-researched article by the Kaiser Family Foundation (KFF) titled “Marketplace Insurers are Proposing a 6% Average Premium Hike for 2024 and Pointing to Inflation as a Key Driver of Costs.” The KFF finding is the result of a 2024 distribution analysis of 320 marketplace insurers. In another study by Mercer (consulting) it was found that US employers expect total health benefit cost per employee to rise 5.4% on average in 2024. Mercer’s results are based on a survey of 1,700 employers.

*CMA Finding- Budget Lines (and Budget Line Groups) Analysis: CMA believes there are a number of budget lines and budget line groups that raise questions about whether additional funding beyond what is proposed in the 2024 Proposed Budget is needed (such as Computer Equipment); or whether too much is being proposed for 2024 (such as Overtime Pay).*

*CMA recommends that the County Finance Staff review the lines discussed above to ensure the 2024 Proposed Budget is as accurate as possible and reflects the funding required to meet demands.*

## **CREATION OF RECURRING COSTS**

In creating a municipal budget, oftentimes new services and staff are funded by outside aid (most notably Federal and State) or other one-time revenues. The County must be careful when accepting and using such funds. If the money is used to create a new program or hire new staff, then thought should be given to whether the expense, initially paid for with “outside” revenue, will become the

sole responsibility of the County in the future. As further detailed below, CMA identified several situations where further analysis is recommended.

*Department of Social Services.* The new office in the Department of Social Services (“DSS”) to provide assistance to those experiencing homelessness and require assistance to “navigate the system” will hire three new staff members. The County is estimating that about two thirds of the funding for this office will come from the State.

*Home Energy Improvement Assistance Pilot Program.* The 2024 Proposed Budget also contains a DSS Home Energy Improvement Assistance Pilot Program. The budget says that this new program will generate \$0 net cost to the County by reassigning a position from the Department of Environment to the Department of Social Services to administer the program at no cost to the County. The program will utilize money from the Federal Inflation Reduction Act to fund rebates and other programs. Further analysis will be needed in order to determine when the Federal funding for rebates and programs will be exhausted and if the County will be pressured to self-fund such costs. The potential for increased County spending should be considered.

***CMA Finding- Creation of Recurring Costs:*** *CMA found the 2024 Proposed Budget contains several proposals that will create new programs and services which utilize outside funding to operate the programs. This creates the possibility of establishing additional and/or recurring costs that will result in additional funding obligations for the County in the future.*

*CMA recommends that the County review these proposals and determine what, if any, future additional and/or recurring costs might be created as a result of implementing them. The County should review other spending proposals that rely wholly or partly on outside funding, such as money for broadband expansion, investment in SUNY Ulster, and Restorative Justice Services and Programs (pages 21-22 in the 2024 Proposed Budget) and determine if these programs/services will add costs to the County in the future.*

## **PERSONNEL CHANGES**

The overview section of the 2024 Proposed Budget (page 25) presents personnel changes proposed for the upcoming year. The information presented shows a net of 21 positions and includes the salaries for each employee. However, the chart does not include the costs of benefits like health insurance, retirement, social security, and workers compensation. Although the benefit costs are captured in the individual department budgets and the summary charts for each fund, it would be more informative to the reader and transparent to the public to provide benefit costs, along with the salaries, on page 25.

***CMA Finding- Personnel Changes:*** *CMA recommends that the County include benefit costs for the new positions being added in the 2024 Proposed Budget presented on page 25 of the budget document.*

## PAYROLL REDUCTION/ATTRITION SAVINGS

The 2024 Proposed Budget contains a new expenditure line titled “Payroll Reduction.” The line can be found in many of the expenditure schedules in the budget document. The Legislative Budget Summary Schedule labels the line as “Attrition Savings – Payroll.” The line is budgeted for ***negative*** \$2,153,000.

Negative expenditure lines are relatively uncommon in municipal budgets and are not a recommended practice. Normally, attrition savings are part of departmental staffing budgets and are absorbed and dispersed throughout the budget by eliminating the positions in each appropriate department. The 2024 Proposed Budget does not do this as doing so would result in double counting since they would also including the new catch-all line.

The 2024 Proposed Budget does not provide an explanation of the line. The line is not associated with the specific positions that are vacant and/or will become vacant and not filled, thus generating the noted savings. A summary schedule that lists all vacant funded positions in the 2023 Adopted Budget and all the proposed funded positions in the 2024 Proposed Budget that will not be filled would be informative and would illustrate how the \$2,153,000 in savings is expected to be achieved.

If “attrition savings” represents unfilled positions that currently exist in the 2023 Adopted Budget, which management intends to not fill in 2024, then those positions would normally be taken out of the 2024 Proposed Budget. If that happened, there would be no need to create a new general catch-all negative expenditure line. The budget would then accurately present management’s staffing intentions for 2024. If it is determined during 2024 that one or more of the eliminated positions are now needed, then those positions can be added back through the legislative budget amendment process.

A reasonable amount of funding that would cover an emergency or unforeseen need to add back a position (or positions) could be funded by creating a contingency line. The Office of the State Comptroller, in its “Local Government Management Guide – Understanding the Budget Process” states that “Because budgeting is not an exact science, most local governments are authorized to include an amount in their budget for unforeseen circumstances. This amount is referred to as the contingency account and is subject to limitations established by various laws. No direct expenditure can be charged to this account. Instead, the balance is transferred to other appropriation accounts that are at risk of becoming overdrawn as needed.” In this case, the contingency funds would be transferred to the appropriate regular pay and benefit lines. The Government Finance Officers Association (“GFOA”) states contingency is used for “Funding new ideas for programs or services that were not approved during the initial budget process. Generally, ideas for new programs or services should go through the regular budget process.” This, of course, would include needing to add a position during the year if necessary to provide a new unanticipated service or program.

***CMA Finding- Payroll Reduction/Attrition Savings: CMA identified a new, uncommon negative expense line in the 2024 Proposed Budget that ostensibly accounts for the reduction in costs***



created by not filling positions that are, or will become, vacant through attrition. The line is composed of one amount (negative \$2,153,000) with very little explanation.

As presented in the 2024 Proposed Budget, the negative “Payroll Reduction – Attrition Savings” line is relatively uncommon and the proposed budget does not provide an informative explanation of exactly what the line represents or how it was calculated.

If the County decides to retain the negative line in the budget, then CMA recommends the budget document include an explanation of the line that contains the total number of budgeted and filled positions in the 2023 Adopted Budget and the corresponding total number of positions to be funded and filled in the 2024 Proposed Budget. This will associate a number for total filled positions with the projected payroll savings and identify the positions not to be funded in 2024. It will help to present a budget that clearly presents the number of paid employees planned for the coming fiscal year.

If the County decides to not use the one negative expense number to account for the savings from not filling vacant positions, then it should remove all positions currently in the 2024 Proposed Budget that County management intends to leave vacant for the entire fiscal year. This will create a more transparent budget that better reflects actual staffing costs for employees who are on the job. The public will be presented with a budget that more accurately reflects operations. If this approach is followed, then a contingency line/account should be created to ensure any unforeseen need to hire new staff to provide unanticipated services is funded.

## **FUEL**

CMA closely reviewed auto fuel lines because gasoline has been the one item most impacted by current economic condition, and is a commodity heavily used by all municipalities. The following table indicates that the 2024 Proposed Budget properly accounted for auto fuel costs for the most part.

### **Auto Fuel Line Comparison**

<b>Department</b>	<b>2023 Budget</b>	<b>Proposed 2024</b>	<b>% Difference</b>
<b>Clerk Admin</b>	\$ 1,700	\$ 1,500	(11.76)%
<b>Buildings/Grounds Admin.</b>	45,000	49,772	10.60
<b>Sheriff-Criminal</b>	365,000	360,000	(1.37)
<b>Road Machinery</b>	800,000	800,000	0.00
<b>Jail</b>	66,000	60,000	(9.09)
<b>Bus Operations</b>	600,000	600,000	0.00
<b>Information Services - Admin.</b>	2,500	3,120	24.80
<b>Central Garage</b>	5,500	5,500	0.00
<b>Special Investigation</b>	1,100	800	(27.27)
<b>Domestic Violence Services</b>	8,000	8,000	0.00
<b>Tourism</b>	1,000	259	(74.10)

Source: The 2023 Adopted Budget and the 2024 Proposed Budget of the County. The summary itself is not audited.

*CMA Finding- Departmental Fuel Spending. Overall, the 2024 Proposed Budget properly accounts for auto fuel costs.*

**Utility.** In addition to auto fuel/gasoline, Utility is another budget item that is impacted by current and predicted economic conditions. CMA reviewed budget lines in the 2024 Proposed Budget related to power (gas/electricity).

**Building Maintenance/Repair - Gas/Electricity Line Comparison**

Department	2022 Budget	Proposed 2023	% Difference
Records Mgmt. Bldg.	\$75,000	\$75,000	0.00%
Veterans House Bldg.	9,000	9,000	0.00
Law Enforcement Center	475,000	475,000	0.00
South Manor Info. Center	50,000	35,000	-30.00
DPW Quarry and Substations	120,000	120,000	0.00
Mental Health Bldg.	85,000	85,000	0.00

Source: The 2023 Adopted Budget and the 2024 Proposed Budget of the County. The summary itself is not audited.

*CMA Finding- Departmental Utility Costs. Utility Costs lines appear to be appropriately budgeted in a way that indicate some lines for larger buildings are expected to see substantial increases, but other lines show either no increase or decreases. Nevertheless, with the addition of large capital projects, Utility Costs should be reviewed mid-year.*

**PURCHASE ORDERS AND ENCUMBRANCES**

The use of Purchase Orders (“PO”) and encumbrances they create is an important budgeting and budget monitoring tool. In CMA’s review of the 2023 Proposed Budget it was noted that encumbrances could be used more heavily to designate budgeted funds for the purpose intended. When a PO is created the money needed to pay for the items or service being contracted is encumbered (frozen) and thus can only be used for the purpose of the PO.

Use of POs/encumbrances is a valuable tool to ensure budgets are adhered to and not overspent and that budgeted funds are spent on the items that the budget intended. As stated in last year’s CMA’s budget review, UCI Accounting and Financial Services at the University of California-Irvine explained “An encumbrance is a type of transaction created on the general ledger when a purchase order (PO)...is finalized....The purpose and main benefit of encumbrance accounting is avoiding budget overspending by showing open commitments as part of projected expenses. Encumbrances are important in determining how much funds are available as a projected planning tool.” The use of encumbrances and purchase orders should be used as much as possible during the budget year to administer and carefully oversee spending. Some municipal purchasing professionals often refer to the practice as “encumbrance accounting” or an “all PO system.”

A review of encumbrance use year-to-date for 2023 again indicates the County can use encumbrances more to manage the budget and monitor spending. The review was done on a wide basis and the following table shows the extent to which encumbrances have been used (or

underused) through October 2023. CMA reviewed the year-to-date Budget Performance Report through October 31, 2023 to gauge encumbrance use. The review found that only 3.78% (\$14,417,746) of the original adopted budget of \$381,342,516 has been encumbered and only 14.06% (209) of the 1,487 expense lines had some or all of the lines encumbered.

**Use of Encumbrances in Budgeting and Monitoring of Spending**

2023 Adopted Expense Budget	2023 Year-to-Date Encumbrances	% Budget Encumbered	% of Budget Lines Encumbered <sup>(1)</sup>
\$381,342,516	\$14,417,746	3.78%	14.06%

(1) The expense budget contains 1,487 budget lines, of which 209 have some funds encumbered

Source: Year-to-date budget information provided by County staff.

*CMA Finding – Purchase Orders and Encumbrances: CMA’s review of encumbrance use in monitoring and administering the 2023 adopted budget indicates that purchase orders and encumbrances could be used more often and improve the budget monitoring process by (as UC-Irvine states) “avoiding budget overspending by showing open commitments as part of projected expenses.” Use of encumbrances remains important for the remainder of 2023 and moving forward in administering the 2024 County budget, especially during a period of time when the economy is in flux.*

**STATUS OF COLLECTIVE BARGAINING AGREEMENTS**

As of November 2, 2023, the County had 1,018 full-time employees and approximately 111 part-time employees as.

Each of the five collective bargaining organizations representing County employees are summarized below:

**County Employees and Collective Bargaining Organizations**

Collective Bargaining Organization	Full-Time Employees	Part-Time Employees	Contract Expiration
<b>Civil Service Employee’s Association</b>	770	61	December 31, 2024
<b>Ulster County Sheriff’s Association</b>	138	23	December 31, 2024
<b>Police Benevolent Association</b>	60	27	December 31, 2024
<b>Ulster County Staff Association</b>	44	0	December 31, 2024
<b>Superior Officers’ Unit</b>	6	0	December 31, 2024

Source: County officials.

CMA understands the County recently contracted with a firm to conduct a comprehensive salary study. This study will identify “market-rates” of various positions and be utilized to determine if County staff is adequately compensated. Should the study identify that a high percentage of

positions are deemed to be below market rate, this could significantly impact contract negotiations and future costs. Based on conversations with key County officials, CMA believes the salary study is expected to be complete in June or July 2024, well before the expiration of the collective bargaining contracts.

*CMA Finding – Collective Bargaining. With collective bargaining contracts expiring at the end of fiscal 2024, the findings of the pending comprehensive salary study could significantly impact negotiations and/or future costs. The County will need to plan accordingly.*

## GENERAL EXPENDITURE BENCHMARK ANALYSIS

The benchmark analysis evaluates various categories of County expenditures against those of other counties in the Mid-Hudson Region of the State. Such statistics will provide a baseline for measuring the cost of County operations and services. To align costs across each of the measured counties, each component was converted to a per capita cost.

*Data for this section was obtained from New York State and the Empire Center and is portrayed directly as it was reported.*

**General Government Spending.** According to the New York Office of the State Comptroller, general government supports are those services provided by the jurisdiction for the benefit of the public or governmental body as a whole. The below table provides a per capita classification of general government support expenditures for each of the Mid-Hudson counties.

### BASED ON 2021 DATA Expenditure Benchmark Analysis – General Government Support

County	Rank	2021 Per Capita Est. Spending
<b>Orange</b>	1	\$727
<b>Westchester</b>	2	705
<b>Dutchess</b>	3	529
<b><i>Ulster</i></b>	<b>4</b>	<b>402</b>
<b>Sullivan</b>	5	391
<b>Putnam</b>	6	261
<b>Rockland</b>	7	255

- (1) The categorization of expenditures was determined by the Office of State Comptroller and the numbers represented are those reported by the State. The State was unable to provide additional details relating to the composition of each sub-category. As such, a variation in the reporting of the sub-categories amongst the jurisdictions is possible. The presentation is for discussion purposes. CMA cannot guarantee data accuracy or completeness.
- (2) Rank is highest to lowest (1 being the highest spending, 7 the lowest spending).

Source: The Empire Center, New York State and other official government sources.

Relative to general government support, the County posted the fourth highest expenditures of the Mid-Hudson counties for 2021, the most recent year for which such information is available.

**Public Safety.** According to the New York Office of the State Comptroller, public safety expenditures relate to costs for the protection of persons and property. The below table provides a per capita classification of public safety expenditures for each of the Mid-Hudson counties.

**BASED ON 2021 DATA**  
**Expenditure Benchmark Analysis – Public Safety**

County	Rank	2021 Per Capita Est. Spending
<b>Putnam</b>	1	\$322
<b>Sullivan</b>	2	263
<b><i>Ulster</i></b>	<b>3</b>	<b>247</b>
<b>Westchester</b>	4	245
<b>Dutchess</b>	5	203
<b>Orange</b>	6	198
<b>Rockland</b>	7	192

- (1) The categorization of expenditures was determined by the Office of State Comptroller and the numbers represented are those reported by the State. The State was unable to provide additional details relating to the composition of each sub-category. As such, a variation in the reporting of the sub-categories amongst the jurisdictions is possible. The presentation is for discussion purposes. CMA cannot guarantee data accuracy or completeness.
- (2) Rank is highest to lowest (1 being the highest spending, 7 the lowest spending).

Source: The Empire Center, New York State and other official government sources.

Relative to public safety, the County posted the third highest expenditures on a per capita basis of the Mid-Hudson counties for 2021, the most recent year for which such information is available. As discussed, services provided were not considered as part of this benchmark analysis.

**Public Health.** According to the New York Office of the State Comptroller, health expenditures relate to costs for the conservation and improvement of health. The below table provides a per capita classification of public health expenditures for each of the Mid-Hudson counties.

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**BASED ON 2021 DATA**  
**Expenditure Benchmark Analysis – Public Health**

County	Rank	2021 Per Capita Est. Spending
<b>Sullivan</b>	1	\$402
<b>Dutchess</b>	2	208
<b>Orange</b>	3	188
<b>Rockland</b>	4	180
<b>Putnam</b>	5	114
<b><i>Ulster</i></b>	<b>6</b>	<b>92</b>
<b>Westchester</b>	7	52

- (1) The categorization of expenditures was determined by the Office of State Comptroller and the numbers represented are those reported by the State. The State was unable to provide additional details relating to the composition of each sub-category. As such, a variation in the reporting of the sub-categories amongst the jurisdictions is possible. The presentation is for discussion purposes. CMA cannot guarantee data accuracy or completeness.
- (2) Rank is highest to lowest (1 being the highest spending, 7 the lowest spending).

Source: The Empire Center, New York State and other official government sources.

Relative to public health, at \$92 per capita, the County posted the 6<sup>th</sup> lowest expenditure of the Mid-Hudson counties for 2021, the most recent year for which such information is available.

**Transportation.** According to the New York Office of the State Comptroller, transportation expenditures relate to costs for services to ensure the safe and adequate flow of vehicles and pedestrians. The below table provides a per capita classification of transportation expenditures for each of the Mid-Hudson counties.

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**BASED ON 2021 DATA**  
**Expenditure Benchmark Analysis – Transportation**

County	Rank	2021 Per Capita Est. Spending
<b>Westchester</b>	1	\$289
<b>Sullivan</b>	2	278
<b>Putnam</b>	3	241
<b>Rockland</b>	4	190
<b><i>Ulster</i></b>	<b>5</b>	<b>182</b>
<b>Dutchess</b>	6	147
<b>Orange</b>	7	59

- (1) The categorization of expenditures was determined by the Office of State Comptroller and the numbers represented are those reported by the State. The State was unable to provide additional details relating to the composition of each sub-category. As such, a variation in the reporting of the sub-categories amongst the jurisdictions is possible. The presentation is for discussion purposes. CMA cannot guarantee data accuracy or completeness.
- (2) Rank is highest to lowest (1 being the highest spending, 7 the lowest spending).

Source: The Empire Center, New York State and other official government sources.

Per capita transportation costs ranked the 5<sup>th</sup> lowest among Mid-Hudson counties.

**Cultural and Recreational.** According to the New York Office of the State Comptroller, this form of expenditure relates to cultural and recreational activities which benefit both residents and visitors to the County. The following table provides a per capita classification of cultural and recreational expenditures for each of the Mid-Hudson counties.

*(The remainder of this page has been left intentionally blank.)*

**BASED ON 2021 DATA**  
**Expenditure Benchmark Analysis – Cultural and Recreational**

County	Rank	2021 Per Capita Est. Spending
<b>Westchester</b>	1	\$121
<b>Putnam</b>	2	58
<b>Sullivan</b>	3	27
<b>Dutchess</b>	4	18
<b>Orange</b>	5	19
<b><i>Ulster</i></b>	<b>6</b>	<b>11</b>
<b>Rockland</b>	7	4

- (1) The categorization of expenditures was determined by the Office of State Comptroller and the numbers represented are those reported by the State. The State was unable to provide additional details relating to the composition of each sub-category. As such, a variation in the reporting of the sub-categories amongst the jurisdictions is possible. The presentation is for discussion purposes. CMA cannot guarantee data accuracy or completeness.
- (2) Rank is highest to lowest (1 being the highest spending, 7 the lowest spending).

Source: The Empire Center, New York State and other official government sources.

Relative to cultural and recreational activities, at \$11 per capita, the County posted the 2<sup>nd</sup> lowest expenditure of the Mid-Hudson counties for 2021, the most recent year for which such information is available.

**Community Services.** According to the New York Office of the State Comptroller, Community Service expenditures relate to services provided to the community, as a whole. The following table provides a per capita classification of community services expenditures for each of the Mid-Hudson counties.

*(The remainder of this page has been left intentionally blank.)*

**BASED ON 2021 DATA**  
**Expenditure Benchmark Analysis – Community Services**

County	Rank	2021 Per Capita Est. Spending
<b>Putnam</b>	1	\$59
<b>Dutchess</b>	2	36
<b>Rockland</b>	3	32
<b><i>Ulster</i></b>	<b>4</b>	<b>22</b>
<b>Orange</b>	5	19
<b>Sullivan</b>	6	12
<b>Westchester</b>	7	8

- (1) The categorization of expenditures was determined by the Office of State Comptroller and the numbers represented are those reported by the State. The State was unable to provide additional details relating to the composition of each sub-category. As such, a variation in the reporting of the sub-categories amongst the jurisdictions is possible. The presentation is for discussion purposes. CMA cannot guarantee data accuracy or completeness.
- (2) Rank is highest to lowest (1 being the highest spending, 7 the lowest spending).

Source: The Empire Center, New York State and other official government sources.

Relative to community services, at \$22 per capita, the County posted the 4<sup>th</sup> highest expenditure of the Mid-Hudson counties for 2021, the most recent year for which such information is available. It is important to note, State aid and/or grants is sometimes received by the County as a means to offset staffing costs for certain community services.

**EXPENDITURE ANALYSIS - CONCLUSION**

As a result of unpredictable economic conditions, there exist significant and unknown factors outside of the direct control of the County which could severely and significantly impact key revenue sources. Since expenditures can more easily be controlled and/or increased to match favorable revenue results, the workforce, union contracts and benefits will need to be carefully monitored during 2024. Doing so will greatly assist the County in its ability to reduce the risk of developing long-term structurally imbalanced finances.

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## SECTION VI BUDGETARY VARIANCES

### BUDGETARY VARIANCE TRENDS - GENERAL REVENUES

For the purpose of the Review, a five-year analysis was conducted on revenues in the County's Governmental Funds. The findings of the variance analysis are provided below.

#### Trend of Revenue Variance Analysis

Revenue	2017	2018	2019	2020	2021
<b>Taxes</b>					
Property	\$(915,959)	\$(618,584)	\$(3,441,317)	\$(3,541,504)	\$1,656,513
Other RP Tax Items	(642,276)	(75,366)	(361,138)	(477,820)	(96,554)
Sales	3,142,582	2,314,751	2,280,821	(1,290,240)	29,357,124
Occupancy	180,160	380,747	332,436	(493,542)	1,357,322
Off Track Betting	10,709	(52,854)	0	0	0
E-911 Telephone Surchage	(1,270)	(40,041)	(20,946)	(28,683)	(1,010)
Automobile Use Tax	(44,568)	(50,320)	(28,185)	(36,892)	65,579
State Aid	(3,314,298)	2,171,918	(3,303,804)	(6,690,863)	(3,199,491)
Federal Aid	(2,714,190)	(4,176,009)	(3,966,997)	(567,233)	(7,668,866)
Departmental Income	1,028,437	296,399	(694,979)	(303,240)	(1,196,291)
Intergovernmental	486,161	1,506,243	(1,055,108)	424,900	105,509
Use of Money & Property	240,267	214,973	305,214	(590,733)	(363,394)
Licenses & Permits	584	(6,281)	167	15,052	52,097
Fines & Forfeitures	(73,354)	(49,719)	(73,561)	(194,987)	(91,213)
Sale of Property	(617,501)	610,123	623,153	1,775,775	226,929
Miscellaneous	1,081,711	182,131	985,633	376,744	490,575
Interfund Revenue	(650,563)	(628,365)	(123,542)	(468,108)	(343,590)
<b>TOTALS</b>	<b>\$(2,803,368)</b>	<b>\$1,979,746</b>	<b>\$(8,542,153)</b>	<b>(\$12,091,374)</b>	<b>\$20,348,139</b>

Source: The audited financial statements of the County.

***CMA Finding – Revenue Variance Analysis.** The findings for revenue variance analysis suggest that several sources of revenue in the governmental funds are historically underbudgeted. A large positive variance was reported for 2021, primarily due to favorable sale tax revenues. Nevertheless, sales tax should be closely monitored during 2023 as a result of severe economic concerns.*

## BUDGETARY VARIANCE TRENDS - GENERAL EXPENDITURES

The Government Finance Officers Association recommends the evaluation of fiscal performance relative to a jurisdiction's adopted budget. By monitoring results, structural problems can be identified and the excessive padding of expenditures can be detected. Findings of consistent, positive variances in expenditure categories can support budgetary reductions in those areas. For the purpose of the Review, a five-year analysis was conducted on expenditures in the County's Governmental Funds. The findings of the variance analysis are provided in Exhibit BV-II.

### Exhibit BV-II Expenditure Variance Analysis

Expenditure	2017	2018	2019	2020	2021
<b>General Government</b>	\$ 4,493,359	\$4,442,526	\$5,672,878	\$6,768,472	\$5,752,150
<b>Education</b>	67,980	3,350	17,548	226,313	527,438
<b>Public Safety</b>	2,634,231	2,423,497	1,753,001	4,196,055	1,592,798
<b>Public Health</b>	2,264,091	1,523,694	1,186,434	3,808,822	7,811,798
<b>Transportation</b>	2,681,818	1,754,399	1,808,223	4,709,351	581,155
<b>Economic Assistance</b>	8,628,320	2,256,182	2,465,853	17,153,684	19,924,460
<b>Cultural &amp; Recreation</b>	139,340	134,293	127,932	295,435	256,287
<b>Home &amp; Community</b>	1,106,348	1,409,873	2,514,421	1,511,906	1,386,090
<b>Employee Benefits</b>	99,090	1,403,092	49,169	55,661	896,151
<b>Debt Service</b>	3,254	1,160	392,373	199,132	71,360
<b>TOTALS</b>	\$22,117,831	\$15,352,066	\$15,987,832	\$38,924,831	\$38,799,009

Source: The audited financial statements of the County.

*CMA Finding – Expenditure Variance Analysis. The findings for expenditures sharply contrasted that of revenues. For each of the fiscal years ended December 31, 2017 through 2021, inclusive, the sum of variances reported for expenditures, excluding transfers, were positive by \$22.1 million, \$15.4 million, \$15.9 million, \$38.9 million and \$38.8 million, respectively. Although a small annual variance would be appropriate, the disproportionate positive expenditure variances are suggestive of excessive slack in the budget.*

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## SECTION VII FUND BALANCE

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### FUND BALANCE ESTIMATE

The Government Finance Officers Association (“GFOA”) has very lengthy guidelines and best practices relative to fund balance in the General Fund. Including a fund balance estimate is a required component of any informative municipal operating budget and would certainly be considered a best practice. The County Budget presents a fund balance estimate which is located on page 31 of the 2024 Proposed Budget.

The information contained in the 2024 Proposed Budget fund balance estimate could be expanded to include a column for projected unrestricted fund balance for the end of fiscal year 2024. The estimate should illustrate how the actions being proposed in the upcoming year will impact future fund balance.

Based on the figures contained in the 2024 Proposed Budget, the estimate for year-end unrestricted General Fund balance should be approximately \$71.7 million after \$36 million is placed in dedicated reserves and \$16.3 is appropriated to pay various 2024 costs.

The projected year-end 2024 unrestricted fund balance should then be compared to the County’s fund balance policy in order to present a forward-looking and complete fund balance estimate.

*CMA Finding – Fund Balance Estimate: The 2024 Proposed Budget’s fund balance estimate is good but could be further expanded.*

*CMA recommends that the fund balance estimate include a projection/estimate of year-end 2024 unrestricted fund balance and that the estimate be compared to the County’s fund balance policy to ensure adherence to the policy.*

### USE OF RESERVES

The 2024 Proposed Budget creates two new reserve funds using available unrestricted surplus.

- (1) Decarbonization Capital Reserve, and
- (2) Government Operations Center Capital Reserve

The above two noted funds are being established in accordance with New York State General Municipal Law (GML) Section 6-c. Each fund will contain \$18 million and are well explained in the 2024 Proposed Budget on pages 19-20.

Placing unrestricted fund surplus in dedicated reserves while adhering to County Unrestricted Surplus Policy requirements is a good practice.

General Municipal Law permits the creation of a number of different reserves that can be used for capital projects as well as to address unforeseen operational issues like revenue shortages or unbudgeted expenses caused by unanticipated events like rate and contribution hikes or emergencies. These other reserves include: Contingency and Tax Stabilization (GML Section 6-e); Worker’s Compensation (GML Section 6-j); Insurance (GML Section 6-n); Employee Benefit Accrued Liability (GML Section 6-p); and Retirement Contribution (GML Section 6-r). The NY State Comptroller’s “Local Government and Management Guide – Reserve Funds” provides a detailed description and explanation of all dedicated reserves available in GML Section 6.

Events like unforeseen retirements and the need to make retiree accrued benefit payments, or larger than anticipate retirement system contributions (both one-time events) would be allowable uses of money contained in the appropriate dedicated reserves.

*CMA Finding – Use of Reserves: The County has at least \$36 million in undedicated surplus available to create dedicated reserves and still adhere to the County surplus policy.*

*Although CMA fully supports the County’s action to create dedicated reserves to pay for future capital projects, it recommends the County consider taking a portion of the \$36 million (\$2 to \$4 million) and creating reserves that would insure against the costs of unanticipated events in yearly operations.*

*In the 2024 Proposed Budget, the County is appropriating \$16.3 million of unassigned fund balance for operational costs. Although the County’s fund balance levels remain healthy, CMA cautions the County against continued drawdowns for recurring costs.*

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## APPROPRIATED FUND BALANCE

As noted in the 2024 Proposed Budget message, the budget was balanced with the use of \$16,331,129 in fund balance.

The following table provides a summary of appropriated fund balance and reserves in the 2024 Proposed Budget.

### 2024 Proposed Budget Appropriations of Fund Balance and Reserves

<b>APPROPRIATED FUND BALANCE</b>		
<b>County Fund</b>	<b>Purpose</b>	<b>2024 Appropriated Amount</b>
General Fund	Current Year Budget	\$ 16,331,129
Road Machinery Fund	Current Year Budget	-0-
County Road Fund	Current Year Budget	-0-
Debt Service Fund	Current Year Budget	-0-
<b>TOTAL FUND BALANCE APPROPRIATIONS</b>		<b>\$16,331,129</b>
<b>APPROPRIATED RESERVES</b>		
<b>County Fund</b>	<b>Purpose</b>	<b>2024 Appropriated Amount</b>
General Fund <sup>(1)</sup>	Current Year Budget	\$ 36,000,000
Road Machinery Fund	Current Year Budget	-0-
County Road Fund	Current Year Budget	-0-
Debt Service Fund	Current Year Budget	-0-
<b>TOTAL RESERVE APPROPRIATIONS</b>		<b>\$36,000,000</b>

- (1) As previously noted, the 2024 Proposed Budget includes the establishment of two (2) new reserves of \$18.0 million each (Decarbonization Capital Reserve and Government Operations Center Capital Reserve).

Source: The 2024 Proposed Budget.

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## GENERAL FUND TRENDS

**General Fund – Historic Trend of Fund Balance Composition.** During the fiscal years December 31, 2018 to 2022, *total* fund balance in the County’s General Fund had been relatively stable with a slight decline in 2019 followed by significant increases in 2020, 2021 and 2022. Unassigned fund balance, which is considered to be the most liquid form of fund balance, increased in 2016 to 2018, decreased abruptly in 2019 and increased substantially in 2020, 2021 and 2022.

The following tables provide a summary of the composition of fund balance in the County’s General Fund over the period December 31, 2018 through 2022, inclusive.

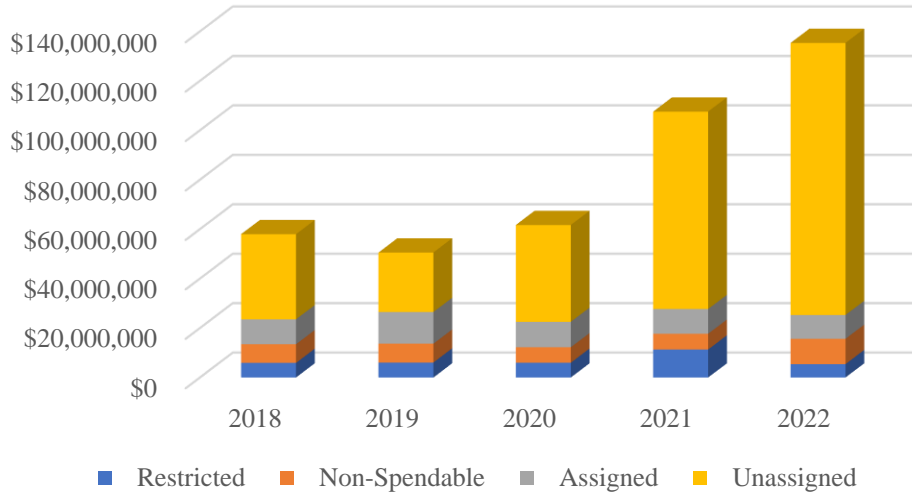
### **General Fund Composition of Fund Balance Fiscal Years Ended December 31, 2018 to 2022 (Unaudited)**

<b>GENERAL FUND</b>					
Fiscal Year Ending December 31:	2018	2019	2020	2021	2022
<b>Fund Equity:</b>					
<b>Non-Spendable</b> <sup>(1)</sup>	\$5,910,604	\$6,051,109	\$5,960,979	\$11,323,500	\$5,417,660
<b>Restricted</b> <sup>(2)</sup>	7,558,995	7,638,388	6,274,068	6,380,660	10,220,509
<b>Assigned</b> <sup>(3)</sup>	10,066,374	12,819,744	10,291,186	9,984,524	9,654,298
<b>Unassigned</b> <sup>(4)</sup>	<b><u>34,454,035</u></b>	<b><u>24,053,917</u></b>	<b><u>39,168,114</u></b>	<b><u>79,873,273</u></b>	<b><u>110,050,641</u></b>
<b>TOTALS</b>	<b>\$57,990,008</b>	<b>\$50,563,158</b>	<b>\$61,694,347</b>	<b>\$107,561,957</b>	<b>\$135,343,108</b>

- (1) *Non-Spendable Fund Balance* is comprised of assets that are inherently “non-spendable” during the current period as result of their form or since they must be maintained intact. Non-spendable funds typically include prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and principle of endowments.
- (2) *Restricted Fund Balance* is comprised of monies that are subject to enforceable legal restrictions. These restrictions are generally imposed by creditors, governing laws and/or regulations or through constitutional provisions or enabling legislation.
- (3) *Assigned Fund Balance* is comprised of funds that are constrained for only specifically intended purposes which are formally designated by the governing body of the jurisdiction. The purpose of the assignment is required to be narrower than the purpose of the General Fund, and in funds other than the general fund assigned fund balance represents the residual amount of fund balance.
- (4) *Unassigned Fund Balance* represents the residual amount of fund balance in the General Fund.

Source: The Office of the New York State Comptroller.

**GENERAL FUND**  
**Composition of Fund Balance**  
**Fiscal Years Ended December 31, 2018 to 2022 (Unaudited)**



Source: The Office of the New York State Comptroller.

**General Fund – Budgetary Appropriation of Fund Balance.** During the fiscal years December 31, 2019 to 2023, inclusive, the appropriation of fund balance in the annual budget decreased slightly from approximately \$7.1 million to \$5.6 million, with a significant increase to \$16.3 million in the 2024 Proposed Budget. There are no budgeted reserves included in the summary tables for the 2024 Proposed Budget.

The following tables provide a summary of fund balance and reserve appropriations in the adopted General Fund budgets of the County for the fiscal years 2019 to 2023 and as proposed for the 2024 fiscal year.

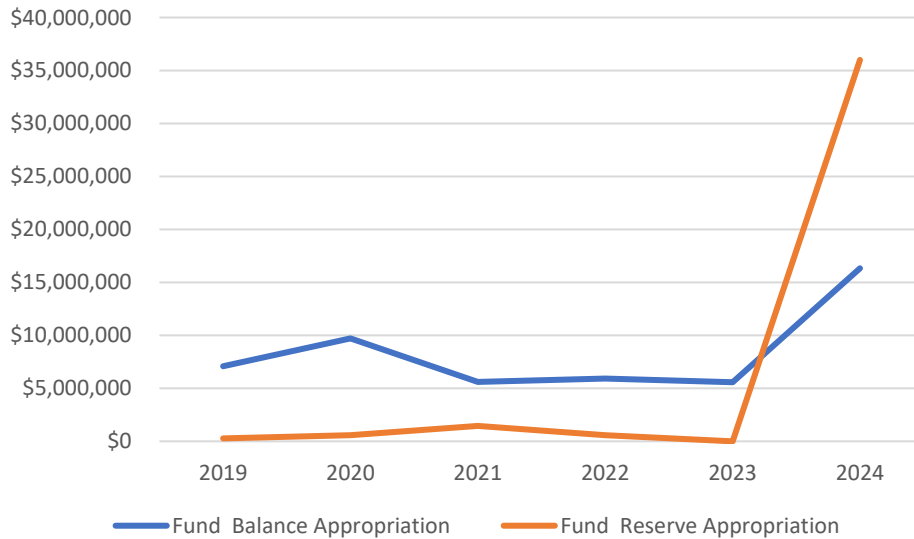
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**Budgetary Appropriation of Fund Balance and Reserves  
Fiscal Years Ended December 31, 2019 to 2024**

<b>GENERAL FUND</b>			
<b>Year Ending December 31:</b>	<b>Fund Balance Appropriation</b>	<b>Reserve Appropriation</b>	<b>TOTAL (Fund Balance &amp; Reserves)</b>
<b>2019 (Adopted)</b>	\$ 7,082,711	\$ 277,850	\$ 7,360,561
<b>2020 (Adopted)</b>	9,717,742	578,735	10,296,477
<b>2021 (Adopted)</b>	5,605,782	1,458,185	7,063,967
<b>2022 (Amended)</b>	5,926,256	574,084	5,288,822
<b>2023 (Adopted)</b>	5,577,697	-0-	5,577,697
<b>2024 (Proposed) <sup>(1)</sup></b>	16,331,129	36,000,000	52,331,129

Source: The adopted and proposed budgets of the County.

**GENERAL FUND**  
**Budgetary Appropriation of Fund Balance and Reserves**  
**Fiscal Years Ended December 31, 2019 to 2024 (Unaudited)**



Source: The adopted and proposed budgets of the County.

## COMMUNITY DEVELOPMENT TRENDS

**Community Development Fund – Historic Trend of Fund Balance.** The Community Development Fund is utilized by the County to account for proceeds received under the Workforce Investment Act and Community Development Block Grant programs. Fund balance in the County’s Community Development Fund increased by approximately 47.85%, from \$191,099 to \$282,533 between 2018 and 2022.

The following tables provide a tabular and visual summary of the composition of fund balance in the County’s Community Development Fund over the period December 31, 2018 through 2022, inclusive.

### **Community Development Fund Composition of Fund Balance Fiscal Years Ended December 31, 2018 to 2022 (Unaudited)**

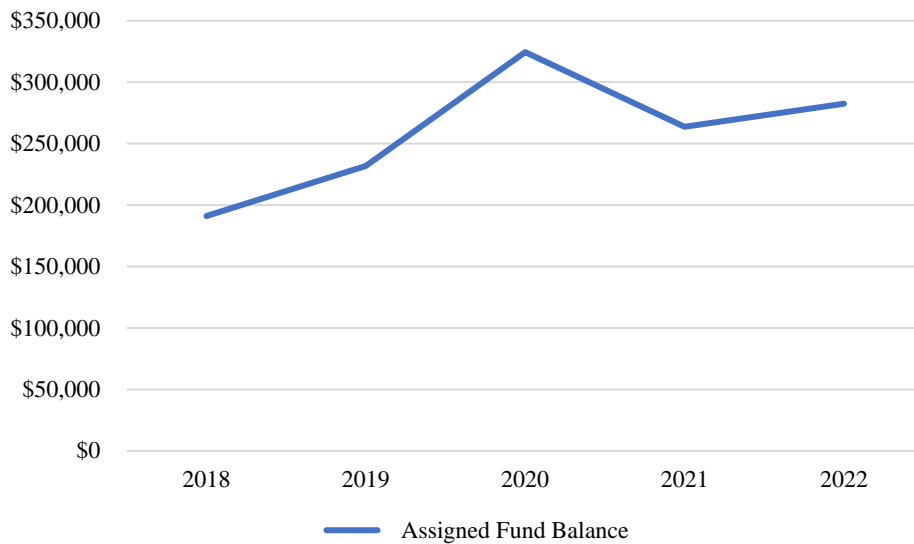
<b>COMMUNITY DEVELOPMENT FUND</b>					
<b>Fiscal Year Ending December 31:</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Fund Equity:</b>					
<b>Assigned <sup>(1)</sup></b>	<u>\$191,099</u>	<u>\$231,794</u>	<u>\$324,437</u>	<u>\$263,775</u>	<u>\$282,533</u>
<b>TOTALS</b>	<b>\$191,099</b>	<b>\$231,794</b>	<b>\$324,437</b>	<b>\$263,775</b>	<b>\$282,533</b>

(1) Assigned Fund Balance is comprised of funds that are constrained for only specifically intended purposes which are formally designated by the governing body of the jurisdiction. The purpose of the assignment is required to be narrower than the purpose of the General Fund, and in funds other than the General Fund assigned fund balance represents the residual amount of fund balance.

Source: The Office of the New York State Comptroller.

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**Community Development Fund Composition of Fund Balance  
Fiscal Years Ended December 31, 2018 to 2022 (Unaudited)**



Source: The Office of the New York State Comptroller.

**Community Development Fund – Budgetary Appropriation of Fund Balance.** During the fiscal years December 31, 2018 to 2022, there were no appropriations of fund balance or reserves in the Community Development Fund.

**COUNTY ROAD FUND**

**County Road Fund – Historic Trend of Fund Balance.** During the fiscal years December 31, 2018 to 2022, fund balance in the County Road Fund increased from approximately \$2.8 million to \$3.8 million. Fund balance in the County Road Fund is classified as assigned, meaning the amounts can only be utilized for intended purposes.

The following tables provide a summary of the composition of fund balance in the County’s County Road Fund over the period December 31, 2018 through 2022, inclusive.

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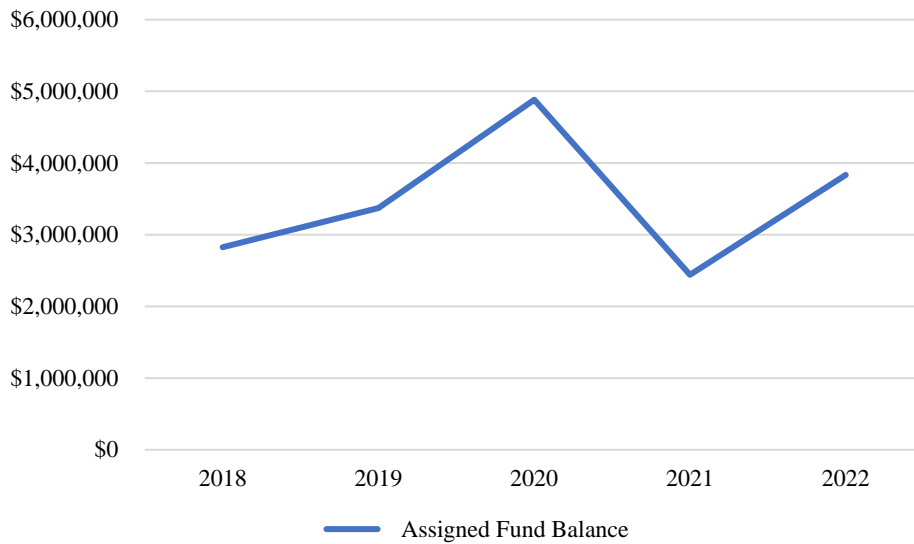
**County Road Fund Composition of Fund Balance  
Fiscal Years Ended December 31, 2018 to 2022 (Unaudited)**

<b>COUNTY ROAD FUND</b>					
<b>Fiscal Year Ending December 31:</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Fund Equity:</b>					
<b>Assigned <sup>(1)</sup></b>	<u>\$2,824,502</u>	<u>\$3,371,969</u>	<u>\$4,882,430</u>	<u>\$2,440,443</u>	<u>\$3,834,283</u>
<b>TOTALS</b>	<b>\$2,824,502</b>	<b>\$3,371,969</b>	<b>\$4,882,430</b>	<b>\$2,440,443</b>	<b>\$3,834,283</b>

(1) Assigned Fund Balance is comprised of funds that are constrained for only specifically intended purposes which are formally designated by the governing body of the jurisdiction. The purpose of the assignment is required to be narrower than the purpose of the General Fund, and in funds other than the General Fund assigned fund balance represents the residual amount of fund balance.

Source: The Office of the New York State Comptroller.

**County Road Fund Composition of Fund Balance  
Fiscal Years Ended December 31, 2018 to 2022 (Unaudited)**



Source: The Office of the New York State Comptroller.

**County Road Fund – Budgetary Appropriation of Fund Balance.** During the fiscal years December 31, 2019 to 2023, inclusive, the appropriation of fund balance in the annual budgets for the County Road Fund increased significantly from approximately \$0.3 million in 2019 (adopted)



to \$2.3 million in 2021 (adopted). However, the 2023 Adopted Budget and 2024 Proposed Budget did not include an appropriation of fund balance in the County Road Fund.

The following tables provide a summary of fund balance appropriations in the adopted County Road Fund budgets of the County for the fiscal years 2019 to 2023 and as proposed for the 2024 fiscal year.

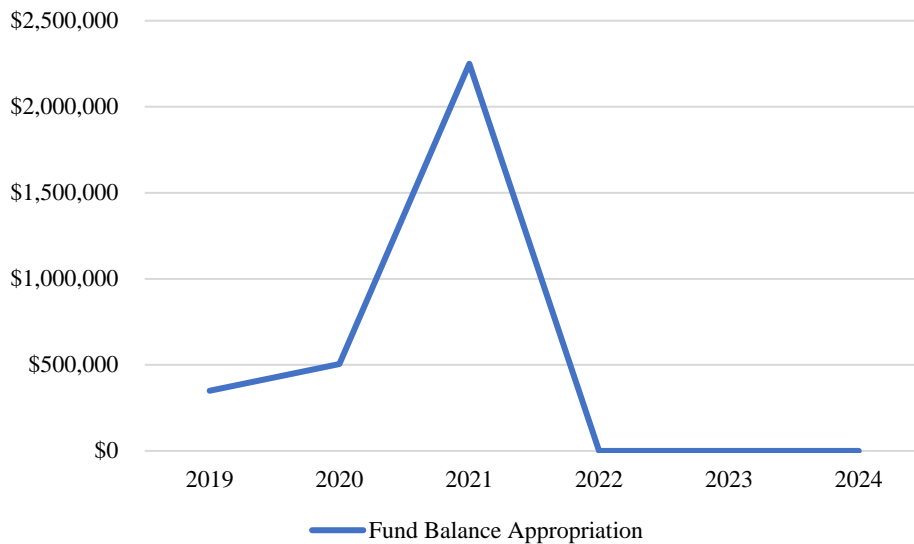
**Budgetary Appropriation of Fund Balance  
Fiscal Years December 31, 2019 to 2024**

<b>COUNTY ROAD FUND</b>	
Year Ending December 31:	Fund Balance Budget Appropriation
<b>2019 (Adopted)</b>	\$ 350,000
<b>2020 (Adopted)</b>	504,864
<b>2021 (Adopted)</b>	2,250,000
<b>2022 (Adopted)</b>	-0-
<b>2023 (Adopted)</b>	-0-
<b>2024 (Proposed)</b>	-0-

Source: The adopted and proposed budgets of the County.

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**County Road Fund Budgetary Appropriation of Fund Balance**  
**Fiscal Years December 31, 2019 to 2024**



Source: The adopted and proposed budgets of the County.

### **ROAD MACHINERY FUND**

**Road Machinery Fund – Historic Trend of Fund Balance.** Fund balance in the Road Machinery Fund decreased between fiscal 2018 and 2019, increased slightly in 2020 and decreased significantly in 2021. Fund balance has continued to decline for fiscal year 2022. Fund balance in the Road Machinery Fund is classified as assigned, meaning the amounts can only be utilized for intended purposes. As of December 31, 2022, the fund balance was approximately \$0.44 million.

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The following tables provide a summary of the composition of fund balance in the County’s Road Machinery Fund over the period December 31, 2018 through 2022.

**Road Machinery Fund Composition of Fund Balance**  
**Fiscal Years Ended December 31, 2018 to 2022 (Unaudited)**

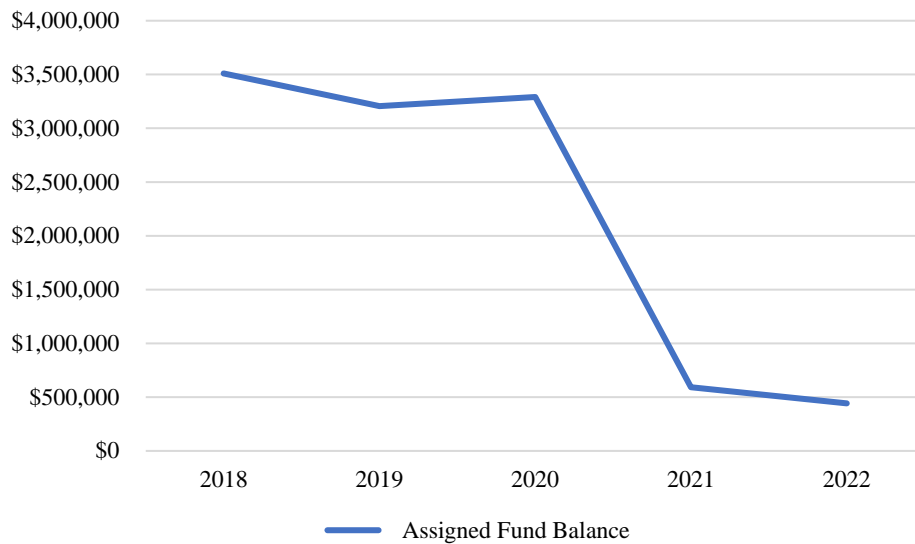
<b>ROAD MACHINERY FUND</b>					
<b>Fiscal Year Ending December 31:</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Fund Equity:</b>					
<b>Assigned <sup>(1)</sup></b>	<u>\$3,509,764</u>	<u>\$3,205,538</u>	<u>\$3,291,206</u>	<u>\$591,731</u>	<u>\$442,095</u>
<b>TOTALS</b>	<b>\$3,509,764</b>	<b>\$3,205,538</b>	<b>\$3,291,206</b>	<b>\$591,731</b>	<b>\$442,095</b>

(1) Assigned Fund Balance is comprised of funds that are constrained for only specifically intended purposes which are formally designated by the governing body of the jurisdiction. The purpose of the assignment is required to be narrower than the purpose of the General Fund, and in funds other than the General Fund assigned fund balance represents the residual amount of fund balance.

Source: The Office of the New York State Comptroller.

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**Road Machinery Fund Composition of Fund Balance**  
**Fiscal Years Ended December 31, 2018 to 2022 (Unaudited)**



Source: The Office of the New York State Comptroller.

**Road Machinery Fund – Budgetary Appropriation of Fund Balance.** During the fiscal years December 31, 2018 to 2024, the appropriation of fund balance varied greatly. The 2024 Proposed Budget did not include an appropriation in the Road Machinery Fund.

The following tables provide a summary of fund balance appropriations in the adopted Road Machinery Fund budgets of the County for the fiscal years 2019 to 2023, inclusive, and as proposed for the 2024 fiscal year.

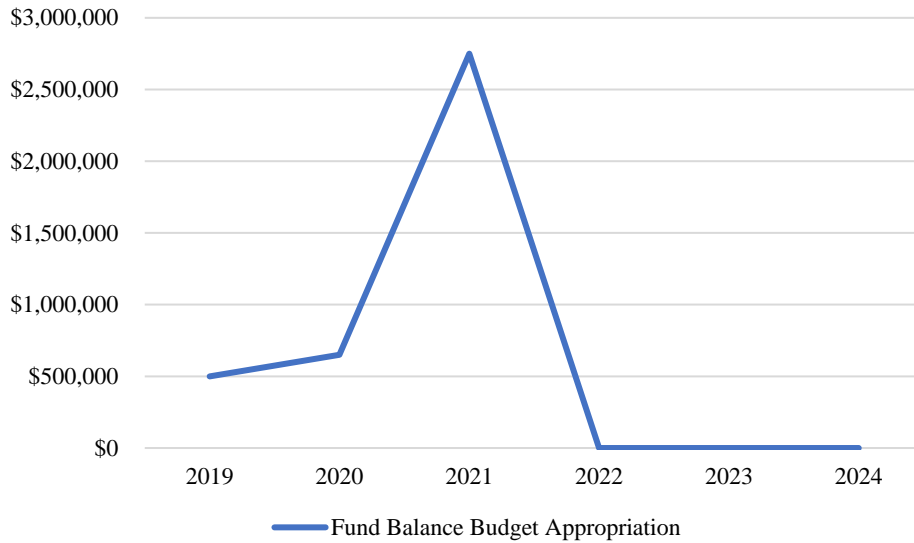
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**Budgetary Appropriation of Fund Balance  
Fiscal Years December 31, 2019 to 2024**

<b>ROAD MACHINERY FUND</b>	
<b>Year Ending December 31:</b>	<b>Fund Balance Budget Appropriation</b>
<b>2019 (Adopted)</b>	\$500,000
<b>2020 (Adopted)</b>	650,000
<b>2021 (Adopted)</b>	2,750,000
<b>2022 (Adopted)</b>	-0-
<b>2023 (Adopted)</b>	-0-
<b>2024 (Proposed)</b>	-0-

Source: The adopted and proposed budgets of the County.

**Road Machinery Fund Budgetary Appropriation of Fund Balance  
Fiscal Years December 31, 2019 to 2024**



Source: The adopted and proposed budgets of the County.

## DEBT SERVICE FUND

**Debt Service Fund – Historic Trend of Fund Balance.** Fund balance in the Debt Service Fund as of December 31, 2022 was reported as \$2.7 million. Fund balance in the Debt Service Fund is restricted, meaning it is subject to enforceable legal restrictions.

The following tables provide a summary of the composition of fund balance in the County’s Debt Service Fund over the period December 31, 2018 through 2022.

**Debt Service Fund Composition of Fund Balance  
Fiscal Years Ended December 31, 2018 to 2022 (Unaudited)**

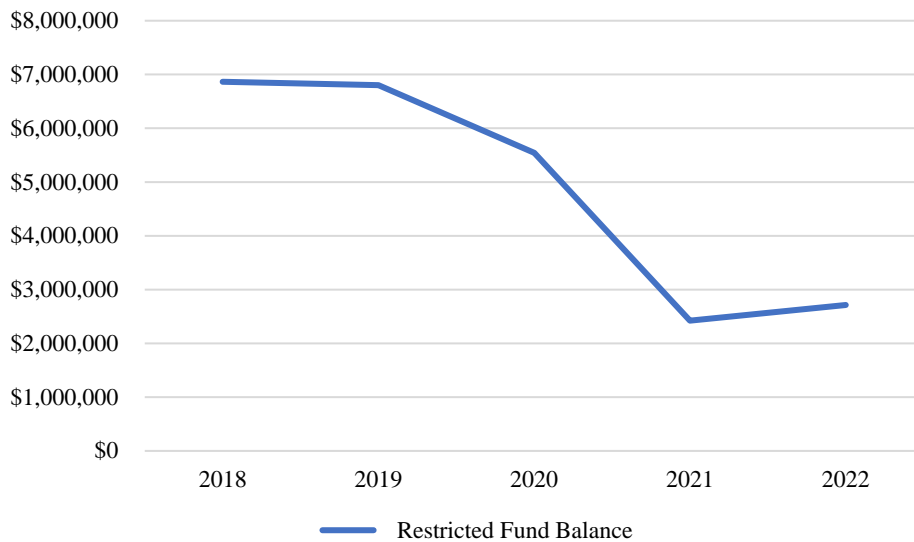
<b>DEBT SERVICE FUND</b>					
<b>Fiscal Year Ending December 31:</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Fund Equity:</b>					
<b>Restricted <sup>(1)</sup></b>	<u>\$6,864,652</u>	<u>\$6,801,448</u>	<u>\$5,543,121</u>	<u>\$2,422,627</u>	<u>\$2,712,900</u>
<b>TOTALS</b>	<b>\$6,864,652</b>	<b>\$6,801,448</b>	<b>\$5,543,121</b>	<b>\$2,422,627</b>	<b>\$2,712,900</b>

(1) Restricted Fund Balance is comprised of monies that are subject to enforceable legal restrictions. These restrictions are generally imposed by creditors, governing laws and/or regulations or through constitutional provisions or enabling legislation.

Source: The Office of the New York State Comptroller.

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**Debt Service Fund Composition of Fund Balance  
Fiscal Years Ended December 31, 2018 to 2022 (Unaudited)**



Source: The Office of the New York State Comptroller.

**Debt Service Fund – Budgetary Appropriation of Fund Balance.** During the fiscal years December 31, 2018 to 2023, inclusive, the appropriation of fund balance in the annual budgets for the Debt Service Fund varied. For the 2024 Proposed Budget there was no appropriation of fund balance in the Debt Service Fund.

The following tables provide a summary of fund balance appropriations in the adopted Debt Service Fund budgets of the County for the fiscal years 2019 to 2023 and as proposed for the 2024 fiscal year.

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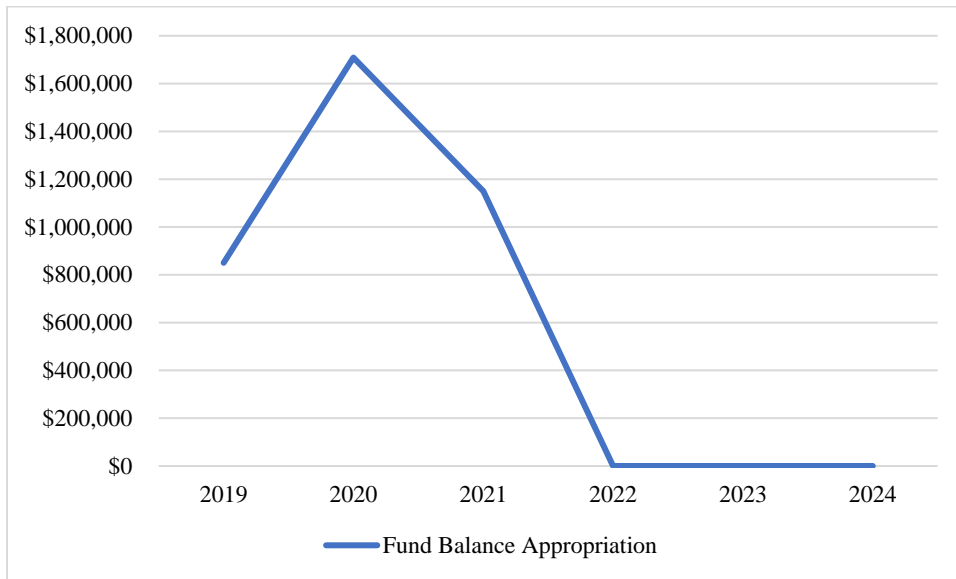


**Budgetary Appropriation of Fund Balance  
Fiscal Years December 31, 2019 to 2024**

<b>DEBT SERVICE FUND</b>	
<b>Year Ending December 31:</b>	<b>Fund Balance Budget Appropriation</b>
<b>2019 (Adopted)</b>	\$ 850,000
<b>2020 (Adopted)</b>	1,708,901
<b>2021 (Adopted)</b>	1,150,000
<b>2022 (Adopted)</b>	-0-
<b>2023 (Adopted)</b>	-0-
<b>2024 (Proposed)</b>	-0-

Source: The adopted and proposed budgets of the County.

**Debt Service Fund Budgetary Appropriation of Fund Balance  
Fiscal Years December 31, 2019 to 2024**



Source: The adopted and proposed budgets of the County.

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## SECTION VII

### SUMMARY OF INDEBTEDNESS

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#### DEBT OVERVIEW

The issuance of debt is an important revenue source for many County projects and purchases. Equally important is the strategic use of the power to issue debt which is why municipal jurisdictions must adhere to legally adopted debt contracting limits and various other State and Federal laws which set parameters on debt issuance.

The below table summarizes the County’s outstanding debt obligations and its authorized but unissued debt:

#### Summary of Obligated and Non-Obligated Debt

	Source: 2024 Proposed Budget
<b>Bond Anticipation Notes</b>	\$ 31,145,300
<b>Bonds (County)</b>	118,476,442
<b>Bonds (UCCC)</b>	4,460,748
<b>Authorized but Unissued Debt <sup>(2)</sup></b>	<u>123,523,335</u>
<b>TOTAL <sup>(1)</sup></b>	<b><u>\$277,605,825</u></b>

- (1) Calculation as of September 30, 2023.  
 (2) Obligated or in process of being obligated.

Source: The 2024 Proposed Budget.

***CMA Finding –Debt Overview.** In the 2024 Proposed Budget, the sum total of long-term bond debt, short-term note debt and the authorized but unissued debt, is \$277.6 million. The amount of debt outstanding is considered manageable and not excessive. A debt management policy was recently adopted to further assist in the oversight of this process. Nevertheless, as indicated in the Capital Planning section of this Review, there remain several authorizations that are significantly aged.*

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## DEBT AUTHORITY

**Financial Organization - Debt.** The New York State Constitution limits the power of the County (and other municipalities and school districts of the State) to issue obligations and to contract indebtedness. Supervision of the County’s outstanding debt obligations is the responsibility of the County’s Commissioner of Finance, who is both the Chief Fiscal Officer and the Chief Accounting Officer. However, the County Legislature authorizes the issuance of any new debt. This is generally completed through the formal adoption of a bond resolution.

**Allowable Debt Limit.** The County has the power to contract indebtedness for any lawful County purpose so long as the combined principal amount of all debt issued shall not exceed seven per centum of the five-year average full valuation of taxable real estate of the County and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining average full valuation is calculated by taking the assessed valuations of taxable real estate for the last five completed assessment rolls and applying thereto the ratio which such assessed valuation bears to the full valuation; full valuation is determined by the New York State Office of Real Property Services or such other State agency or officer as the State Legislature shall direct. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

The below table sets forth the debt-contracting limitation of the County as of October 25, 2023.

### Debt Limit

County Tax Roll	Taxable Assessed Valuation	Equalization Rate <sup>(1)</sup>	Full Valuation <sup>(2)</sup>
<b>Average 5-Year Valuation</b>			\$21,524,335,175
<b>Debt Contracting Limit (7% of 5-Year Average)</b>			<b>\$ 1,506,703,462</b>

(1) As determined by the New York State Office of Real Property and Tax Services.

(2) Full valuation may differ slightly due to rounding.

Source: The Municipal Rule Making Board’s Electronic Municipal Market Access Website (Preliminary Official Statement of the County, Dated October 25, 2023).

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## OUTSTANDING INDEBTEDNESS

The following table sets forth a more detailed summary of the County’s outstanding debt obligations, including allowable debt exclusions, as of October 25, 2023.

### Debt Contracting Limit - As of October 25, 2023 <sup>(1)(3)</sup>

	Amount Outstanding
<b>Gross Indebtedness:</b>	
<b>Serial Bonds</b>	\$ 89,001,000
<b>Bond Anticipation Notes</b>	31,145,300
<b>Tax or Revenue Anticipation Notes</b>	-0-
<b>Total Gross Indebtedness:</b>	<b>\$120,146,300</b>
<b>Excludable Debt:</b>	
<b>Water Debt</b> <sup>(2)</sup>	\$ -0-
<b>Sewer Debt</b> <sup>(1)</sup>	-0-
<b>Budgetary Appropriations</b>	10,361,000
<b>Total Debt Exclusions</b>	<b>\$ 10,361,000</b>
<b>Total Net Indebtedness</b> <sup>(1)(3)</sup>	<b>\$109,785,300</b>

(1) Excludes lease obligations.

(2) Excludable pursuant to State law.

(3) As of the date of the review of the 2024 Proposed Budget, the County was in the process of issuing debt obligations. Such obligations are anticipated to increase the net indebtedness of the County by approximately \$23.1 million.

Source: The Municipal Rule Making Board’s Electronic Municipal Market Access Website (Preliminary Official Statement of the County, Dated October 25, 2023).

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## INDEBTEDNESS PEER BENCHMARK COMPARISON

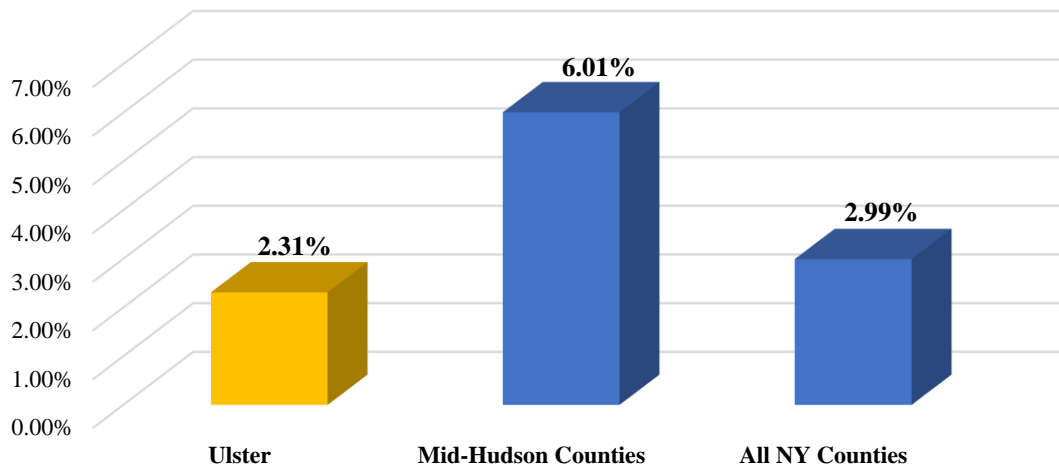
**FSMS – Statewide 2021 Findings.** The Office of the New York State Comptroller (“OSC”) released a set ranking for municipal jurisdictions operating on a calendar year basis in September of 2022. The scores were based on 2021 operating results and marked the sixth release by OSC since the commencement of its Fiscal State Monitoring System (“FSMS”) program.

Below is an illustration of how the County’s debt levels compared to all rated/reporting State Counties, Mid-Hudson Region Counties and Medium Downstate Counties. The data for the tables have been extrapolated directly from OSC’s FSMS search tool which can be accessed through the below link:

<http://www1.osc.state.ny.us/localgov/fiscalmonitoring/fsms.cfm>

### **FSMS Benchmarks Debt Service Ratio**

#### **Debt Service as a % of Revenues (FSMS)**



Source: Extracted directly from the New York Office of the State Comptroller (Fiscal Stress Monitoring System Search Tool).

The County had much lower levels of debt service as compared to neighboring Mid-Hudson counties, but a slightly lower amount compared to all New York counties.

## CASH FLOW FINANCINGS

Cash flow financings are a type of borrowing in which a loan made to bridge a forecasted financial gap due to the timing of real property tax and/or other revenue (including Federal and State aid) receipts. The most common types of cash flow financings for municipal governments similar to the County are tax anticipation notes and revenue anticipation notes.

Since cash flow financings *can be* (but are not always) indicative of structural deficiencies, they sometimes carry with them negative associations.

*CMA Finding – Cash Flow Financings. The County has not found it necessary to issue debt obligations for cash flow purposes since 1998. Despite not issuing for such purposes, County officials have indicated the County annually adopts resolutions authorizing the issuance of tax anticipation notes and revenue anticipation notes in the event of an emergency. The County presently anticipates that resolutions for similar amounts will be presented to the Legislature for consideration in connection with the 2024 fiscal year. In addition, County officials also indicated they will continue to closely monitor the cash positions in light of forecasted economic conditions. Not having to issue cash flow notes is deemed a credit positive event.*

## BOND ANTICIPATION NOTES

As of October 25, 2023, the County had \$31,145,300 in outstanding bond anticipation notes.

*CMA Finding – Bond Anticipation Notes Maturing in November / Serial Bonds. The 2024 Proposed Budget indicated the outstanding bond anticipation notes of the County are scheduled to mature in November 2023. As of the date of the review of the 2024 Proposed Budget, the County was in the process of issuing debt obligations, including both long-term serial bonds and short-term bond anticipation notes. After certain payments, a portion of the currently outstanding notes will be converted into long-term serial bonds, while the remaining portion will be renewed. The sale date for the issuance was November 1, 2023, with tentative closings scheduled for November 15, 2023. Since the November issuance will be sold prior to the adoption of the budget, the Legislature should confirm that the debt service appropriations have been revised to reflect actual payments correlating to the issuance of debt in November 2023.*

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## **AUTHORIZED BUT UNISSUED DEBT**

The proposed budget of the County includes authorized but unissued debt in the amount of approximately \$123.5 million. Many of these authorizations correlate to projects that have yet to be closed out by the County or will not be borrowed for. As such, although a large amount, several of these authorizations will likely not be utilized by the County. CMA noted that the County has authorized but unissued debt dating back to 2010, 2014, 2015 and 2016.

*CMA Finding – Authorized but Unissued Debt. To add further transparency to the budget document, CMA recommends an estimate of future borrowing related to actual spending should be included with the capital information and in the chart for Debt Authorized and Unused and to make the Capital Improvement Plan more informative and useful.*

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## SECTION IX CAPITAL PLANNING

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### ADMINISTRATION OF CAPITAL BUDGET AND PLANNING

In accordance with the provisions of the County Charter and applicable State law, it is the responsibility of the County Executive to prepare and file the annual Capital Improvement Program for consideration by the Legislature. This process is completed as part of the budget process.

The 2024 Capital Budget Plan calls for continued funding of many “ongoing” projects as well as new projects and initiatives, layered on top of old projects for which debt funding has been authorized but not acted upon. Furthermore, the 2024 Capital Budget contains \$88.5 million of bond and bond note debt authorized but not yet issued or used. There is another \$35 million in authorized debt for revenue notes and tax anticipation notes resulting in authorized/unissued debt of approximately \$123.5 million. These authorizations are being carried in the County’s books and ledgers and are presented in various charts in the 2024 Capital Budget.

Of note, some of the authorized but unissued debt dates back to 2010. Between 2010 and October of 2019, there are 37 projects that have all or part of their funding in authorized but unissued debt (see, Capital Budget pages 18-19). Some projects include very high outstanding authorizations dating back well over 10 years, with large amounts budgeted for the future.

For example, project number 482 (Countywide Radio System) has \$11.3 million in authorized but unissued debt funding (see, Capital Budget page 18). On page 178, it states that \$9.2 million has been spent to date on the Radio System project and another \$22.6 million is proposed for 2024 through 2026. The presentation of this information is confusing. It is unclear both how much of the \$9.2 million spent to date was funded by debt obligations and if and how the remaining authorization but unissued debt will be utilized to offset costs relating to the \$22.5 million of proposed spending. The planning and funding process overall requires attention as the existence of aged and uncompleted projects is presently hampering the overall plan itself. With 37 projects that have authorized but unissued debt, procedural revisions seem appropriate.

In last year’s report CMA presented the following finding and recommendation on this issue:

***Authorized But Unissued Debt***

*The proposed budget of the County includes authorized but unissued debt in the amount of approximately \$135.4 million. Many of these authorizations correlate to projects that have yet to be closed out by the County or will not be borrowed for. As such, although a large amount, several of these authorizations will likely not be utilized by the County. CMA noted that the County has authorized but unissued debt dating back to 2010, 2014, 2015 and 2016.*

***CMA Finding – Authorized but Unissued Debt II.** The County should periodically review unused authorizations to determine if purposes or needs for borrowing still exist. If the need for an authorization no longer exists, then the authorization should be repealed. This would ensure that capital and borrowing needs for authorized items that are many years old and stale are scrutinized and continuously evaluated and that only viable projects and items remain authorized and qualified for borrowing purposes.*

The above noted findings and recommendations are both still relevant and still apply. Nevertheless, during in-person departmental interviews conducted during CMA’s information gathering for the 2024 Proposed Budget review, it was found that many departmental staff have concerns about capital project implementation and completion. There is a belief that the County is “running behind” in implementing and completing a large number of capital projects. The large amount of authorized but unissued debt to fund capital projects strongly supports these beliefs. Projects that have millions of dollars in unused funding dating back over 10 years is another strong indicator of a capital plan that needs to:

- (1) be reviewed:
- (2) Have its projects evaluated for need, and
- (3) Managed closely under strong leadership and oversight.

In addition to the recommendations in last year’s report CMA has several additional suggestions related to capital project budgeting, planning, implementation and monitoring.

***CMA Recommendation – Capital Plan:** Based on the age of many capital projects, the amount of authorized but unissued/unused debt to fund capital projects, the confusion created by how some project funding is presented, and the concerns of departmental staff that capital projects are lagging or not getting done in a timely manner, CMA recommends:*

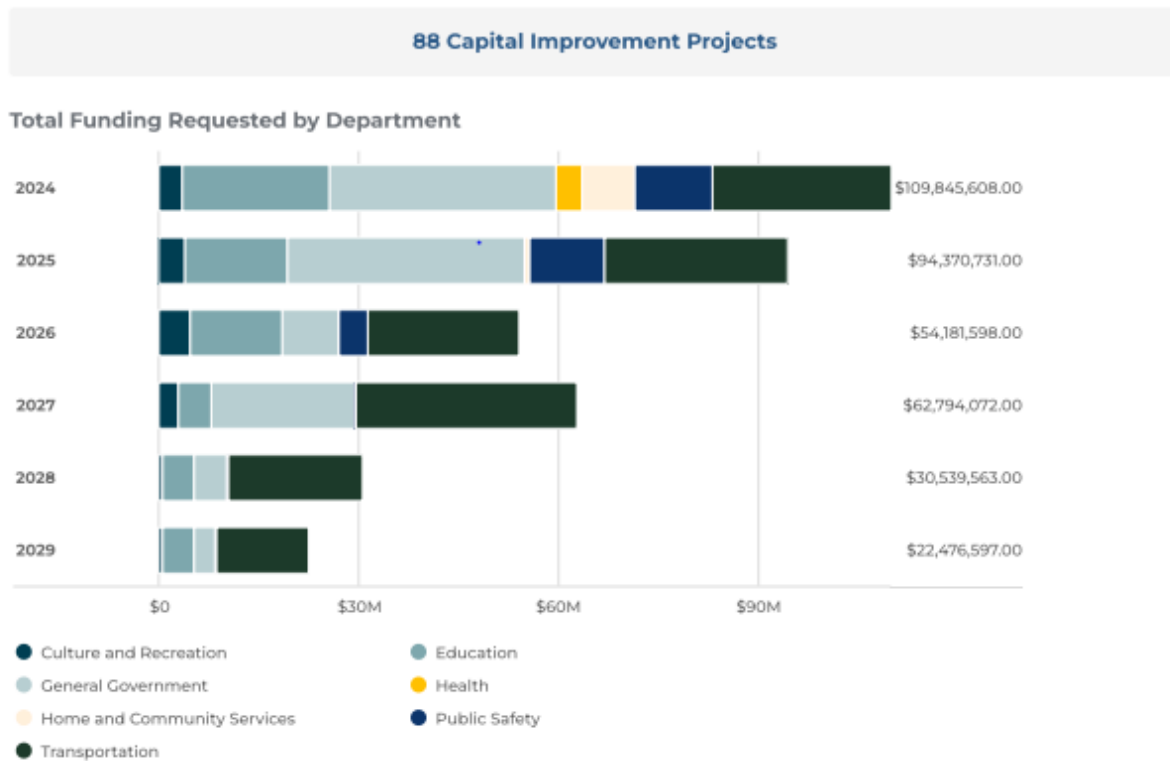
- (1) That the County establish a Capital Plan/Project Committee or Task Force to review all outstanding and ongoing capital projects to filter out those projects no longer desired and re-establish the need for the desired projects moving forward.*
- (2) Reaffirm all funding sources, including the use of authorized debt for each project.*
- (3) Establish the position of Capital Project Manager (with perhaps a Project Assistant and a Senior Account Clerk) to oversee and manage the County’s capital improvement effort and capital Budget/Plan and coordinate with project engineers and planners to ensure projects are completed in a timely manner and are fully and clearly funded until completion.*

## CAPITAL IMPROVEMENT PROGRAM SUMMARY

**Capital Improvement Program Summary.** The County’s Proposed Capital Improvement Program for the fiscal years 2024 through 2029, inclusive, totals \$355.8 million, of which \$78.0 million is for general governmental purposes, \$61.3 million is for educational purposes, \$20.7 million is for home and community services purposes, \$23.3 million is for public safety purposes, \$121.4 million is for transportation purposes, \$2.5 million is for health and \$48.5 million is for recreational, economic development and planning purposes.

A summary of the County’s Proposed Capital Improvement Program for the years 2024 through 2029 is presented below.

# \$374,208,169

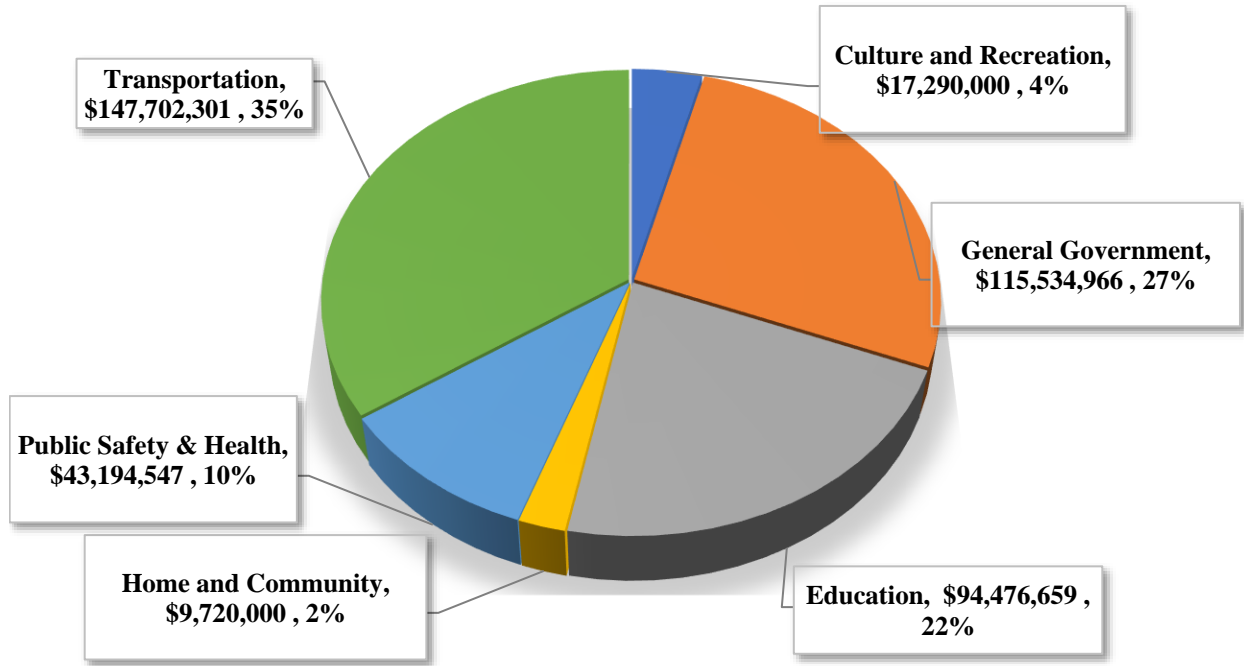


Source: The 2024 Capital Budget (*Screen Print from Online Version*)

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A summary of the County’s Proposed Capital Improvement Program by purpose for the years 2024 through 2029, inclusive, is presented below.

**2024 Proposed Capital Improvement Program**  
**Summary of Spending Estimates by Purpose**



Source: The Proposed Capital Improvement Programs of the County.

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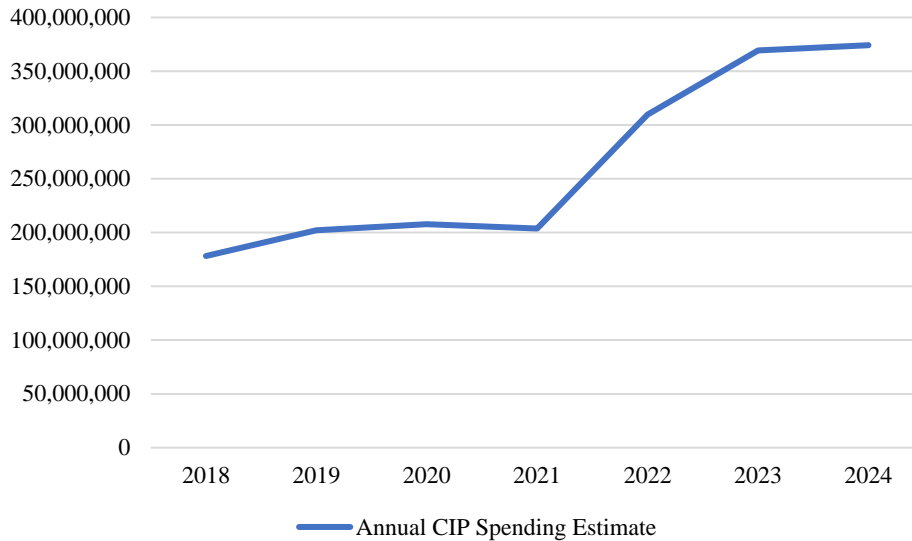
**Historic Trend of Annual Capital Programs.** The following tables provide a summary the County’s Adopted Capital Improvement Programs for each of the (budget) years 2019 through 2023, inclusive, and the 2024 Proposed Capital Improvement Program.

**Historic Trend of Annual Capital Programs  
Budget Years 2019 to 2024**

Year Ending December 31:	TOTAL Estimated Spending
<b>2019 (Adopted)</b>	\$202,078,311
<b>2020 (Adopted)</b>	207,752,281
<b>2021 (Adopted)</b>	203,704,196
<b>2022 (Adopted)</b>	309,719,375
<b>2023 (Adopted)</b>	369,286,172
<b>2024 (Proposed)</b>	374,208,169

Source: The adopted and proposed Capital Improvement Programs of the County.

**Historic Trend of Annual Capital Programs  
Budget Years 2019 to 2024**



Source: The adopted and proposed Capital Improvement Programs of the County.

**CMA Finding – Historic Trend of Estimated Capital Improvement Program Spending.** As noted previously, the backlog of prior year projects is significantly hampering the accuracy of the Capital Plan.

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## SECTION X

# FISCAL POLICIES AND INTERNAL CONTROLS

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### FISCAL POLICIES AS A BEST PRACTICE

Financial policies and internal controls are widely accepted as both a strategic and long-term approach to the sound financial management of governmental operations. According to the Government Finance Officers Association (“GFOA.”), some of the most powerful arguments in favor of drafting formally adopting written financial policies include, but are not limited to:

- (1) *Institutionalize good financial management practices.* Formal policies usually outlive their creators, and, thus, promote stability and continuity. They also prevent the need to re-invent responses to recurring issues.
- (2) *Clarify and crystallize strategic intent for financial management.* Financial policies define a shared understanding of how the organization will develop its financial practices and manage its resources to provide the best value to the community.
- (3) *Define boundaries.* Financial policies define limits on the actions staff may take. The policy framework provides the boundaries within which staff can innovate in order to realize the organization’s strategic intent.
- (4) *Support good bond ratings* and thereby reduce the cost of borrowing.
- (5) *Promote long-term and strategic thinking.* The strategic intent articulated by many financial policies necessarily demands a long-term perspective from the organization.
- (6) *Manage risks to financial condition.* A key component of governance accountability is not to incur excessive risk in the pursuit of public goals. Financial policies identify important risks to financial condition.
- (7) *Comply with established public management best practices.* The Government Finance Officers Association (GFOA), through its officially adopted Best Practices endorsement of National Advisory Council on State and Local Budgeting (NACSLB) budget practices and the GFOA Distinguished Budget Presentation Award Program, has recognized financial policies as an essential part of public financial management.

Furthermore, the GFOA, through its officially adopted Best Practices endorsement of National Advisory Council on State and Local Budgeting (“NACSLB”) budget practices and the GFOA Distinguished Budget Presentation Award Program, has recognized financial policies as an interlarded part of the operational budget and the overall budgeting process.

As a best practice, the GFOA recommends the inclusion of following steps when in the development of fiscal policies.

*(1) Scope*

- a. What are the most vital fiscal areas which would benefit from the adoption of a formalized fiscal policy (*see the following section for additional GFOA recommendations*)

*(2) Development - The following recommended phases should be considered in the strategic development of fiscal policies.*

- a. The problem should be identified and clearly defined.
- b. The fiscal policy should be drafted by an individual or entity with specific knowledge and also follow industry recognized best practices.
- c. The draft fiscal policy should be reviewed, presented and discussed with applicable government officials.
- d. Formal consideration and adoption of the fiscal policy by the governing board.
- e. When implementing the fiscal policy it is imperative that those government officials and employees charged with monitoring the policy area are aware of its adoption.

*(3) Design - Fiscal policies generally have common design features, which include:*

- a. Policies are recommended to be provided in written form.
- b. Policies are recommended to be phrased in such a way that is easily understandable to the intended audience.
- c. Policies are recommended to be made widely available.
- d. Policies are recommended to address all identified and relevant issues and risks for the specified governmental operation.

*(4) Presentation – Generally, efficient fiscal policies will share the following characteristics:*

- a. The fiscal policies are recommended to be placed in the same section of the budget document (or together in a separate document).
- b. The inclusion of original and revision dates is recommended.

*(5) Review - Financial policies are most effective when reviewed and updated on a recurring basis.*

- a. Fiscal policies require ongoing monitoring and may require amendments to reflect changes in governmental operations, the enactment of laws or various other reasons.

## GFOA RECOMMENDED FISCAL POLICIES

The following list of fiscal policies has been directly extrapolated from the GFOA's best practice relating to the adoption of fiscal policies. Although we understand some of these policies are in place by the County this is the overall list of fiscal policies provided by the GFOA. Furthermore, the GFOA notes a strong linkage between the fiscal policies and the operating budget. GFOA's best practice as it generally relates to fiscal policies may be accessed utilizing the below link: <https://www.gfoa.org/materials/adopting-financial-policies>

The following fiscal policy areas have been identified by the GFOA:

- (1) **General fund reserves.** Policies governing the amount of resources to be held in reserve and conditions under which reserves can be used.
- (2) **Reserves in other funds.** Policies for other funds (especially enterprise funds) that serve a similar purpose to general fund reserve policies.
- (3) **Grants.** Policies that deal with the administration and grants process.
- (4) **Debt.** Policies that govern the use of government debt, including permissible debt instruments, conditions under which debt may be used, allowable levels of debt, and compliance with continuing disclosure requirements.
- (5) **Investment.** Policies that provide guidance on the investment of public funds, including permissible investment instruments, standards of care for invested funds, and the role of staff and professional advisors in the investment program.
- (6) **Economic development.** Policies that address a local government's use of subsidies or other incentives to encourage private development.
- (7) **Accounting and financial reporting.** Policies that establish and guide the use of an audit committee, endorse key accounting principles, and that ensure external audits are properly performed.
- (8) **Risk management and internal controls.** Policies that address traditional views of risk management and internal control, as well as more modern concepts of "enterprise risk management."
- (9) **Procurement.** Policies that are most essential for adoption by the governing board in order to encourage efficient, effective and fair public procurement.
- (10) **Long-term financial planning.** A policy that commits the organization to taking a long-term approach to financial health.
- (11) **Structurally balanced budget.** Policies that offer a distinction between satisfying the statutory definition and achieving a true structurally balanced budget.



- (12) **Capital.** Policies that cover the lifecycle of capital assets, including capital improvement planning, capital budgeting, project management, and asset maintenance.
- (13) **Revenues.** Policy guidance through the designing of efficient and effective revenue systems that guarantee the generation of adequate public resources to meet expenditure obligations.
- (14) **Expenditures.** Policies addressing a range of issues around how the money is expended, including personnel, outsourcing, and funding long-term liabilities.
- (15) **Operating budget.** Policies that describe essential features of the budget development process and form, as well as principles that guide budgetary decision making.

*CMA Finding – Fiscal Policies and Enhanced Internal Controls. During CMA’s in-person departmental reviews, the new administrative team appeared receptive to the development and implementation of fiscal policies and enhanced internal controls.*

*The County would benefit from drafting written financial policies encompassing areas recommended as a best practice by the GFOA.*

*Formalizing such policies will add transparency to County operations, which will provide guidance to County employees and present clarity to all stakeholders. Such policies will enhance internal controls, assist the County in its ongoing efforts to mitigate the risk of fraud and or abuse in future years.*

*Once drafted, the policies should be presented in full form to the County Legislature for consideration and adoption.*

*Due to the complexity of some of the legal requirements relating to the establishment of certain policies, the County should consult with legal counsel when drafting / adopting such policies.*

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## SECTION XI CONCLUSION

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The information provided throughout the Review is based on a detailed analysis of the County's 2024 Proposed Budget. Although the budget provides useful budgetary and operational information for public understanding, CMA requested meetings with key County departments to gain a better understanding of its operations. Additional information was requested and promptly provided by County Officials. We appreciate and commend the cooperation of the County's Executive team and the staff members of the Legislature in providing both detailed budget data as well as assistance to understand the construction of the budget documents.

The findings and initiatives identified in the Review will assist the County to develop sustainable financial operations. In addition, the shared services, efficiencies and technology strategies discussed throughout the Review will mitigate the effect of staffing reductions.

Focused and coordinated implementation of the findings will ensure the County captures the opportunities detailed in this Review. For implementation efforts to be successful, the following factors will be necessary:

- *Dedication to Achieving Results.* The efforts need to be driven by quantifiable goals relating to cost savings, revenue generation, the efficient delivery of service and performance metrics.
- *Fiscal Transparency and Accountability.* The departments should be held accountable for progress and results.
- *Ability to Adapt.* The County must be able to adapt accordingly in order to identify and circumvent potential obstacles.
- *Objectivity and Stakeholder Engagement.* Proactive participation and communication amongst all relevant parties is key to success.
- *Sustained Support.* A steadfast commitment that the implementation of findings cannot be derailed.

Despite the fiscal challenges that may be ahead as result of economic conditions, the initiation of the Review alone denotes that steps are being taken to strategically plan for fiscal health of the County.

Success will be largely contingent upon a coordinated effort and collaboration between various interested parties. Nevertheless, a sustainable budget in the near-term can be an achievable goal and the County may continue the process of becoming truly the best it can be during 2024.

*CMA Finding – Mid-Year Budget Review and Analysis. At a mid-year point in 2024, CMA should conduct an updated review and analysis of this Report. There is no additional cost to the County for this service.*

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## **APPENDIX A: DEPARTMENTAL SUMMARIES**

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### **DEPARTMENT SUMMARIES – PREAMBLE**

In conducting its review of the 2024 Proposed Budget, CMA independently interviewed specific departments within the County in order to better understand their respective operations. As result of the stringent timeframe, not all County departments were able to be interviewed. This section provides a summary of the departments that were interviewed.

### **COUNTY ATTORNEY**

#### **DEPARTMENT MISSION**

The County Attorney is the sole legal advisor to the County. The County Attorney either directs or actively participates in legal-related activities on behalf of all departments and divisions of the County. The primary areas of responsibility of the County Attorney include Claims/Litigation, Opinions and Legal Research, Contracts, Agreements, Leases, Juvenile Prosecution in Family Court, and Labor Matters.

The 2024 Ulster County Propsoed Budget proposes \$1,880,064 in total appropriations for the County Attorney’s Office, an increase of 4.29% from the prior year. The County is responsible for all proposed expenses for this department.

Source: The 2024 Proposed Budget of the County.

#### **DEPARTMENT DIVISIONS**

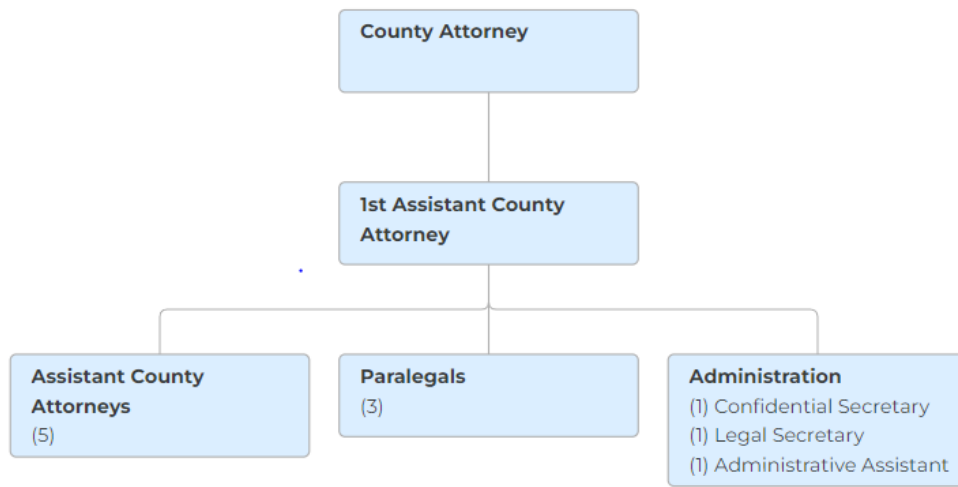
The County Attorney’s Office is led by the County Attorney, appointed by the County Executive. The County Attorney serves at the pleasure of the County Executive.

#### **ORGANIZATIONAL STRUCTURE AND WORKFORCE**

The Department prosecutes all cases against and brought forth by the County. The Department does not contract any outside counsel, the County is insured by New York Municipal Insurance Reciprocal (“NYMIR”), in certain cases, NYMIR may select a counsel to represent the County.

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## **County Attorney Organizational Structure**



Source: The 2024 Proposed Budget of the County.

### **STRENGTHS AND OPPORTUNITIES**

Based on focused a departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the Office of the County Attorney.

- *Financial line of defense for the County.* While the Office of the County Attorney does not generate any revenue, its vigilant staff is constantly guarding against issues that could present a liability to the County.

### **WEAKNESSES AND THREATS**

- *Difficulty attracting and retaining talent.* As a result of low salaries for attorneys compared with surrounding jurisdictions and, especially, the private sector, the Department has had a difficult time replacing vacant positions. The County has increased the salaries of the Department for the coming fiscal year, however, they continue to remain weak relative to its peers.

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# DEPARTMENT OF BUDGET

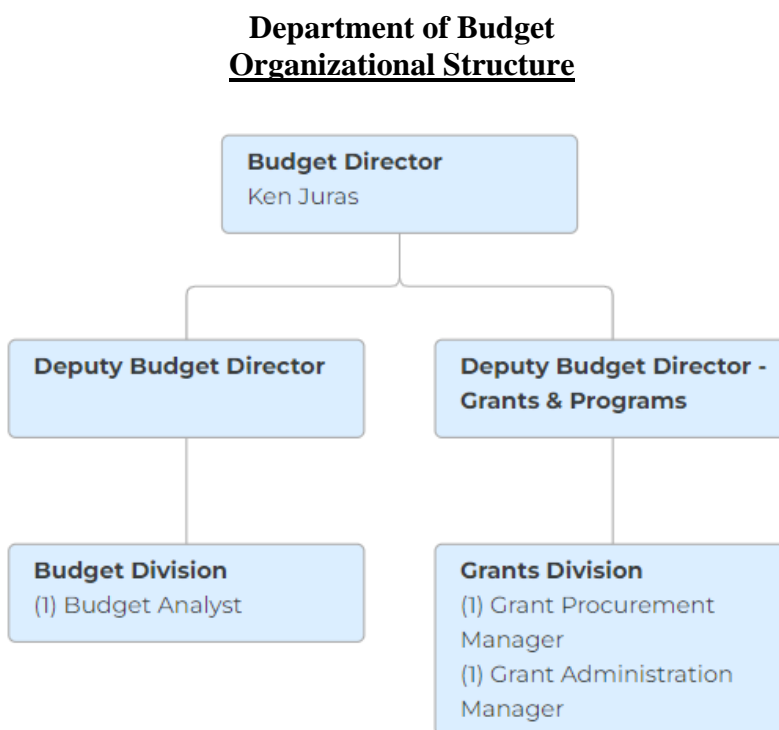
## DEPARTMENT MISSION

The Department of Budget’s mission is to be the stewards of responsible and accurate allocation of tax payer dollars.

## DEPARTMENT DIVISIONS

The Department of Budget is responsible for the preparation of the County Executive’s annual budget, and monitoring and analyzing revenues and expenditures throughout the year. Additionally, the Department of Budget is responsible for working with the County’s Executive Departments to evaluate performance, streamline operations and deliver improved outcomes for County residents.

## ORGANIZATIONAL STRUCTURE AND WORKFORCE



Source: The 2024 Proposed Budget of the County.

## STRENGTHS AND OPPORTUNITIES

Based on a focused departmental interviews and comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the Budget Department.

- *Knowledgeable and Experienced Team.* The Budget Department is well organized and supervised and would continue to benefit from a focus on cross training employees.
- *Grants Division.* The grants division, once staffed, will assist the County in its ability to better centralize grant related responsibilities.

## **WEAKNESSES AND THREATS**

- *Employee Staffing Levels.* Although the existing fiscal staff is experienced, the financial team of the County overall would benefit from certified accounting professionals.
- *Lack of Succession Planning.* Like other departments, the Budget Department lacks a formal succession plan, which represents further risk.

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## **COUNTY CLERK**

### **DEPARTMENT MISSION**

It is the mission of the County Clerk's Office to maintain, docket and preserve the integrity of the records of Ulster County and to be responsive to the needs of its residents by developing increased awareness of services offered by our office. The department's mission will be accomplished through utilization of technology, expanding our present programs and evaluating new and innovative ways of offering these services.

### **DEPARTMENT DIVISIONS**

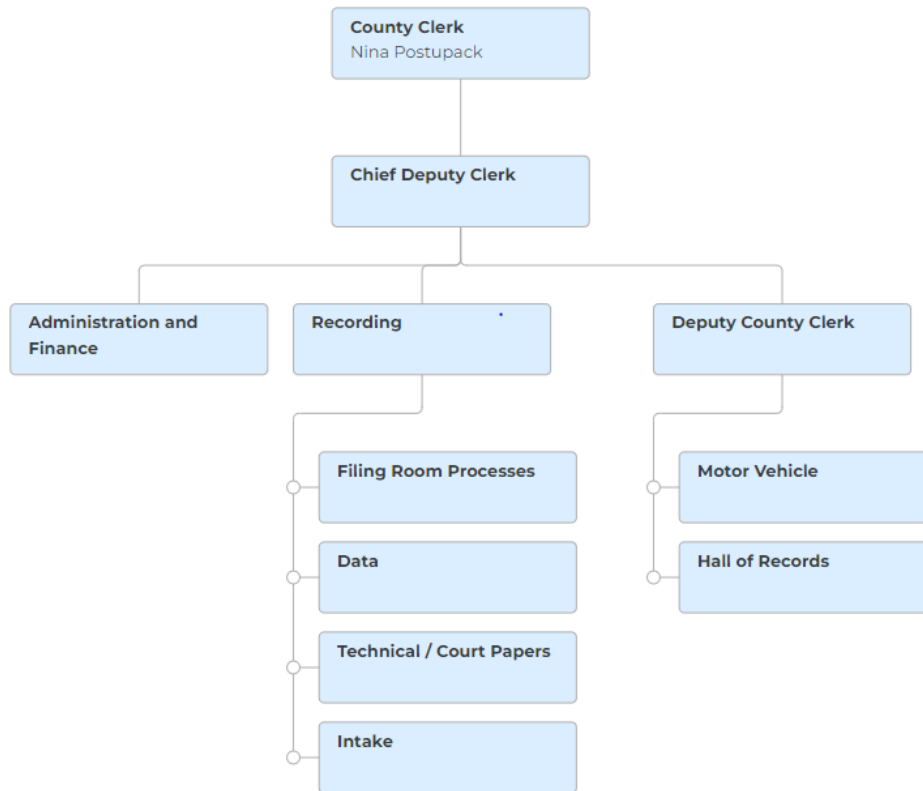
The duties of the County Clerk as "keeper of the records" requires the filing, processing and preserving of County documents including the responsibility of Clerk of the Court for the Supreme and County Courts. In addition, as an agent for the NYS Department of Taxation and Finance our office collects mortgage tax, sales tax and transfer tax. On a federal level, we process passports for the US Department of State and conduct Naturalization Ceremonies for the US Department of Homeland Security. The County Clerk is the Records Manager for the County overseeing the Ulster County Hall of Records, the County Archives and the Matthews Persen House. In the capacity as agent for the New York State Department of Motor Vehicles, the Clerk's Office offers full-service Motor Vehicle processing as well as mobile services throughout the towns in Ulster County.

### **ORGANIZATIONAL STRUCTURE AND WORKFORCE**

The workforce of the County Clerk is comprised of a staff of approximately 51 full-time and part-time employees, including vacant positions.

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## **County Clerk Organizational Structure**



Source: The 2024 Proposed Budget of the County.

### **CLERK FINANCES**

**General Expenditures.** The 2024 Ulster County Propsoed Budget proposes \$4,787,932 in total appropriations for the County Clerk’s Office, an increase of 3.05% from the prior year.

The operations of the County Clerk are classified as governmental activities and are financed primarily through from the General Fund. Expenses for the department are almost completely for personnel and benefits.

**OC Revenues.** The County Clerk produces departmental revenues through the issuance of various licenses and permits, including through the County’s Department of Motor Vehicles.

Source: The 2024 Proposed Budget of the County.



## **CLERK STRENGTHS AND OPPORTUNITIES**

Based on various departmental interviews and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the County Clerk office.

- *Digitizing Records.* The department is in the process of digitizing all County records and archives, which would improve efficiency, allowing documents to be accessed and shared more easily, as well as free up valuable office space, allowing the potential for rental income.
- *Management.* The County Clerk appears to be well organized and well managed.
- *DMV Online Revenues.* The County Clerk will now receive 10.75% of all the DMV's online revenues, which is projected to provide a significant increase in revenue for the Department.

## **CLERK WEAKNESSES AND THREATS**

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within the County Clerk.

- *Inability to change fees.* Most fees for the department are set by statute by the State. This restricts the Department from amending any fee schedules to appropriately match the County's needs.

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# COUNTY COMPTROLLER

## **DEPARTMENT MISSION**

The mission of the Office of the County Comptroller is to serve as Ulster County’s trusted watchdog and advisor and to work in partnership with the County Legislature, County Executive, and the community to facilitate transparency and accountability without compromising independence, objectivity or integrity.

The 2024 Ulster County Proposed Budget proposes \$1,249,181 in total appropriations for the County Comptroller’s Office, an increase of 5.28% from the prior year. The County is responsible for all proposed expenses for this department.

Source: The 2024 Proposed Budget of the County.

## **DEPARTMENT FUNCTIONS**

The function of the County Comptroller’s Office is to independently verify expenditures, track revenues, monitor the stewardship of funds of the County, evaluate internal controls and County program performance, and provide advice on the financial and economic health of the county.

## **ORGANIZATIONAL STRUCTURE**

The workforce of the Comptroller’s Office consists of 8 full-time employees. Despite limited staff, the responsibilities carried out by the Office are both complex and directly connected to the County’s fiscal health.



Source: The 2024 Proposed Budget of the County.

## COMPTROLLER STRENGTHS AND OPPORTUNITIES

Based on focused a departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within DC.

- *Management.* The Comptroller’s Office is well organized and supervised.
- *Staff Ability.* The staff of the Comptroller’s Office is knowledgeable and experienced, improving the auditing capabilities of the Department. The findings of the department have routinely led to improvements in the County.
- *Investigation for increased financial health.* The Department is planning and currently looking into the County’s Fund Balance Policy, Hotel Occupancy Tax, addition of County positions and the Capital plan to identify inefficiencies within and to provide recommendations to improve upon these areas for the betterment of the County.

## COMPTROLLER WEAKNESSES AND THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within the Comptroller’s Office.

- *Relationship with County Executive.* In the past, the relationship between the Comptroller’s Office and the administration has been strained. As a result, reports and audits conducted by the Office have not always been implemented. With the new administrative team in place, there has been a more accessible relationship.

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# **DEPARTMENT OF ECONOMIC DEVELOPMENT**

## **DEPARTMENT MISSION**

The Department of Economic Development mission is to grow our local economy; improve equity and access to opportunity; and protect and invest in our communities' economic assets.

The 2024 Ulster County Proposed Budget proposes \$1,102,912 in total appropriations for the Office of Economic Development, an increase of 10.25% from the prior year. The County is responsible for all proposed expenses for this department.

Source: The 2024 Proposed Budget of the County.

## **DEPARTMENT FUNCTIONS**

The Department of Economic Development performs the following key functions:

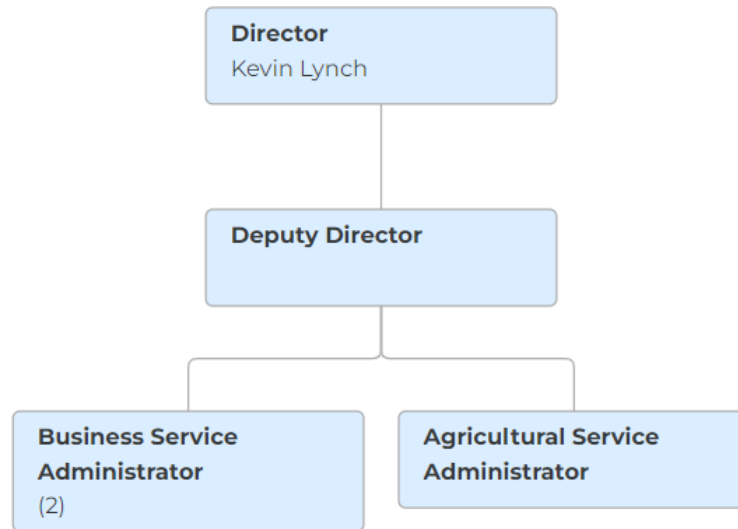
- Supports existing businesses to grow and succeed
- Attracts new businesses to Ulster County
- Encourages development of the County's innovation ecosystem
- Engages with local communities to develop shared strategies for sustainable and equitable economic growth. In addition to operating the Department, our staff support operations of the Ulster County Economic Development Alliance and the Ulster County Revolving Loan Fund. The Department works closely with other County departments and agencies, including the Planning department in support of the County's economic development initiatives.

## **ORGANIZATIONAL STRUCTURE**

The workforce of the Department is extremely minimal with 5 full-time staff, including vacancies. Nevertheless, despite the Department's small workforce, it is well run, strategic in their decision making and, if properly delegated, could be play an integral role in determining the future fiscal health of the County.

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## **Economic Development Organizational Structure**



Source: The 2024 Proposed Budget of the County.

### **STRENGTHS AND OPPORTUNITIES**

Based on a focused departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the Department.

- *Financial Assistance and Business Retention and Expansion.* The Department focuses the majority of its efforts on providing assistance to local small businesses with a revolving loan fund; the staff assists with the application process and the Department of Finance aids with underwriting. The Department expects to see an increase in the use of the revolving loan fund due to the pending recessionary pressures.
- *Inter-Department Cooperation.* The Department works closely with several others in the County, specifically, the Planning Department, which, until recently, included the operations of the Department.
- *New Director.* The Department of Economic Development has recently onboarded a new Director. The change in upper management will bring a new vision to the department and has emphasized increased departmental training/specialization. The change in management style can lead to positive forward movement for the Department.

### **WEAKNESSES AND THREATS**

There were no material weaknesses or threats noted by CMA during its focused interview.

# DEPARTMENT OF EMERGENCY SERVICES

## DEPARTMENT MISSION

The Department of Emergency Services strives to provide the residents and visitors of Ulster County with rapid access to an emergency response system that is professional, compassionate, and highly capable.

The 2024 Ulster County Proposed Budget proposes \$6,170,274 in total appropriations for the Department of Emergency Management, a increase of 1.53% from the prior year.

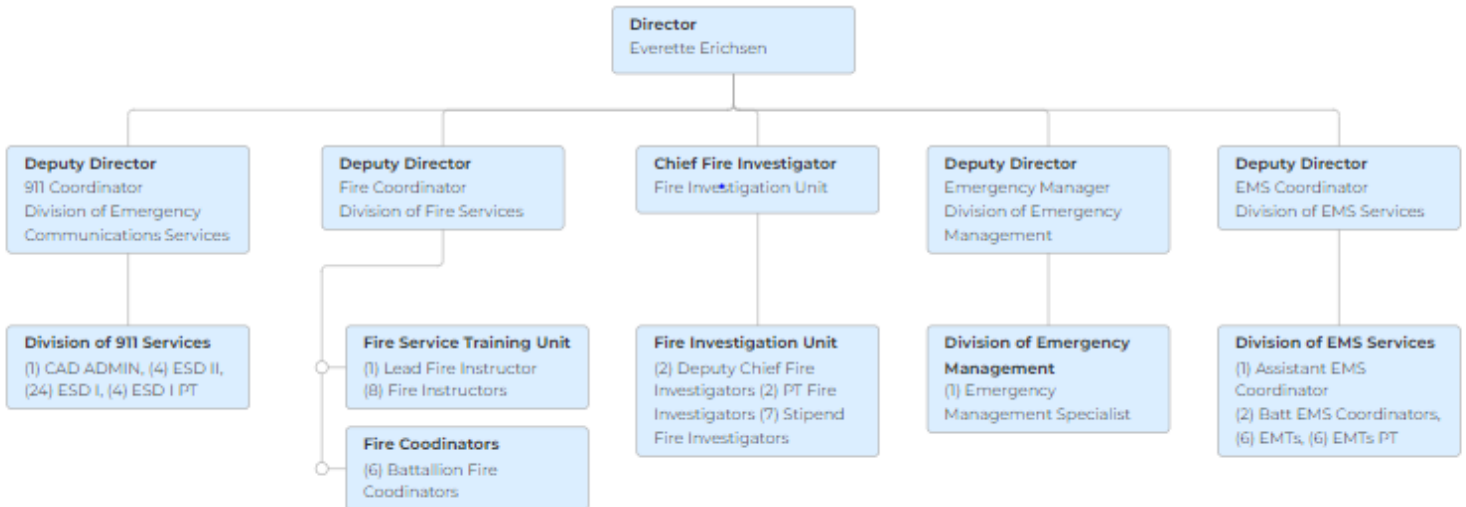
Source: The 2024 Proposed Budget of the County.

## DEPARTMENT FUNCTION

The Department provides oversight over the County’s, Fire Department, Police Department, EMS and 911 call center along with other emergency response services throughout the County. The Department provides integral communication to the emergency response departments to ensure fast and efficient response times to any given crisis. Additional support is provided from the Department to many of the emergency services such as determination of the cause of fire, sustainability of response times, efficiency of intaking call volume and application and management of grant funding.

## ORGANIZATIONAL STRUCTURE

### Department of Emergency Management Organizational Structure



Source: The 2024 Proposed Budget of the County.

## **STRENGTHS AND OPPORTUNITIES**

*State-of-the-Art Call Center.* The Department, along with other County departments, is in the process of planning the building of a new and improved call center. The call center will provide up-to-date equipment as well as allow the Department to increase the number of dispatchers able to work on each shift. The improvement in space, technology and staffing numbers will allow the Department to better handle call volume. However, the call center is not expected to be occupied until the start of 2026, limiting the impact in the near-term.

*Radio System Upgrades.* The Department is currently in the process of installing new towers and radio equipment to transfer over to an end-user radio system. This will allow all emergency response departments to speak directly with each other during emergency situations.

## **WEAKNESS AND THREATS**

*Understaffed Call Center.* The Department has completed an internal study over the course of a two-week period which determined the call center is approximately 50% understaffed. The results of the understaffing can lead to the presumption that emergency services will have reduced response times as the call center is unable to keep up with the number of incoming calls.

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## **DEPARTMENT OF ENVIRONMENT**

### **DEPARTMENT MISSION**

The Department of Environment mission is to advance Ulster County Government's environmental policy and resource planning objectives through coordination with County Departments and community stakeholders to protect natural resources, reduce greenhouse gas emissions, adapt to climate change, and promote sustainability for both County government operations and the greater Ulster County community.

The 2024 Ulster County Proposed Budget proposes \$1,030,214 in total appropriations for the Department of Environment, an increase of 9.91% from the prior year.

Source: The 2024 Proposed Budget of the County.

### **DEPARTMENT FUNCTION**

The DOE coordinates environmental policy and resource planning within County government. The Department utilizes a unique pooled-resources model to draw on other departments to bring the right expertise to bear on different issues. Key areas of involvement include natural resource planning, natural resource inventory data management and creation, stormwater regulation compliance, support of County energy efficiency and green building infrastructure initiatives, and involvement in watershed planning issues.

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## ORGANIZATIONAL STRUCTURE

Despite the Department’s small workforce, it is well run and strategic in their decision making.

### **Department of Environment Organizational Structure**



Source: The 2024 Proposed Budget of the County.

## STRENGTHS AND OPPORTUNITIES

Based on a focused departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the Department.

*Climate Action Plan.* The Department has demonstrated a proactive nature, having prepared a comprehensive climate action plan in 2019, focusing on reducing energy dollars and the carbon footprint of the County.

*Space Study.* A space study is being conducted, which will provide a facility assessment, providing a color coded rating to each County building. The results of this study will allow the Department to better prioritize projects.

*Renewable Energy Initiatives.* Due to the efforts of the Department, the County has increased its reliance on renewable energy sources for its needs, including locally sourced solar projects and a power purchase agreement with the Ulster County Resource Recovery Agency, which generates 20% of the County’s electricity.

In addition, the Department has devoted its efforts to various other renewable energy projects, including installing solar panels on the county roofs, preparing the County's infrastructure for electrical charging of passenger vehicles and buses, retrofitting LED lights throughout County buildings and continuing to invest in green vehicles for the County's fleet.

The Department actively works with other departments throughout the County to ensure environmental savings throughout and to assist in the identification and application of grant funding.

### **WEAKNESS AND THREATS**

There were no material weaknesses of threats noted by CMA during its focused interview.

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## **DEPARTMENT OF FINANCE**

### **DEPARTMENT MISSION**

The mission of the Ulster County Department of Finance is the efficient and accurate accounting of all financial affairs of the County, including but not limited to annual financial reporting, debt management, payroll processing, tax collection, improving the operational and financial efficiencies of all County departments, supporting the functions and missions of the Real Property Tax Service Agency, and providing government officials and the public with comprehensive, accurate, and reliable financial information.

The 2024 Ulster County Proposed Budget proposes \$65,367,304 in total appropriations for the Department of Finance, a decrease of 16.06% from the prior year.

Source: The 2024 Proposed Budget of the County.

### **DEPARTMENT FUNCTIONS**

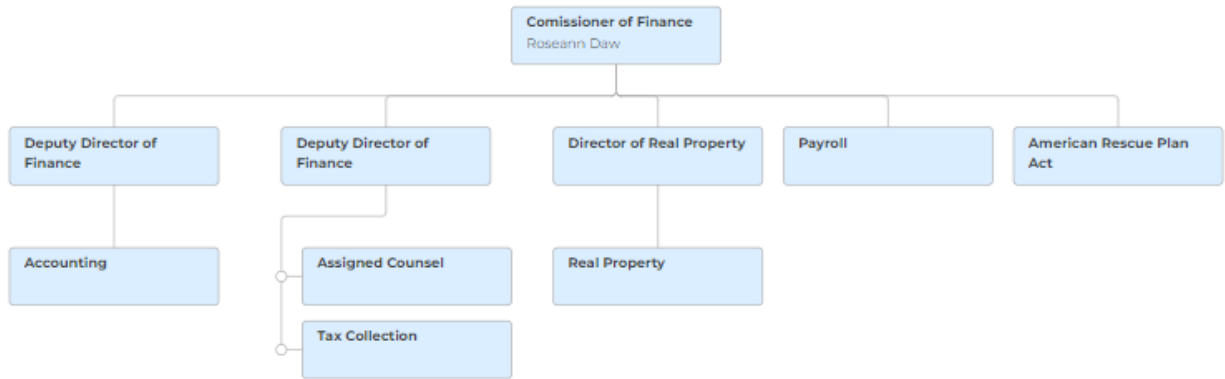
The Department of Finance's role is to ensure the efficient and accurate accounting of all financial affairs of the County, including but not limited to annual financial reporting, debt management, payroll processing, tax collection, improving the operational and financial efficiencies of all County departments, and supporting the functions and missions of the Real Property Tax Service Agency and the divisions of Innovation and Budget.

### **ORGANIZATIONAL STRUCTURE**

The workforce of the Department consists of approximately 31 employees for Fiscal Year 2024. The responsibilities carried out by the Department are numerous and directly connected to the County's fiscal health.

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## **Department of Finance Organizational Structure**



Source: The 2024 Proposed Budget of the County.

### **STRENGTHS AND OPPORTUNITIES**

Based on focused a departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the Department.

*Increase Occupancy Tax.* According to the Department, the County’s current hotel occupancy tax is expected to increase from 2% to 4%. The increase would increase revenue to the County but is yet to be determined when this law will be enacted.

*Capital Borrowings.* The Department annually issues bonds and/or notes for the County’s capital projects. Notes are issued until final costs are determined to avoid any over-issuance of debt. The Department also annually adopts a cash flow resolution for the issuance of a tax or revenue anticipation note, however the County has not had to do so in some time. The Department will look into paying off partial amounts of its short-term notes to limit the potential interest due by renewing the projects with increased interest rates.

*American Rescue Plan Act (ARPA).* The County has received approximately \$34 million in federal stimulus funding to help mitigate the effects of COVID-19. The Department has allocated approximately \$30 million of the funds to various projects. The Department has a documented process in place that receives oversight from legislation. There can be an opportunity to increase the amount of revenue loss of the County.

## **WEAKNESSES AND THREATS**

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within the Department.

*Stagnation of Real Property Tax Rates.* While not solely done at the discretion of the Department, the County has not raised its property tax rates in almost ten years. This is a credit negative and can severely hamper the finances of the County by significantly reducing its potential recurring revenue.

*Fiscal Policy.* The Department has several policies that have yet to be updated or introduced which can provide overall improvements to some facets of the departments daily actions. As an example, Cash management across County has improved immensely over the past year and there are now procedures in place which will help to mitigate risk. Nevertheless, the County would benefit from the formal addition of a cash management policy which would codify such procedures. There are other fiscal policy recommendations included as a part of this Review.

*Short-Term Rentals.* Being able to properly identify Airbnb rentals would increase receipts, however this requires improved cooperation by the company and is outside the County's control.

*Employee Turnover.* The Department has recently had a large level of turnover in its managerial positions, including the Commissioner and Deputy Commissioners. The new managerial staff are outside hires with limited municipal experience, resulting in a significant learning curve for the operations of the County. As a result, the Department is behind on its input of journal entries for the current fiscal year. This could result in inaccurate budget-to-actual information, causing difficulty with managing the current year's budget as well as delays in the County's ability to produce its financial statements.

The onboarding of new personnel can bring long-term improvements to the Department in regard to procedural and policy improvements, but any improvement will not be able to be implemented until all delays are eliminated.

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## **DEPARTMENT OF HEALTH**

### **DEPARTMENT MISSION**

The Department of Health's endeavor is to improve the health, safety, and longevity of every person in Ulster County by leading a community-wide effort to prevent disease, protect food and water supplies, minimize environmental hazards, and promote overall wellness.

### **DEPARTMENT FUNCTIONS**

The Department of Health offers a wide range of services and programs to County residents designed to prevent illness and ensure their physical well-being. The Department regulates and monitors community health, educating the public about health issues and concerns, and working with a broad spectrum of community partners to provide health programs and services that directly benefit the people of Ulster County. The Department does not provide any clinical services.

The 2024 Ulster County Proposed Budget proposes \$10,433,906 in total appropriations for the Department of Health. Total revenues for the Department of Health are proposed at \$4,549,437 leaving the County responsible for \$5,884,469 of this department's proposed expenses.

Source: The 2024 Proposed Budget of the County.

### **ORGANIZATIONAL STRUCTURE AND WORKFORCE**

The Department is led by the Commissioner of Health, appointed by the County Executive.

The Department separated to two separate departments in FY2022. The Department is staffed by approximately 72 people, inclusive of any vacancies.

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## **Department of Health Organizational Structure**



Source: The 2024 Proposed Budget of the County.

### **STRENGTHS AND OPPORTUNITIES**

Based on focused a departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the Department of Health.

- *Preparedness.* The Department has maintained its commitment to staying prepared for potential threats, including future infectious diseases similar to COVID-19.

### **WEAKNESSES AND THREATS**

- *Staff Turnover and Filling Positions.* The Department has had difficulty replacing positions vacated from retirements and, specifically, filling nursing positions and engineers, requiring the Department to hire personnel with different backgrounds or limited qualifications, which increases oversight needs.

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## **INFORMATION SERVICES**

### **DEPARTMENT MISSION**

The mission of the Ulster County Information Services (“UCIS” or “IT”) is to provide strategic information technology leadership, governance, architecture, technical resources and expertise in the development and deployment of modern information technologies to enable and improve government efficiency, effectiveness, and promote innovation to improve citizen access to government information and services.

The 2024 Ulster County Proposed Budget proposes \$8,260,308 in total appropriations for Information Services, an increase of 2.86% from the prior year.

Source: The 2024 Proposed Budget of the County.

### **DEPARTMENT DIVISIONS**

The UCIS provides technical guidance, expertise and support in procuring, managing and securing the County's Information Technology and telecommunications infrastructure. The Department's staff of 27 full-time employees provide top-tier customer service to the County's over 1300 employees, across 54 departments located at 40 different sites supporting thousands of IT assets throughout Ulster County. UCIS serves the broader community by extending support for the County's Enterprise Public Safety System to local police, fire, and EMS; generating village, school and general tax bills; and providing access to Geographic Information Systems (GIS) and Real Property information to outside entities.

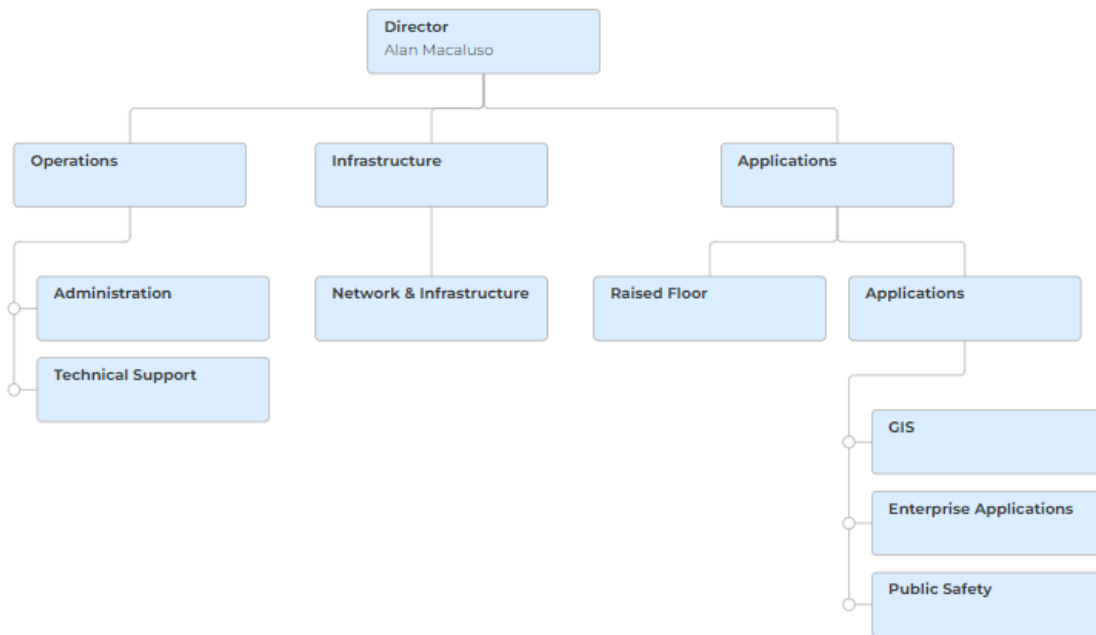
### **ORGANIZATIONAL STRUCTURE**

The workforce of the IT Department consists of 30 employees, including vacant and new positions being for FY2024.

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## **Information Services Organizational Structure**



Source: The 2024 Proposed Budget of the County.

### **UCIS STRENGTHS AND OPPORTUNITIES**

Based on focused a departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within IT.

- *Automation of Processes.* The Department is currently working towards increasing the automation of various County functions, which would improve the efficiency of certain departments.
- *Proactive Equipment Upgrades.* The Department continuously assesses the needs of the various County departments to determine areas most in need of updated equipment, including computers, laptops, printers, etc. Equipment is typically recycled every five years to ensure nothing is outdated.

### **UCIS WEAKNESSES AND THREATS**

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within IT.

- *Manual Signatures.* According to the Department, a number of County functions still require manual signatures from certain departments heads and others, impairing the workflow.

- *Remote Workplace Policy.* Although this is not a direct weakness to the department it can be seen to increase the efficiencies and confusion around the policies and procedures of employees to work remote.
- *Cybersecurity.* In light of the cybersecurity attack on Suffolk County, CMA believes it is imperative to ensure that the County’s cybersecurity policy and procedures are up-to-date.

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## **DEPARTMENT OF MENTAL HEALTH**

### **DEPARTMENT MISSION**

The Department of Mental Health ensures that all Ulster County residents with mental health challenges, struggling with substance use, or with developmental disabilities receive the services they need to achieve the best quality of life.

The 2024 Ulster County Proposed Budget proposes \$18,595,775 in total appropriations for the Department of Mental Health. Total revenues for the Department of Mental Health are proposed at \$9,788,043 leaving the County responsible for \$8,807,732 of this department's proposed expenses.

Source: The 2024 Proposed Budget of the County.

### **DEPARTMENT DIVISIONS**

The Department of Mental Health is designated under NYS Mental Hygiene Law as the Local Governmental Unit (LGU). The LGU has a role in overseeing publicly funded services for people with mental health, substance use disorder and developmental disabilities within Ulster County's behavioral health system. This division includes Single Point of Access (SPOA) and Assisted Outpatient Treatment (AOT) or Kendra's Law.

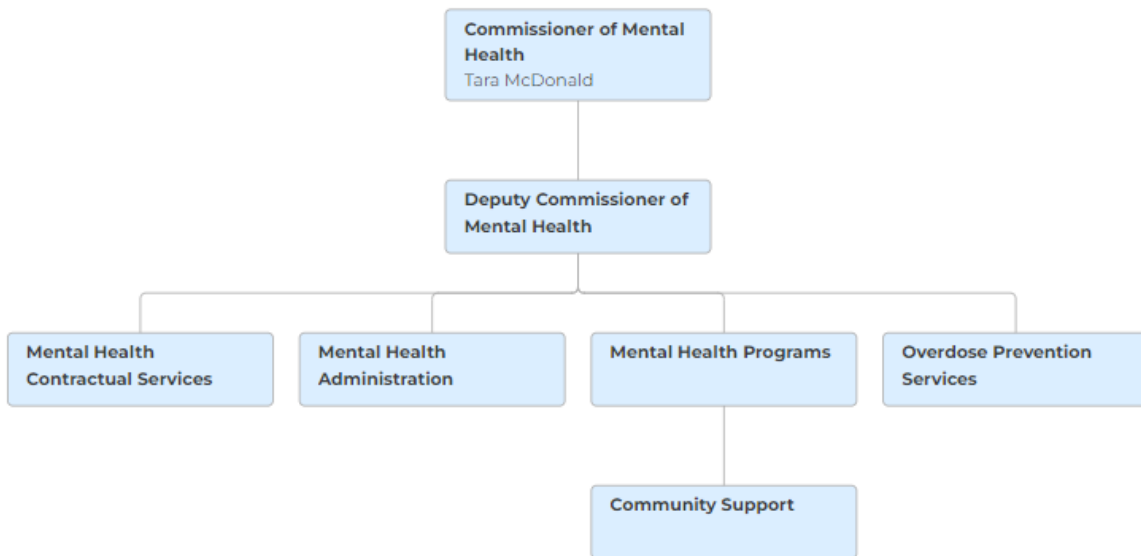
### **ORGANIZATIONAL STRUCTURE AND WORKFORCE**

The Department is led by the Commissioner of Health and Mental Health, appointed by the County Executive.

The Department had recently separated from the Department of Health in fiscal year 2022. The Department is staffed by approximately 24 people.

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## **Department of Mental Health Organizational Structure**



Source: The 2024 Proposed Budget of the County.

### **STRENGTHS AND OPPORTUNITIES**

Based on focused a departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the Department Mental Health.

- *Departmental Growth.* The Department separated from the Department of Health in FY2022 and there remains the expectation of growth over the coming years. The Department plans to have a growth in providers, facilities, increased choices for residents and increased fiscal and program staff. The growth of the Department will allow for improved services to County residents.
- *Department Relocation.* The Department is expected to relocate into a new building by the end of fiscal year 2023. The relocation of the Department will allow for a centralized location to provide mental health services to the community including a crisis stabilization center, non-profits and the department itself.

### **WEAKNESSES AND THREATS**

There were no material weaknesses of threats noted by CMA during its focused interview.

## **DEPARTMENT OF PERSONNEL**

### **DEPARTMENT MISSION**

The Personnel Department administers in a fair & equitable manner, the provisions of the NYS Civil Service Law and Ulster County Civil Service Rules & Regulations with respect to the offices & employment in the classified service of the County & civil divisions therein, which include the towns, villages, school districts, libraries & special districts. This Department ensures taxpayers & community of a public workforce qualified for their jobs pursuant to the principles of selection according to merit & fitness as set forth in Article 5 §6 of the NYS Constitution. Further, the Department administers the County workforce's Benefit Program, Labor Relations expertise, and Human Resources services.

The 2024 Ulster County Proposed Budget proposes \$8,131,905 in total appropriations for the Personnel Department, an increase of 3.47% over the prior year. Net of \$1,978,392 in revenue generated by the department, the County is responsible for \$6,153,513 of the department's expenses.

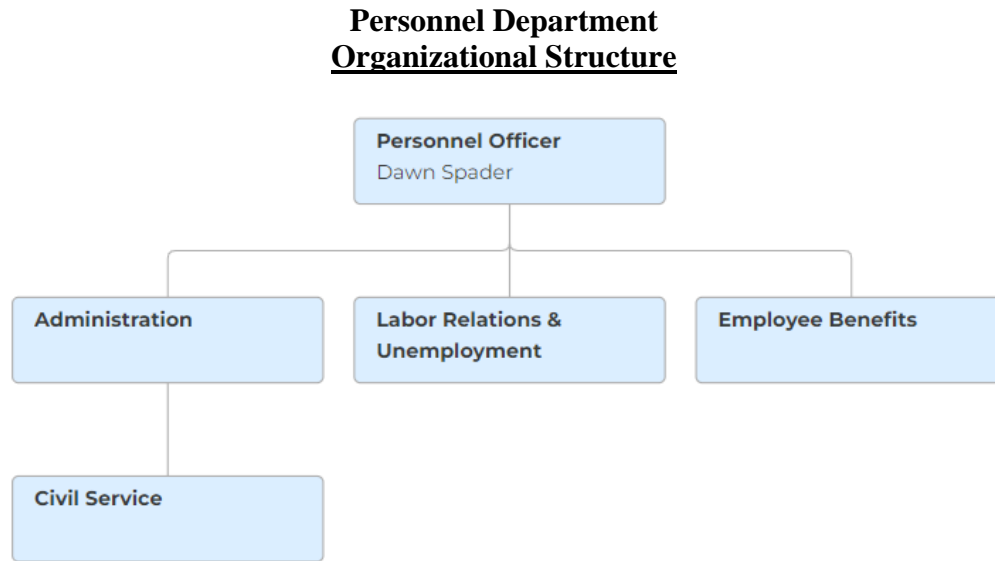
Source: The 2024 Proposed Budget of the County.

### **DEPARTMENT DIVISIONS**

The Personnel Department administers Civil Service and Personnel functions for the County Government, Towns, Villages, School Districts, and special districts within Ulster County, New York (excluding the City of Kingston). Under the New York State Civil Service System, competitive job vacancies are filled from eligible lists established as a result of Civil Service Examinations. The department also oversees Employee Benefits, Unemployment Insurance, and Employee Relations, including Labor Management, for the County government, and manages its collective bargaining agreements.

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## ORGANIZATIONAL STRUCTURE AND WORKFORCE



Source: The 2024 Proposed Budget of the County.

### STRENGTHS AND OPPORTUNITIES

Based on focused a departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the Department of Personnel.

- *Seasoned staff with extensive knowledge of County operations.* The Department reports many long-term employees, some of whom have been with the County for as long as 30+ years.
- *Online Portal.* The Department expects to launch an online portal to transfer the services of payments, applications, exams and many other current offline applications throughout the County. The online portal will create increased efficiency and put the County on par with counties already in use of such programs.
- *Salary Study.* The Department is involved in the County’s ongoing salary study. The study should help shed some light on management compression, employee titles and comparative salaries of surrounding jurisdictions to the County. The study can lead to a forward movement to a more competitive pay scale which would lead to increased attraction of qualified personal.
- *Elimination of Exam Fees.* The Department removed the cost of examination fees for county positions. Although this is a decrease in departmental revenues the change was made to remove a barrier of entry to county positions with the hope to increase personal. There is currently no expectation for this to end.

## **WEAKNESSES AND THREATS**

- *Employee Turnover.* The Department is had recently had and is expecting a few senior positions to be retiring in fiscal year 2024. The Department has and is continuing to create succession plans as necessary.

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# DEPARTMENT OF PLANNING

## DEPARTMENT MISSION

Provide strategic guidance through the development of policies, plans, and data relating to land use, transportation, housing, agriculture, capital improvements, and the environment, in order to promote equitable and sustainable growth and development and assist in implementation.

The 2024 Ulster County Proposed Budget proposes \$2,166,674 in total appropriations for the Department of Planning, a decrease of 35.52% from the prior year.

Source: The 2024 Proposed Budget of the County.

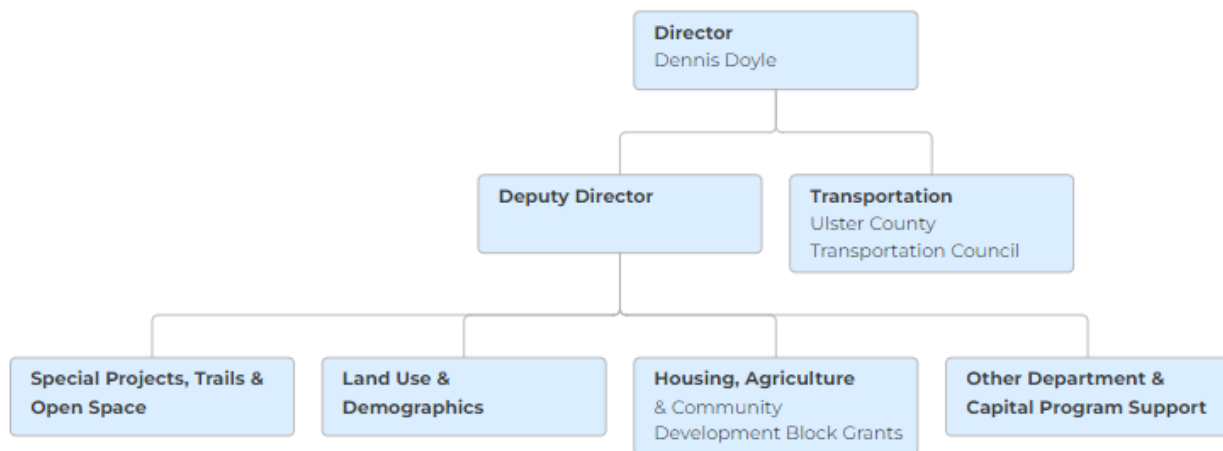
## DEPARTMENT DIVISIONS

The Planning Department administers the Planning Board, made up of representatives from 24 towns and cities, who take a non-partisan approach to work for the benefit and welfare of Ulster County. The Planning Department also administers the Transportation Council, Agricultural Districts, and special projects, including the development of the County’s growing rail trail system.

## ORGANIZATIONAL STRUCTURE

The workforce of the Department is minimal with 9 full-time staff for fiscal year 2024.

### Planning Department Organizational Structure



Source: The 2024 Proposed Budget of the County.



## STRENGTHS AND OPPORTUNITIES

Based on a focused departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the Department.

- *Broadband Initiative.* The Department is working with Spectrum as well as the County's Department of Public Works to expand the wireless broadband network within the County. This would significantly benefit the rural areas of the County that are typically underserved with regards to high-speed internet options as well as school districts with increased needs for remote learning capabilities due to COVID-19.
- *Use of Grant and State Funding.* The Department has been able to fund a significant portion of its budget through grant and local funding, including Community Development Block Grant funding, which is applied for on an annual basis.
- *Community Development Program.* The Department has been working on a community development program to respond to community needs in the interest of the County, which would expand the capital program for a wider range of funding and increase infrastructure investments.

## WEAKNESSES AND THREATS

- *Inefficiency in Capital Planning Process.* The amount of proposed projects completed annually continues to fall short of the total adopted capital improvement plan. The Department needs to work with the respective parties to create a plan that takes a more realistic approach and allows time for the approval process, deadlines and other obstacles throughout a capital project.

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# DEPARTMENT OF PUBLIC WORKS

## DEPARTMENT MISSION

To serve as an operational arm of County government in the construction, maintenance, and management of county infrastructure and facilities for their safe, economical, and efficient utilization by county personnel and the public.

The 2024 Ulster County Proposed Budget proposes \$39,181,046 in total appropriations for all departments under Public Works, an increase of 9.6% from last year.

Source: The 2024 Proposed Budget of the County.

## DEPARTMENT DIVISIONS

The Department of Public Works has several divisions dedicated to operational functions. These include Administrative, Highways & Bridges, Buildings & Grounds, Central Auto, and Engineering. Through these Divisions, DPW maintains 423 highway miles, 158 bridges, 14 miles of recreational trails, 33 buildings with a total of 818,000 sq. ft., a park, and a pool complex with an occupancy rating of 950 people, and a vehicle fleet of 452. DPW also manages county capital contracts and projects.

## ORGANIZATIONAL STRUCTURE

Due to the multiple disciplines overseen by the Commissioner of Public Works, the Commissioner is assisted by key staff members in each of the DPW's divisions/subdivisions. Tasks are delegated to the divisions/subdivisions through the DPW's administrative division and are based on areas of expertise.

### **Department of Public Works Organizational Structure**



Source: The 2024 Proposed Budget of the County.

## STRENGTHS AND OPPORTUNITIES

Based on a focused departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the Department.

- *Succession Planning.* The Department has routinely prioritized preparation for retiring staff. By promoting from within more often, the Department is able to retain institutional knowledge of experienced employees and seamlessly transition.
- *Efficient Workflow.* The Department has shown the ability to stay within budget and timeframes with regards to capital projects for the County. There is capacity to do much of the work in-house, helping to keep costs reasonable.
- *Employment Stability.* The Department has increased the pay of highway workers which led to a decrease in employee turnover as workers are no longer underpaid. The Department has added 15 new positions between highway/buildings and grounds inner divisions.

## WEAKNESSES AND THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within the Department.

- *Take Home Vehicles.* The Department is responsible for over 400 vehicles in the County's fleet. Some of these include vehicles which employees are able to take home for various County tasks. However, the passenger vehicles do not currently have GPS tracking for officials to monitor. While the Department does not believe there is abuse of this privilege, it should be assessed by the County to ensure that is the case and tracking should be applied to all vehicles.
- *Supply Chain Issues.* The Department has several vehicles, especially larger vehicles, that are back-ordered due to the supply chain issues causing inefficiencies throughout the Department. The Department has no expectation of the supply chain issues to end soon.
- *Departmental Cooperation.* The Department needs to begin working more closely with the Department of Planning to create a more realistic capital improvement plan that takes into account current departmental needs and timing of project implementation.

# DEPARTMENT OF SAFETY

## DEPARTMENT MISSION

The Department strives to ensure a safe and healthy environment on Ulster County government properties and in operations involving Ulster County employees by adhering to accepted safety principles and mandated Federal, State and County laws, regulations, and rules.

The 2024 Ulster County Proposed Budget proposes \$484,773 in total appropriations for the Department of Safety, an increase of 3.38% from the prior year.

Source: The 2024 Proposed Budget of the County.

## ORGANIZATIONAL STRUCTURE

The workforce of the Department of Safety consists of 4 employees, with limited turnover expectations.

### **Department of Safety Organizational Structure**



Source: The 2024 Proposed Budget of the County.

## **STRENGTHS AND OPPORTUNITIES**

*Internal Department Communication.* The employees within the department closely work together and work within all roles in the department to have a diversified knowledge and understanding of all departmental operations.

## **WEAKNESSES AND THREATS**

- *Succession and Staffing.* The Department has limited staffing and with personnel being at/near the age of retirement, retirements of senior staff would lead to a significant loss of institutional knowledge within the Department. In addition, with the consistent and heavy workload that the Department carries, the addition of clerical staff would alleviate the administrative work and allow employees to focus on alternative tasks.

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# SHERIFF

## MISSION

It is the mission of the Sheriff's Office (the "Office") serve the public by enhancing the partnership with the community, and in so doing, protect life and property, prevent crime, solve problems and foster good will through courtesy and professionalism. The Office shall maintain a correctional facility with the highest degree of security to ensure the safety of the citizens, staff and inmates.

The 2024 Ulster County Proposed Budget proposes \$45,851,169 in total appropriations for the Sheriff's Office, an increase of 8.24% from the prior year.

Source: The 2024 Proposed Budget of the County.

## DIVISIONS AND SPECIAL UNITS

The Office is a full-service law enforcement agency which requires mandatory 24 hour a day staffing. Including its Administration, the Sheriff consists of five (5) primary divisions. Additional services are provided to County residents and visitors through various subdivisions and special units.

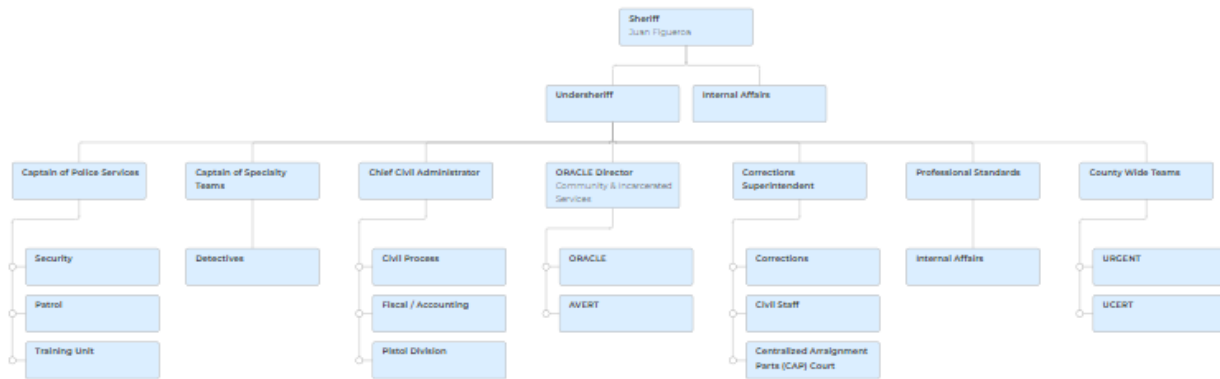
- *Administration*
  - The Administration oversees all the operations of the Sheriff's Office.
- *Criminal Division*
  - The Criminal Division provides daily law enforcement services throughout the County.
- *Corrections Division*
  - The Corrections Division assumes responsibility for the custody, planning, care and transportation of inmates confined in the County's jail system.
- *Civil Division*
  - The Civil Division's purpose is to serve and implement a variety of legal processes for non-criminal courts and the legal community.
- *Ulster Regional Gang Enforcement Narcotics Team ("U.R.G.E.N.T.")*
  - U.R.G.E.N.T. is a narcotics focused criminal task force.

## THE COUNTY SHERIFF

In accordance with the County Charter, the Sheriff is elected officials who acts as the County's Chief Law Enforcement Officer, supervising and managing all areas of the Office's operations. Within 10 days upon taking office, the Sheriff shall appoint an Undersheriff to serve at his/her pleasure of the Sheriff, provided by law.

## ORGANIZATIONAL STRUCTURE

### Sheriff Organizational Structure



Source: The 2024 Proposed Budget of the County.

## STRENGTHS AND OPPORTUNITIES

Based on departmental interviews and available financial documents, below is a summary of key strengths noted within the Office.

- *Utilization of Security Division.* The security division provides for a much cheaper option than utilizing sworn officers.
  - Valuable resource for County to support police functions while reducing costs.
- *Increased Transparency.* The Department is adding several programs that will increase the transparency and efficiency of police cases, operations, and arraignments with the public. This will include the CAP Court program, Right to Know Card and Axon System.
- *Capital Projects.* The Department is investing in several projects that will increase the lifespan of their equipment and increase efficiency within their jail with upgraded equipment. The projects will consist of the building of a garage and upgrade of the black creek program, respectively.

## WEAKNESSES AND THREATS

Based on departmental interviews and financial documents, below is a summary of key weaknesses and threats noted within the Office.

- *Hiring.* Recent difficulties in hiring and recruiting staff and low turnout for civil service exams has made staffing an issue. There has been a large amount of turnover in the Correctional Officer position due to the difficult nature of the position and compensation.
- *Minimum Staffing.* Minimum staffing level requirements can make it somewhat difficult to reduce certain costs.

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## **DEPARTMENT OF SOCIAL SERVICES**

### **MISSION**

It is the mission of the Department of Social Services (“DSS”) is to serve, assist, and protect individuals and families in need and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster self-sufficiency.

The 2024 Ulster County Proposed Budget proposes \$133,350,535 in total appropriations for the Department.

Source: The 2024 Proposed Budget of the County.

### **DEPARTMENT FUNCTIONS**

DSS provides several social welfare programs and/or services to the residents of the County. Some of the services managed by the DSS include:

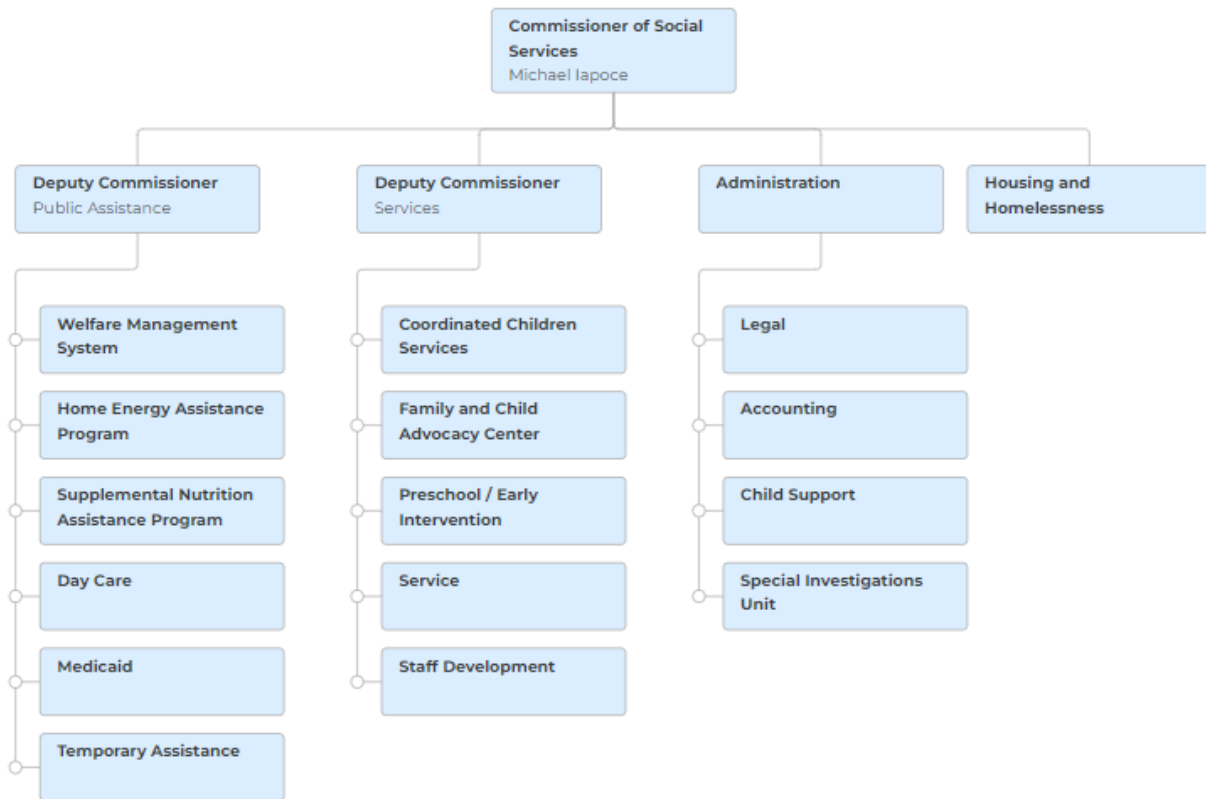
- Adoption
- Adult Protective Matters
- Anti-Fraud, Waste and Abuse Hotline Initiative
- Certified Alcohol/Substance Abuse Counselor
- Child Care Subsidy
- Child Protective Matters
- Child Protective Services (CPS)
- Children and Family Services
- Coordinated Children's Services (CCS)
- Early Intervention Services
- Home Energy Assistance Program (HEAP)
- Homelessness
- Medicaid
- Medical Assistance Program
- New Family Court Orders
- Preschool Special Education Services
- Removals (Child)
- Resource Recovery in conjunction with DSS's Resource Recovery Unit
- Special Investigations
- Supplemental Nutrition Program (SNAP)
- Support Collection
- Temporary Assistance

## THE COMMISSIONER OF SOCIAL SERVICES

In accordance with the County Charter, the Commissioner of Social Services supervises and manages the daily operations, goals and objectives of the DSS.

## ORGANIZATIONAL STRUCTURE

### Department of Social Services Organizational Structure



Source: The 2024 Proposed Budget of the County.

## STRENGTHS AND OPPORTUNITIES

Based on departmental interviews and available financial documents, below is a summary of key strengths noted within the DSS.

- *Strong Management Team.* The management team of the Department was found to be knowledgeable and experienced.
- *Offsetting Aid – Salaries.* Many positions of the Department are eligible for various offsetting aid and/or grants, thereby reducing costs to the County.

## **WEAKNESSES AND THREATS**

Based on departmental interviews and financial documents, below is a summary of key weaknesses and threats noted within the DSS.

- *Reduced Staffing.* During the time of the COVID-19 pandemic, the Department experienced a staffing reduction of nearly 40 employees. Recently, the Department has seen a dramatic increase in the population of certain programs. Having a reduced staff with an increasing population of clients will lead to extreme difficulty in providing sufficient services.
- *Qualified Hires.* The Department has had difficulty finding qualified/licensed case workers and is unable to outsource these services due to the lack of bandwidth and qualifications of other organizations. The inability for the Department to find hires with the desired qualifications and experience can lead to a decrease in the level of services that can be provided to the community.

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## APPENDIX B:

# DEMOGRAPHIC AND SOCIOECONOMIC ENVIRONMENT

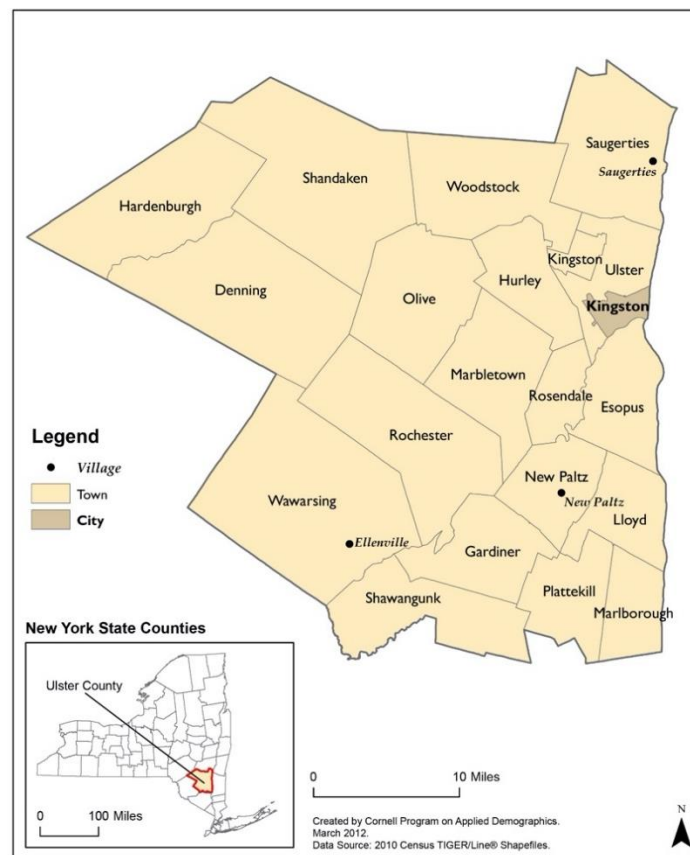
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### GENERAL INFORMATION

**Landmass.** Organized in 1683, the County is situated in the Hudson Valley Region of New York State, about 70 miles north of New York City. It is bordered by Orange County to the south, Sullivan County to the west, Delaware County to the northwest, Greene County to the north and the Hudson River to the east. According to data obtained from the U.S. Census Bureau, the County encompasses a total land mass of 1,124.24, making it the twelfth largest county by physical space in the State

**Local Governments.** As detailed in Exhibits A-I, within the County there sits one (1) city, twenty (20) towns and three (3) villages and sixteen (16) school districts.

### Exhibit A-I Cities, Towns and Villages Within the County



Source: Cornell University (Ulster County Profile 2017) & The Comprehensive Annual Financial Report of the County for the fiscal year ended December 31, 2021.

**Educational Facilities.** According to the County’s Comprehensive Annual Financial Report for the fiscal year ended December 31, 2021, there are sixteen (16) elementary and secondary educational facilities within the County.

Higher education facilities located within County limits include, the State University of New York at New Paltz and the Ulster County Community College at Stone Ridge.

**Fire District.** According to the County’s Comprehensive Annual Financial Report for the fiscal year ended December 31, 2021, there are a total of forty two (42) fire districts within the County.

**Recreation.** Much of the County is within the Catskill Mountains and the Shawangunk Ridge, providing residents and visitors with access to a wide array of outdoor recreational activities. In fact, approximately one third of the County is open to the public for outdoor recreation. The County is the home of Minnewaska State Park, Mohonk Preserve, Sundown State Park, VerNooykill State Forest, Witches Hole State Forest, and Shawangunk Ridge State Forest, Sam's Point Preserve and provides direct access to Walkway Over the Hudson.

**Transportation.** The County is served by a network consisting of all the major forms of transportation. Several primary State and U.S. Highways including the New York State Thruway run through the County, which interconnects with other major roadways.

As detailed in Exhibits A-II, several airports are accessible from locations within the County.

**Exhibit A-II**  
**County Accessible Airports**

Airport	Distance in Miles <sup>(1)</sup>
New York Stewart International Airport	42
Albany International Airport	65
Westchester County Airport	92
LaGuardia Airport	98
Newark Liberty International Airport	102
Joh F. Kennedy International Airport	107

(1) Measured in distance from the City of Kingston.

Source: The 2020-21 Ulster County Visitors Guide.

Bus transportation is generally provided through Ulster County Area Transit (“UCAT”). Operated through the County, UCAT provides fixed-route, deviated-fixed route, and commuter transit. Bus transportation within the City of Kingston is provided by the City.

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**Medical Facilities.** As listed below, hospital services are provided by three (3) hospitals within the County.

- Westchester Health Alliance of the Hudson Valley (Mary’s Avenue Campus)
- Westchester Health Alliance of the Hudson Valley (Broadway Campus)
- Ellenville Regional Hospital

In addition, the County administers a variety of programs to help those in need of health services including patient services, ambulatory clinic services, home health services, health education, environmental health and social work.

**Municipal Services and Component Units.** The County provides a full range of municipal services including;

- Law Enforcement;
- Educational Assistance;
- Construction and Maintenance of Highways;
- Public Health;
- Public Transportation;
- Environmental Protection;
- Recreational Facilities and Programs;
- Economic Assistance;
- Economic Opportunity and Development; and
- Community Development.

Source: The Comprehensive Annual Financial Report of the County for the fiscal year ended December 31,2021.

Although not discussed in detail, the County also is financially accountable for several separate entities or component units. These units include;

- Ulster Tobacco Asset Securitization Corporation (UTASC)
- Ulster County Economic Development Alliance (UCEDA),
- Ulster County Capital Resource Corporation (UCCRC),
- Ulster County Community College (UCCC), the
- Ulster County Resource Recovery Agency (UCRRA),
- Ulster County Industrial Development Agency (UCIDA),

Source: The Comprehensive Annual Financial Report of the County for the fiscal year ended December 31,2021.

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## POPULATION BENCHMARKS

**General Population.** With an estimated population of 182,319 (Population Estimates Program, U.S. Bureau of the Census), the County is the (20<sup>th</sup>) most populated county in New York State. Over the period 1970 to 2022 the population of the County increased by approximately 29.1%, which was significantly higher than the State as a whole.

**Exhibit A-III**  
**Population (1970 to 2022<sup>(1)</sup>)**

Year	County	State
1970	141,241	18,241,366
1980	158,158	17,557,288
1990	165,304	17,990,455
2000	177,749	18,976,457
2010	182,493	19,378,102
2020	181,851	20,201,249
2022 <sup>(1)</sup>	182,319	19,677,151
<b>% Change 1970 to 2022<sup>(1)</sup></b>	<b>29.1%</b>	<b>7.9%</b>

(1) Interim Data.

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey 5-Year Estimate and 1-Year Estimate).

**Population Gender Statistics.** By comparison to the State, the County's population shows a slightly higher percentage of males. Nevertheless, there was still a greater concentration of females compared to males in the County for 2020.

**Exhibit A-IV**  
**Population Gender Statistics (2020)**

Year	% Male	% Female
County	49.9%	50.1%
State	48.9	51.1

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey 5-Year Estimate).

**Population Age Statistics.** As detailed in the following table, the median age of the County population was 44.7 years, which exceeded the median age of the State by 11.8%.

**Exhibit A-V**  
**Population Age Statistics (2022<sup>(1)</sup>)**

Age	County	State
Under 5 Years	4.17%	5.36%
5 To 9 Years	4.89	5.44
10 To 14 Years	4.52	5.90
15 To 19 Years	5.74	6.09
20 To 24 Years	6.70	6.60
25 To 34 Years	12.43	14.04
35 To 44 Years	12.00	12.89
45 To 54 Years	12.89	12.23
55 To 59 Years	7.44	6.64
60 To 64 Years	7.41	6.69
65 To 74 Years	12.82	10.33
75 To 84 Years	6.38	5.58
85 Years & Over	2.62	2.21
<b>Median Age (Years)</b>		
	<b>44.7</b>	<b>40.0</b>

(1) Interim data.

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey 1-Year Estimate).

**INCOME BENCHMARKS**

**Per Capita Personal Income.** According to information obtained from the U.S. Census Bureau, the per capita money income for residents of the County was estimated to be \$38,966 in 2021, which was lower than the State by 9.82%.

**Exhibit A-VI**  
**Per Capita Money Income (2021)**

Year	County	State
2020	\$38,966	\$43,208

(1) Interim data.

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey 5-Year Estimate).



**Median Income of Families.** According to information obtained from the U.S. Census Bureau, the median family income in the County for 2022 was estimated to be \$110,403, which is 11.4% higher than the State.

**Exhibit A-VII**  
**Median Income of Families (2022 <sup>(1)</sup>)**

<b>Family Income</b>	<b>County</b>	<b>State</b>
<b>Less than \$10,000</b>	<b>5.9%</b>	4.2%
<b>\$10,000 to \$14,999</b>	<b>1.4</b>	2.2
<b>\$15,000 to \$24,999</b>	<b>2.6</b>	4.7
<b>\$25,000 to \$34,999</b>	<b>2.7</b>	5.2
<b>\$35,000 to \$49,999</b>	<b>6.2</b>	8.2
<b>\$50,000 to \$74,999</b>	<b>15.6</b>	13.6
<b>\$75,000 to \$99,999</b>	<b>10.6</b>	12.3
<b>\$100,000 to \$149,999</b>	<b>24.2</b>	19.0
<b>\$150,000 to \$199,999</b>	<b>13.4</b>	11.6
<b>\$200,000 or More</b>	<b>17.4</b>	18.9
<b>Median Family Income</b>		
	<b>\$110,403</b>	\$99,066

(1) Interim data.

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey 1-year Estimate).

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## EMPLOYMENT BENCHMARKS

**Unemployment Rates.** As detailed in the following tables, the County’s unemployment rate has historically been lower than that of the State.

**Exhibit A-VIII**  
**Unemployment Rates (2018 to 2022)**

Year	County	State
2018	3.9%	4.1%
2019	3.6	3.9
2020	7.7	9.8
2021	4.7	7.0
2022	3.2	4.3
<b>2023 Monthly</b>		
Jan	3.8	4.6
Feb	3.5	4.5
Mar	3.1	4.0
Apr	2.4	3.7
May	2.8	3.8
Jun	3.1	4.2
Jul	3.1	4.1
Aug	3.5	4.4
Sep	3.2	4.0

Source: The New York State Department of Labor, Bureau of Labor Statistics. Such information has not been seasonally adjusted.

**Civilian Labor Force.** As detailed in the following tables, the County’s labor force for 2022 was estimated at 87,600, which represents a decrease of 2.9% since 2018. Over this same period, the labor force for the State, as a whole, decreased by 2.1%.

**Exhibit A-IX**  
**Civilian Labor Force Benchmarks (2018 to 2022)**

Jurisdiction	2018	2019	2020	2021	2022	% Change 2018 to 2022
County	90,200	89,900	87,900	87,300	87,600	(2.9)%
State	9,826,100	9,854,000	9,580,800	9,557,900	9,617,000	(2.1)

Source: The New York State Department of Labor, Bureau of Labor Statistics. Such information has not been seasonally adjusted.

**Major Non-Retail Employers.** Herein follows a summary of major non-retail employers located within County limits.

**Exhibit A-X**  
**Selected Major Employers in the County**  
**Non-Retail**

<b>Employer</b>	<b>Business</b>	<b>Estimated Employees (Range)</b>
County of Ulster	Government	1,000+
Health Alliance of the Hudson Valley	Health Services	1,000+
NY State Correctional Facilities	Correctional Services	1,000+
SUNY New Paltz	Educational	1,000+
Bank of America, N.A.	Finance	500-999
Mohonk Mountain House	Resort/Hotel	500-999
SUNY Ulster	Educational	500-999
BOCES	Educational	250-499
City of Kingston	Government	250-499
Hudson Valley Resort & Spa	Resort/Hotel	250-499
Kingston Consolidated School District	Educational	250-499
Northeast Center for Special Care	Health Services	250-499
Ten Broeck Commons	Health Services	250-499
Honor's Haven	Resort/Hotel	250-499
Ulster Savings	Finance	250-499
Ametek Rotron	Manufacturing	100-249
Brooklyn Bottling Company	Manufacturing	100-249
CH Energy Group	Utility	100-249
Ellenville Central School District	Educational	100-249
Ellenville Regional Hospital	Health Services	100-249
Elna Magnetics	Manufacturing	100-249
Fair Rite Products	Manufacturing	100-249
Fala Technologies	Manufacturing	100-249
Full Moon Resort	Resort/Hotel	100-249
Gateway Community Industries	Misc.	100-249
GHI Insurance	Insurance	100-249
HUCK International	Manufacturing	100-249

Source: Recent County Preliminary Official Statement as of October 25, 2023

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**Major Retail Employers.** Herein follows a summary of major retail employers located within County limits.

**Exhibit A-XI**  
**Selected Major Retail Employers in the County**

Employer	Business	Estimated Employees (Range)
Wal-Mart	Retail	500-999
Hannaford	Retail	250-499
Adams Fairacre Farms	Retail	100-249
Home Depot	Retail	100-249
Kohl's	Retail	100-249
Lowe's	Retail	100-249
Price Chopper	Retail	100-249
Sam's Club	Retail	100-249
Shop Rite	Retail	100-249
Target	Retail	100-249

Source: Recent County Preliminary Official Statement as of October 25, 2023

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**Employment by Industry.** Herein follows a summary of employment by industry for the County and the State.

**Exhibit A-XII**  
**Employment by Industry**  
**County and State (2022 – Not Seasonally Adjusted)**

Industry	COUNTY		STATE	
	Avg. Employment	%	Avg. Employment	%
Education and Health Services	23,900	28.6%	2,748,119	27.4%
Financial Activities	5,360	8.0	769,597	6.3
Information	2,767	2.9	281,486	3.2
Leisure and Hospitality	8,519	8.4	807,729	10.0
Manufacturing	4,779	5.7	543,105	5.6
Natural Resources, Mining and Construction	6,649	6.3	599,162	7.7
Professional and Business Services	9,762	13.0	1,251,908	11.4
Trade Transportation and Utilities	15,872	17.7	1,700,090	18.6
Other Services	3,487	4.89	456,949	4.1
<b>TOTAL PRIVATE SECTOR</b>	<b>80,585</b>	<b>95.4</b>	<b>9,158,145</b>	<b>94.3</b>
Government	4,781	4.6	442,193	5.6
<b>TOTAL ALL INDUSTRIES</b>	<b>82,366</b>	<b>100.0%</b>	<b>9,600,338</b>	<b>100.0%</b>

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey 1-year Estimate).

**HOUSING BENCHMARKS**

**Housing Unit Statistics.** According to information obtained from the U.S. Census Bureau, the median value of an owner-occupied home in the County for 2021 was estimated to be \$252,300, which was approximately 35.0% below the average for the State as a whole. The County’s median gross (monthly) rent was \$1,175, which was approximately 18.3% below the median for the State as a whole.

**Exhibit A-XIII**  
**Housing Units (2021)**

Jurisdiction	Median Value Owner-Occupied Housing Units	% Owner-Occupied Housing Units	Median Gross Rent
County	<b>\$252,300</b>	<b>69.5%</b>	<b>\$1,175</b>
State	340,600	54.4	1,390

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey 5-Year Estimate).

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## **APPENDIX C: SAMPLE FISCAL POLICIES**

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### **INTRODUCTION**

The City of [REDACTED] has an important responsibility to carefully account for public funds, to manage municipal finances wisely, and to plan and provide for the adequate funding of services desired by the public and as required by laws, rules, or regulations, including the provision and maintenance of public facilities and improvements. The financial goals and policies set forth in this document are intended to establish guidelines for the continued financial strength and stability of the City of [REDACTED]. They have been reviewed annually and amended as necessary since their original adoption on January 22, 1992.

### **FINANCIAL GOALS**

Financial goals are broad, fairly timeless statements of the financial position the City seeks to attain. The financial goals for the City of [REDACTED] are:

- To provide full value for each tax dollar by delivering quality services efficiently and on a cost-effective basis.
- To preserve our quality of life by providing and maintaining adequate financial resources necessary to sustain a sufficient level of municipal services, and to respond to changes in the economy, the priorities of governmental and non-governmental organizations, and other changes that may affect our financial well-being.
- To maintain a strong credit rating in the financial community.

### **FINANCIAL POLICIES**

Financial policies support the financial goals. They are general statements that guide decision-making in specific situations, to ensure that a decision will contribute to the attainment of the financial goals. Federal and state laws, rules, and regulations, our City Charter, and generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (“GASB”) and the Government Finance Officers Association of the United States and Canada (“GFOA”) govern our financial policies and processes.

## SAMPLE BUDGET POLICY

Sound financial practice and the desire to maintain a strong credit rating dictate that our budgets be balanced, constantly monitored, and responsive to changes in service demands. With these concepts in mind, the City of [REDACTED] has adopted the following budget policy statements:

- Annual operating budgets will be adopted for the General Fund, special revenue funds, proprietary funds, and Debt Service Fund. Project-length budgets will be adopted for all capital projects.
- Annual operating budgets will be adopted on a balanced basis, where operating revenues (estimated revenues) are used to fund operating expenditures/expenses (appropriations). Operating revenues include taxes, charges for services, interest earnings, license and permit fees, fines and forfeitures, regularly recurring governmental aid, debt proceeds and transfers in from other funds for operating (non-capital) purposes. Operating expenditures/expenses include salaries and wages, employee benefits, non-capital equipment and improvements, depreciation (proprietary funds only), materials, supplies, contractual costs, and transfers out to other funds for operating (non-capital) purposes. Fund balance should not be considered a source of funds for operating expenditures/expenses. Nothing in this policy shall prohibit the use of operating revenues for capital expenditures/expenses.
- The City will adopt an annual budget for the General Fund that includes a contingency equal to at least one (1%) percent of the total General Fund appropriations of that budget. This contingency will be used to provide for expenditures that exceed or revenues that do not meet budget estimates, and/or for new or increased program requirements required by law or desired and approved by City Council resolution.
- Unassigned fund balance may be appropriated as part of the adopted budget to fund capital, emergency, or unusual and non-recurring expenditures/expenses. Unassigned fund balance should not be used to fund operating expenditures/expenses in the adopted budget.
- One-time revenues that are not required by law or agreement to be expended for a particular purpose will only be used to fund capital or emergency expenditures/expenses in the adopted budget. One-time revenues include, but are not limited to, proceeds from the sale of property and other major assets, governmental aid that is not regularly received and is unlikely to recur on a regular basis, major gifts or donations, and major insurance recoveries.
- GASB 54 classifications of fund balance will be estimated in the adopted budget for amounts of fund equity legally restricted or otherwise not available for appropriation. GASB 54 is effective for Financial Statements for periods beginning after June 15, 2010. GASB 54 divides Fund Balance reporting in to the five following classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned.
- The City's fiscal year shall be the calendar year and its budget calendar shall be as provided for in Article 21 of the Charter of the City of [REDACTED], as follows:
  - On or before the second Wednesday in August of each year, the City Manager will submit a capital program to the City Council which lists the proposed capital improvements with appropriate supporting information.

- On the first Wednesday following Election Day in November of each year, the City Manager will submit a tentative budget for the ensuing fiscal year to the City Council.
  - Upon receiving the tentative budget from the City Manager and prior to a public hearing, the City Council may, by a vote of at least four members of the Council, make changes in the tentative budget.
  - After considering the tentative budget, but not later than the first Wednesday in December, the City Council will hold a public hearing on the proposed budget.
  - After the public hearing, the Council may adopt the proposed budget with or without amendment. In amending the proposed budget, it may add or increase programs or amounts, and may decrease or delete programs or amounts, except expenditures required by law, or for debt service or for an estimated cash deficit, provided that it may not increase the estimated revenues or the total proposed expenditures without the affirmative vote of at least five members of the Council.
  - The Council shall adopt the proposed budget and determine the tax rate for the ensuing year on or before December 31 of the current fiscal year.
- The City Manager may at any time during the fiscal year transfer part or all of any available appropriation balance among programs or accounts within any fund. The Council may by resolution transfer part or all of any available appropriation balance among programs or accounts within and/or between any funds.
  - No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the available balance thereof.

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# **SAMPLE CASH MANAGEMENT AND INVESTMENT POLICY**

## **SCOPE**

This cash management and investment policy applies to all money and other financial resources available to the City of [REDACTED] for deposit and/or investment on its own behalf or on behalf of any other entity or individual.

## **OBJECTIVES**

The primary objectives of the City's cash management and investment activities are, in order of priority:

- To conform with all applicable federal, state and other legal requirements (legality),
- To adequately safeguard principal (safety),
- To provide sufficient liquidity to meet all operating requirements (liquidity), and,
- To obtain a reasonable rate of return (yield).

## **DELEGATION OF AUTHORITY**

In accordance with City Charter §C10-2, responsibility for administration of the cash management and investment program is delegated to the City Comptroller, who shall establish written procedures for the operation of the cash management and investment program consistent with these cash management and investment guidelines. Such procedures shall include an internal control structure adequate to provide a satisfactory level of accountability, maintaining records incorporating descriptions and amounts of investments, transaction dates, and other relevant information, and regulating the activities of subordinate employees.

## **PRUDENCE**

All participants in the cash management and investment process shall act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the City.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the cash management and investment process shall refrain from personal business activity that could conflict or appear to conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

## **DIVERSIFICATION**

It is the policy of the City to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

The following diversification limitations shall be imposed on the City's portfolio of deposits and investments:

- **Institution:** No more than 55% of the overall portfolio may be deposited in a single bank, except in the case of money center banks, for which the limit is 75%.
- **Instrument:**
  - No more than 55% of the overall portfolio may be invested in cooperative investment programs, and,
  - No more than 25% of the overall portfolio may be invested in the securities of a single issuer, except the U.S. Treasury.
- **Maturity:**
  - No more than 10% of the portfolio may have a maturity beyond twelve months,
  - The average maturity of the portfolio shall never exceed one year, and,
  - At least 10% of the portfolio shall be invested in overnight instruments or marketable securities that can be sold to raise cash on one business day's notice.

## **INTERNAL CONTROLS**

It is the policy of the City for all money collected by any officer or employee of the City to transfer those funds to the City Comptroller as soon as is practicable, but in any event within one business day of receipt, or within the time period specified by law, whichever is shorter.

The City Comptroller is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and that deposits and investments are managed prudently and in compliance with applicable laws and regulations.

## **DESIGNATION OF DEPOSITORIES**

The banks and trust companies authorized for the deposit of money are as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Banks and trust companies holding City deposits must meet or exceed the following rating requirements of at least one of the nationally recognized statistical rating organizations (“NRSRO”) listed below for long-term debt (debt having a term of one year or more):

NRSRO	Long-Term Debt Rating
Moody's Investors Services	
Standard & Poor's	
Fitch	

The City Council shall review and approve this list at least annually.

### **COLLATERALIZING OF DEPOSITS**

In accordance with the provisions of General Municipal Law §10, all deposits of the City, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by any one or combination of the following:

- By a pledge of eligible securities with an aggregate market value equal to the aggregate amount of deposits, from one of the following categories:
  - Obligations issued by the United States of America, an agency thereof or a United States government sponsored corporation or obligations fully insured or guaranteed as to the payment of principal and interest by the United States of America, an agency thereof or a United States government sponsored corporation.
  - Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.
  - Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the market value of the obligation that represents the amount of the insurance or guaranty.
  - Obligations issued or fully insured or guaranteed by New York State, obligations issued by a municipal corporation, school district or district corporation of New York State or obligations of any public benefit corporation which under a specific state statute may be accepted as security for deposit of public moneys.
  - Obligations issued by states (other than New York State) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
  - Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
  - Obligations of counties, cities and other governmental entities of another state having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
  - Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.

- Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by federal bank regulatory agencies.
- Commercial paper and bankers' acceptances issued by a bank (other than the bank with which the money is being deposited or invested) rated in the highest short-term category by at least one nationally recognized statistical rating organization and having maturities of not longer than sixty days from the date they are pledged.
- Zero-coupon obligations of the United States government marketed as "Treasury STRIPS".

There must be diversification of the collateral securing deposits, except where the deposits aggregate less than \$2,000,000 or the security is in the form of obligations of the U.S. Government or State of New York.

Eligible securities must meet or exceed the following rating requirements of at least one of the nationally recognized statistical rating organizations (“NRSRO”) listed below:

NRSRO	Long Term Debt <sup>(1)</sup>	Short Term Debt <sup>(2)</sup>
Moody's Investors Service		
Standard & Poor's		
Fitch		

- (1) Securities with an original term of one year or longer.
- (2) Obligations usually defined as less than one year

1. By an eligible irrevocable letter of credit issued by a qualified bank, other than the bank with the deposits in favor of the City for a term not to exceed 90 days, with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations meets the rating requirements of at least one nationally recognized statistical rating organization as heretofore described or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.
  
3. By an eligible surety bond payable to the City for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims - paying ability meets the rating requirements of at least two nationally recognized statistical rating organizations as heretofore described.

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## **SAFEKEEPING AND COLLATERALIZATION**

Eligible securities used for collateralizing deposits shall be held by the depository and/or a third-party bank or trust company, subject to security and custodial agreements satisfactory to the City's Corporation Counsel.

The security agreement shall provide that eligible securities are being pledged to secure City deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released providing collateral values are maintained, and, the events which will enable the City to exercise its rights against the pledged securities including failure to meet deposit repayment or collateral terms, or the deposit institution's insolvency. In the event that the securities are not registered or inscribed in the name of the City, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the City or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for the City, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall also describe how the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for daily revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. The agreement shall provide that the custodian will exercise the City's rights to the security or as instructed by the City. Such agreement shall include all provisions necessary to provide the City with a perfected interest in the securities.

## **PERMITTED INVESTMENTS**

As authorized by General Municipal Law §11, the City authorizes the City Comptroller to invest money not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts
- Certificates of deposit
- Obligations of the United States of America
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America
- Obligations of the State of New York
- Obligations issued pursuant to Local Finance Law §24 or §25 (with approval of the State Comptroller) by any municipality, school district or district corporation other than this City
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments
- Certificates of Participation issued pursuant to General Municipal Law §109-b

- Obligations of this City, but only with any money in a reserve fund established pursuant to General Municipal Law §6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n.

All investment obligations shall be payable, saleable or redeemable at the option of the City within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable, saleable or redeemable at the option of the City within two years of the date of purchase.

**AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

Financial institutions and dealers approved for the purchase and sale of investments are as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

All financial institutions with which the City conducts business must meet or exceed the following rating requirements of at least one of the nationally recognized statistical rating organizations (“NRSRO”) listed below for long-term debt (debt having a term of one year or more):

NRSRO	Long-Term Debt Rating
Moody's Investors Services	
Standard & Poor's	
Fitch	

Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the City. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The City Comptroller is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated by the City Council at least annually.

## **PURCHASE OF INVESTMENTS**

The City Comptroller is authorized to contract for the purchase of investments:

1. Directly, including through a repurchase agreement, from an authorized trading partner. Authorization for the purchase of repurchase agreements is subject to the limitations outlined in the section of this policy entitled “Repurchase Agreements”.
2. By participation in a cooperative investment program where such program meets all the requirements of the General Municipal Law, the diversification characteristics as outlined in the section of this policy entitled “Diversification”, and that otherwise meets the same standards as the City has for direct investments.
3. By utilizing an ongoing investment program with an authorized trading partner, pursuant to a contract authorized by the City Council.

All purchased investments, obligations, or participations unless registered or inscribed in the name of the City, shall be purchased through, delivered to, and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the City by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law §10.

## **REPURCHASE AGREEMENTS**

Repurchase agreements are authorized subject to the following restrictions:

- All repurchase agreements must be entered into subject to a Master Repurchase agreement providing for the terms outlined below and satisfactory to the Corporation Counsel
- The City may only be the initial purchaser in such agreements
- Trading partners are limited to banks or trust companies meeting the rating requirements of one of the nationally recognized rating organizations as heretofore described or primary reporting dealers approved by the Federal Reserve Bank of New York
- Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America
- No substitution of securities will be allowed
- The custodian of the purchased securities shall be a party other than the trading partner, satisfactory to the City
- Tenor of the repurchase agreement should be no longer than 3 months
- Tenor of the securities to be purchased should be no longer than 10 years
- The market value of the securities purchased shall exceed the purchase funds by the margins shown below; and, the securities shall be revalued daily, and these margins should be maintained by the initial seller during the life of the transaction:
  - For bills or bonds less than 3 years tenor, 3%;
  - For bills or bonds of 3 years to 10 years, 4 1/2%;
  - No one repurchase agreement may exceed \$2,000,000, and,

- The City retains the right to terminate the agreement and sell the securities outside the repurchase agreement if any of the above items are not met after adequate notice to the initial seller.

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## SAMPLE CAPITAL ASSET POLICY

This policy is to establish the principles related to the accounting treatment of our capital assets.

Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, construction in progress and all other tangible and intangible assets that are used in operations and have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems.

Land and land improvements are inexhaustible capital assets and will not be depreciated. Construction in progress will not be depreciated. All other capital assets will be depreciated over their estimated useful lives, as established by the City Comptroller, using the straight-line method of depreciation. In no event shall the useful life of an asset be less than the period of probable usefulness established for debt purposes as found in Section 11 of the New York State Local Finance Law.

A capitalization threshold is the cost established by the City Comptroller that must be met or exceeded if an asset is to be recorded and depreciated as a capital asset. The capitalization threshold is based on the cost of a single asset. Assets that do not meet the capitalization threshold will be recorded as expenditures or expenses. For purposes of property control (insurance, security, etc.), the City Comptroller and/or department heads may develop and maintain the appropriate record keeping system(s) to account for assets which do not meet the capitalization threshold.

Capital assets that meet the minimum capitalization threshold will be recorded at historical cost. The cost of a capital asset includes capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition, such as freight and transportation charges, site preparation costs, and professional fees. Donated capital assets will be recorded at their estimated fair value at the time of acquisition, including any ancillary charges. Estimated historical cost may be used in those cases where the actual historical cost is not readily available. Estimated historical cost will be calculated using the current replacement cost of a similar asset and deflating this cost to the acquisition year (or estimated acquisition year) using a price-level index approved by the City Comptroller.

Capital assets associated with the operation of enterprise funds will be recorded in those funds. Capital assets associated with general government operations, with the exception of infrastructure assets, will be recorded in the appropriate internal service fund(s). Infrastructure assets will not be recorded in a governmental or proprietary fund, but the City Comptroller will establish and maintain the record keeping system necessary to allow for the accounting, auditing, and reporting of such assets, including depreciation.

**Useful Lives and Thresholds of Capital Assets:**

<b>Class</b>	<b>Asset</b>	<b>Capitalization Life (Yrs)</b>	<b>Threshold (\$)</b>
Land	Land and Site Improvements	Inexhaustible	Any value
Buildings	Buildings	50	100,000
Buildings	Building Improvements	50	50,000
Equipment	Accounting, Assessment or Tax Systems	10	15,000
Equipment	Passenger Vehicles w/capacity < 10 persons	3	15,000
Equipment	Passenger Vehicles w/capacity >= 10 persons	5	15,000
Equipment	Computer Hardware and Software	5	15,000
Equipment	Construction Machinery >\$15,000 <\$30,000	10	15,000
Equipment	Construction Machinery >= \$30,000	15	30,000
Equipment	Fire/Police Boats	10	15,000
Equipment	Firefighting Apparatus	20	50,000
Equipment	Misc. Equipment, Furniture, Furnishings	5	15,000
Improvements	Fences, Walls, Trails, etc	20	20,000
Improvements	Docks	10	20,000
Improvements	Dredging	7	100,000
Improvements	Parks & Playgrounds	20	50,000
Improvements	Golf Course Improvements	15	50,000
Improvements	Swimming Pools	15	50,000
Improvements	Underground Fuel Tanks	15	50,000
Infrastructure	Bridges & Tunnels	50	50,000
Infrastructure	Curbs & Sidewalks	25	50,000
Infrastructure	Drainage	50	20,000
Infrastructure	Parking Lots	25	20,000
Infrastructure	Sewers	50	20,000
Infrastructure	Streets - Primary	17	50,000
Infrastructure	Streets - Secondary	25	20,000
Infrastructure	Traffic Signals and Signs	25	50,000

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## SAMPLE DEBT MANAGEMENT POLICY

Debt is an effective way to finance capital improvements or to even out short-term revenue flows. Properly managed debt preserves our credit rating, provides flexibility in current and future operating budgets, and provides us with long-term assets that maintain or improve our quality of life. To provide for the appropriate issuance and responsible use of debt, the City of [REDACTED] has adopted the following debt management policy statements:

- Long-term debt will be issued only for objects or purposes having a period of probable usefulness of at least ten years under New York State Local Finance Law.
- Short-term debt may be issued to finance current operating expenditures only in the event of extreme financial emergency. Short-term debt may be issued whenever appropriate for objects or purposes having a period of probable usefulness of at least five years under New York State Local Finance Law.
- Whenever appropriate, we should seek to issue debt that can be repaid from special assessments, enterprise fund revenues, or other sources other than a general levy of real property taxes.
- Debt maturity will not exceed the lesser of: the useful life (as established by the City Comptroller), or the period of probable usefulness (as defined in New York State Local Finance Law), of the object or purpose so financed.
- The annual operating budgets of all funds will be maintained so as to ensure the full and timely repayment of debt principal and interest due that year.
- As required under New York State Local Finance Law §104, our total amount of outstanding debt will not exceed 7% of our 5-year average full valuation.
- In addition to the legal debt margin, the City Charter §C21-9 places limitations on the issuance of new debt. The City Council may, by a vote of at least five members, authorize the issuance of debt not exceeding 30% of the average gross annual budget for the preceding three years. Debt in excess of 30% requires approval of the voting public in a general or special election. All bond resolutions authorizing the issuance of bonds in excess of \$1 million for the acquisition of real property shall be adopted by a vote of at least five members of the City Council and shall be subject to the approval of a majority of the qualified voters voting at a general or special election. Debt for public safety purposes in the amount of \$1 million per year to a maximum aggregate amount of \$2.5 million for all such debt issued is exempt from these debt limits, as is debt for Disaster Rebuilding to a maximum aggregate of \$2.5 million. For purposes of this calculation, "gross annual budget" is defined as the total appropriations of the General Fund, the Cable TV Special Revenue Fund, and the enterprise funds (Boat Basin Fund and Golf Club Fund). All other fund budgets - the K.T. Woods Permanent Fund, the Debt Service Fund, the Capital Projects Fund, and the internal service funds (Risk Retention Fund and Building and Vehicle Maintenance Fund) are not included in the calculation, as their budgets are supported primarily by revenues and transfers charged to other funds.
- On December 21, 2011, City Council authorized an additional exemption from the City debt limits, authorizing the issuance of bonds for the payment of capital improvements or equipment proposed to be constructed or acquired for purposes determined by resolution of the Council to be required as a result of a natural disaster, as declared by the Federal

Government and requiring urgent action, in an amount not exceeding \$2,500,000 in the aggregate in any fiscal year, and provided that on the date of adoption of said bond resolution, the Council determines that the aggregate of the proposed bond authorization and the outstanding principal amount of obligations previously issued for natural disaster reconstruction purposes requiring urgent action does not exceed \$2,500,000.

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## SAMPLE EXPENDITURE POLICY

Expenditures/expenses are a rough measure of a local government's service output. While many expenditures/expenses can be easily controlled, emergencies, unfunded mandates, and unanticipated service demands may strain our ability to maintain a balanced budget. To ensure the proper control of expenditures/expenses and provide for a quick and effective response to adverse financial situations, the City of [REDACTED] has adopted the following expenditure/expense policy statements:

- Expenditures/expenses and purchase commitments will be made in a form and process that is legal, appropriate, funded, authorized and sufficiently documented.
- Expenditures/expenses and purchase commitments will be recorded in an accurate and timely fashion.
- The review and approval process for all claims made against the City shall be as follows:
  - Departments must issue purchase orders as required under our purchasing policy. Departments are encouraged to issue purchase orders whenever practical, even if they are not required.
  - Properly completed claims must be prepared and submitted to the finance department by the department responsible for originating the claim. A “properly completed claim” must include, but is not limited to, the vendor's name and address, date of claim, explanation, and accounts to be charged, department authorization signature and sufficient documentation. “Sufficient documentation” means that a person unfamiliar with the transaction could understand what was ordered, when, by whom, from what vendor, at what price, when the goods or services were delivered, who accepted delivery, and who authorized payment. Typical documentation includes copies of purchase orders, invoices and/or statements, council resolutions awarding bids or state contracts, records of quotes received, receiving slips, correspondence and other communications.
  - Finance will issue checks promptly for all claims properly completed and submitted.
- The balances in appropriation accounts will be monitored regularly to ensure that the total of expenditures/expenses and purchase commitments in any account do not exceed the authorized budget for that account.
- Requests for competitive bids, proposals, formal and informal quotes, and other methods of seeking and encouraging vendor competition will be obtained as required by law or otherwise established by the City Manager or City Comptroller.
- Arrangements will be encouraged with other governments, private individuals, and firms, to contract out or cooperatively deliver services, in a manner that reduces cost and/or improves efficiency and effectiveness while maintaining service quality.
- The full direct and indirect costs will be calculated for any service provided for a fee or charge, or where there is a potential for the reimbursement of such costs.
- We will maintain an effective risk management program that provides adequate coverage, minimizes losses, and reduces costs.

- All appropriations shall lapse at the close of the fiscal year to the extent that they shall not have been expended or encumbered.

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## **SAMPLE CREDIT CARD ISSUANCE AND USE POLICY**

To receive your assigned credit card, please read this Credit Card Policy and return the Credit Cardholder Agreement (Attachment A) to the City Comptroller. Retain the Policy, a copy of the signed agreement and any future revisions for your reference.

### **CARDHOLDER RESPONSIBILITIES**

- Ensure that the credit card is used in compliance with the City's Purchasing Policies.
- Only authorized employees of the City of ████████ may use the municipal credit card.
- A municipal credit card may be used for the purchase of goods or services for only official business of the City of ████████.
- The employee using the credit card must submit receipts, documentation detailing the goods or services purchased, cost, date of the purchase and the official business explanation thereof.
- Above said receipts and documentation must be submitted to the City's Finance Office within 2 business days of making a purchase.
- The employee issued the card is responsible for its protection and custody and shall immediately notify the City Comptroller, in writing, if the card is lost or stolen.
- Municipal credit card users must notify vendors or merchants that the credit card transaction should be exempt from New York State Sales and Use Taxes (IRS Tax Identification #13-6007325) if it is used for the purchase of goods or services in the State of New York.
- The credit card may not be used for cash advances, personal use or any other type of purchase not permitted under the City's Purchasing Policy.
- Employees must immediately surrender the card upon termination of employment. The City reserves the right to withhold final payroll checks and payout of accrued leave until the card is surrendered.
- Prohibited Transactions: (a) splitting of total purchase cost, singly or between cardholders to avoid transaction limits, (b) personal purchases, (c) non-municipal use, (d) cash advances, money orders, bank drafts, etc. (e) temporary help, (f) maintenance contracts, long term agreements, rentals or leasing of equipment (with the exception of short-term emergency situations, or vehicle rentals required for travel.)

### **DISPUTED CHARGES, RETURNS, AND ASSISTANCE**

In the event of disputed charges, or if a cardholder has any questions, the cardholder should contact the appropriate financial institution directly. In the event there are returns, the cardholder must check to ensure that credit notices are issued by the vendor, and submit the credit slip to the Finance Department. If a credit slip was not obtained, attach other documentation explaining the return. If credit does not appear by the second subsequent statement, the cardholder must contact the financial institution directly.

The cardholder must also advise the Finance Department if there is a dispute. The cardholder must ensure that all required steps to register a dispute are followed. Any charge to be disputed must be identified within 30 days of the statement date. The cardholder is responsible for the transactions identified on the statement. If an audit is conducted on a cardholder's account, receipts must be produced and/or other proof that the transaction occurred. If an error is discovered, the cardholder is responsible to show that the error or dispute resolution process has been invoked.

## **LOST OR STOLEN CARDS**

The card assigned is the property of the City of [REDACTED] and should be secured as a personal credit card would be. If the card is lost or has been stolen, or if the number becomes the knowledge of someone else, notify the Comptroller immediately.

## **INTERNAL CONTROL PROCEDURES**

The City Manager is the administrator of this policy and shall be responsible for the issuance and retrieval of assigned municipal credit cards to personnel and generally for overseeing compliance with this policy.

The Comptroller shall be responsible for:

- Assisting and maintaining record of issuance and retrieval of municipal credit cards and overseeing compliance with this policy.
- Accounting and payment of expenses. All documentation must accompany invoices before payment is made.
- Ensuring accuracy of the statement and that activity and account information is noted on the credit card statement for each line of entry.
- The balance under the credit card arrangement shall be paid for within 30 days of the initial statement date.
- Compliance with State of New York records retention requirements for safekeeping of statements and receipts for seven years.
- Cardholders will be subject to random audits of expenses and recordkeeping by the Finance Department. Any purchases which violate the terms of the Cardholders' responsibilities shall be reported by the Comptroller to the City Manager. Discovery of violation(s) of this policy may result in loss of card privileges and/or other disciplinary steps, as appropriate.

The total combined authorized credit limit of all credit cards issued by the City of [REDACTED] shall not exceed ½ % of the General Fund budgeted expenditures of the City of [REDACTED] for the current fiscal year.

Any employee found guilty of illegal or unauthorized use of a municipal credit card may be subject to penalties allowed by law and/or disciplinary action(s) under the City's Personnel Policies up to and including termination



## **SAMPLE OPERATING POSITION POLICY**

Operating position refers to the City's ability to balance its budget on a current basis, maintain reserves for emergencies, and maintain sufficient cash to pay its bills on a timely basis. Our operating position policy requires that:

- The City will pay all current operating expenditures with current operating revenues.
- Encumbrances represent commitments related to unperformed contracts for goods or services, and will be recorded when incurred. Encumbrances outstanding at year-end will be reported in accordance with GASB 54 reporting requirements.
- The City will maintain unassigned fund balance of the General Fund at a level at least equal to 5% of the total General Fund appropriations.
- General Fund unassigned fund balance should be used for capital, emergency, or unusual and non-recurring expenditures.
- The City will prepare a cash-flow analysis of all funds on a regular basis. Disbursements, collections and investments will be managed to provide sufficient cash for daily financial needs.
- The City will prepare June 30th, and September 30th, quarterly financial reports of the financial position and results of operations, for the General Fund, special revenue funds, Debt Service Fund, and proprietary funds within 45 days of quarter end.
- The Comptroller will communicate the City's liability for Other Post-Employment Benefits (OPEB) to the City Council on a bi-annual basis.

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## SAMPLE PURCHASING POLICY

The adoption of a purchasing policy confirms the commitment of a local government to ensure that its purchases of goods and services are made legally, fairly, prudently, competently, and at the lowest possible cost offered by responsible vendors. This purchasing policy, our city charter, General Municipal Law §§103 and 104, and the State Comptroller’s Financial Management Guide subsection 8, provide guidance to those city employees involved in the purchasing process. The City of [REDACTED] has adopted the following purchasing policy statements in accordance with §104-b of the General Municipal Law (GML):

- Per §C8-2(J) of our city charter, the city manager shall have control and supervision of all city purchases except for those requiring competitive bidding.
- The dollar thresholds stated in this policy are to mean the total city-wide aggregate amount which is estimated to be spent for the same or similar item in the course of a fiscal year.
- Per GML §103, competitive bids will be required for purchase contracts (contracts involving materials only) in excess of \$20,000 and public works contracts (contracts involving labor or both labor and materials) in excess of \$35,000.
- Some purchases are specifically exempt from competitive bidding or purchasing policy. Such exceptions are defined in GML §103 and §104-b, and include but are not limited to, state and county contracts, qualified agencies, emergencies, professional services, sole source vendors, true leases and insurance.
- The purchase record for any purchase made under an exception to competitive bidding or purchasing policy will include documentation clearly indicating the exception as defined in GML §103 or §104-b.
- For purchases not requiring competitive bid:
  - Three written quotes will be required for any purchase of \$5,000 or more
  - Two verbal quotes will be required for any purchase of at least \$2,500 and below \$5,000
  - Purchases below \$2,500 may be made at the discretion of the department head
  - Where it is economically feasible, departments are encouraged to seek competitive written quotes from three or more vendors, whether or not the quotes are required.
- The city council may adopt resolutions establishing circumstances and reasons under which, in the best interest of the city, competitive bids or quotes are not required.
- Purchase orders must be issued for purchases of \$1,500 or more. Purchase orders are encouraged where practical for purchases less than \$1,500.

Purchase orders of \$5,000 or more shall be submitted to, and approved by, the City Manager prior to being submitted to the Finance Department.

Only Purchase Orders generated by the Finance Department shall be used for requisitioning.

All purchases will be sufficiently documented. “Sufficiently documented” means that a person unfamiliar with the transaction would understand the transaction, including, but not limited to, the

nature and purpose of the transaction, parties involved, goods or services ordered and delivered, itemized and total costs, accounts charged, person(s) who authorized the purchase, person(s) who confirmed receipt of the goods or services, and the date of each material event in the purchasing process.

### **BLANKET PURCHASE ORDERS**

Blanket Purchase orders are open end purchase orders issued to various vendors for the purpose of consolidating numerous purchases over the course of the year. Blanket purchase orders eliminate the issuance of separate orders for groups of items which are purchased frequently from the same vendor, and permit departments to purchase items of this nature on an “as needed” basis. If at any time the amount allowed on the Blanket Purchase Order will be exceeded, a change order is to be submitted to the City Manager.

### **CHANGE ORDERS**

A change order shall mean a properly prepared and authorized document which directs and authorizes a vendor providing goods or performing services to change the quantity or character of goods provided or services performed from that originally specified or estimated and to correspondingly change the payment due. Change orders are submitted first to the City Manager for approval, and then forwarded to the Finance Department for processing using the following form:

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**CITY OF \_\_\_\_\_**  
**PURCHASE ORDER**  
**CHANGE ORDER REQUEST FORM**

Date: \_\_\_\_\_, 20\_\_\_\_

Change Order Requested By: \_\_\_\_\_

Department: \_\_\_\_\_ PO#: \_\_\_\_\_

Vendor Name: \_\_\_\_\_ Vendor #: \_\_\_\_\_

Amount of Change: \$ \_\_\_\_\_

Original Amount: \$ \_\_\_\_\_ New Total: \$ \_\_\_\_\_

Item #	Quantity (From)	Quantity (To)	Unit Price (From)	Unit Price (To)

Justification for Change:

Department Head Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Comptroller Signature: \_\_\_\_\_ Date: \_\_\_\_\_

City Manager Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## NEW YORK STATE OFFICE OF GENERAL SERVICES – STATE CONTRACT

New York State Office of General Services awards centralized contracts based on competitive bidding for commodities, services, information technology and telecommunications. State contracts should be reviewed and used whenever possible to provide additional cost savings. The City of [REDACTED] is eligible to purchase through State Contracts as a political subdivision of New York State.

New York State General Municipal Law does not require competitive bidding if purchases are made under State Contract. Therefore, spending levels do not apply only if the purchase is made under New York State Contract. Purchases made from vendors offering lower-than-state contract price do not qualify under this exception. State Contracts are on file in the Purchasing Department, and are accessible on-line at <http://www.ogs.state.ny.us>

- The justification and reasons for any variance from this policy, including but not limited to, the selection of a vendor who is not the lowest responsible bidder or the failure to obtain sufficient competitive quotes, will be documented and made a part of the purchasing record.
- The city council and all city department heads will review this policy periodically and at least annually. Comments, questions, and proposed changes should be addressed to the city comptroller.
- The unintentional failure to comply with this purchasing policy or the provisions of GML §104-b shall not be grounds to void action taken or give rise to a cause of action against the city or any officer or employee of the city.

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## SAMPLE REVENUE POLICY

Revenues determine the capacity of a local government to provide services. Under ideal conditions, revenues would grow at a rate equal to or greater than expenditures. To ensure that our revenues are balanced and capable of supporting our desired levels of services, the City of [REDACTED] has adopted the following revenue policy statements:

- Each year and whenever appropriate, existing revenues will be re-examined and possible new sources of revenues will be explored to ensure that we are maximizing our revenue potential.
- Legally restricted revenues will be avoided when they adversely affect the short or long-term financial health of our government.
- We will strive to be informed and aware of all grants and other aid that may be available to us. All potential grants and other aid shall be carefully examined for matching requirements (both dollar and level-of-effort) and restrictive covenants, to ensure that our participation in such grants will be beneficial and cost-effective.
- Each year and whenever appropriate, intergovernmental revenues will be reviewed to determine their short and long-term stability, to minimize the impact of any adverse changes. Intergovernmental revenues shall be used as legally prescribed or otherwise set forth by policy.
- A balance will be sought in the revenue structure between elastic and inelastic revenues, to minimize any adverse effects caused by inflationary or economic changes.
- One-time revenues will be used for capital improvements or as legally restricted to a specific purpose.
- We will carefully and routinely monitor any amounts due to us. An aggressive policy of collection will be followed for all receivables, including property taxes.
- General Fund recreation user charges and fees will strive to recover approximately 40% of total costs generated by General Fund recreation special programs and use of facilities and equipment.
- Proprietary funds will generate revenue sufficient to support the full direct and indirect costs of these funds.
- Revenue forecasts shall be conservative, using generally accepted forecasting techniques and appropriate data.
- Each year and whenever appropriate, we will review our schedule of fees and related administrative procedures.

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**ATTACHMENT A**

**CITY OF \_\_\_\_\_  
CREDIT CARDHOLDER AGREEMENT**

Requirements for use of a Municipal Credit Card:

1. The credit card is to be used only to make purchases at the request of, and for the legitimate business benefit of, the City of [REDACTED], New York.
2. The credit card must be used in accordance with the provisions of the Credit Card Policy established by the City [REDACTED], as attached hereto.

Violations of these requirements may result in revocation of use privileges. Employees found to have inappropriately used the credit card will be required to reimburse the City of [REDACTED] for all costs associated with such improper use through direct payment or payroll deduction. Disciplinary action(s) may be taken per the City's Personnel Policies, up to and including termination. The City of [REDACTED] will investigate and commence, in appropriate cases, criminal prosecution against any employee found to have misused the credit card or who violates the provisions of the cardholder agreement.

Credit Card Account Number: \_\_\_\_\_

Received by: \_\_\_\_\_

Name (Please Print) \_\_\_\_\_

I acknowledge receipt of the attached Credit Card Policy and agree to abide by said Policy.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

*(Below, For Finance Department Use Only)*

**CREDIT CARD RETURNED**

Authorized Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Reason: \_\_\_\_\_

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**APPENDIX D:  
SUMMARY OF PRIOR YEAR RECOMMENDATIONS**

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## Memorandum

To: Hon. Members of the Ulster County Legislature

From: Amber Feaster, CPA, Deputy Clerk of the Legislature – Finance

Subject: 2023 Executive Recommended Budget Recommendations by Capital Markets Advisors

Date: July 14, 2023

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In November 2022, Capital Markets Advisors, LLC (CMA) presented to the Legislature a series of findings and recommendations regarding the 2023 Executive Recommended Budget. This memo serves as an update to the findings and recommendations detailed in the Analysis and Review of the 2023 Executive Recommended Budget as prepared by CMA.

The appendixes attached separate the findings and recommendations into the following categories:

**Appendix A** – Completed recommendations

**Appendix B** – Recommendations which are currently pending or under consideration

**Appendix C** – Findings for which no action was necessary

**Appendix D** – Recommendations for operational consideration

**Appendix E** – Remaining recommendations

If you have any questions on the contents within, please do not hesitate to reach out to me via email or telephone.

**Appendix A – Completed**

<b>No.</b>	<b>Topic</b>	<b>Detail</b>	<b>Status</b>
1.	Replace Payroll Checks with Electronic Deposits	CMA believes this recommendation is still valid and should be pursued by the County which could save between \$2.50 and \$10.00 per check, with potential, annual savings of several hundred thousand dollars.	Res. No. 122 authorized the adoption of a Policy requiring the issuance of electronic deposits, replacing payroll paper checks to the extent allowable, in April of 2023.
4.	Contract an Energy Consultant	CMA understands there is presently a Request for Proposals outstanding to identify a qualified energy consultant. This has saved \$600,000 annually for other counties and should be implemented during 2023.	Res. No. 117 of 2023 authorized the execution of an agreement with NYSERDA for energy manager consulting services.
6.	Centralization of Grant Oversight	The centralized grant function would ensure the County has the opportunity to compete for all eligible funding in the most efficient and timely manner.	The adopted 2023 Operating Budget included the establishment of a Centralized Grants division and the creation of 2 new positions exclusively pertaining to the grants function.
14.	Economic Forecast	Inflation, which currently exists, and will probably continue into 2023; and unemployment and recession, which may occur due to Federal Reserve actions to reduce inflation, must be considered in formulating the 2023 Proposed Budget.	The Legislature considered this recommendation, approving an overall increase to the Contingent account and replenishing the Tax Stabilization Reserve Fund in December of 2022 with the adoption of Res. No. 674.
16.	Sales Tax	When considering current economic conditions and Federal policies of high interest rates which may lead to more unemployment and lower inflation, and the belief by many that such actions will lead to a recession, the County should consider projecting sales tax at a level not above what will be collected this year (CMA projected \$163.8 million).	The Legislature considered this recommendation. No amendments resulted. Legislative staff continues to monitor the status of sales tax receipts, providing a monthly update to the Legislature.

**Appendix A – Completed (CONTINUED)**

<b>No.</b>	<b>Topic</b>	<b>Detail</b>	<b>Status</b>
20.	Occupancy Tax	Due to the possibility of recession, higher unemployment, and high interest rates that impact credit charges, the County should reevaluate current year occupancy tax receipts right up until a final decision is required to finalize the 2023 Budget to ensure 2022 fourth quarter receipts are not trending downward.	Legislative staff continued to monitor Occupancy Tax receipts throughout the Legislative budget process. Downward trending was not noted. No amendments resulted.
26.	Formalize Procedures Relating to Future Hiring Freezes	In practice, the County has certain internal practices in place relating to hiring freezes. Nevertheless, CMA understands these procedures have not been formalized. Since a hiring freeze is perhaps the most strategic option to appropriately control expenditures and reduce the risk of structurally unbalanced finances, the County should adopt formalized procedures which would also enhance fiscal transparency.	Res. No. 123 of 2023, adopted in June, established a Policy to formalize procedures relating to future hiring freezes.
32.	Contingency Lines	In uncertain economic times, where many things like the potential for rising costs of fuel and supplies, increased demand for municipal services due to the potential of recession and unemployment, shortfalls in certain revenues and aid, among other impacts, are possible, the Contingency line should be funded adequately to ensure greater than expected costs and shortfalls in revenue, if they occur, can be properly addressed. The County should consider increasing the contingency line.	The Executive Recommended Budget contained a Contingent Account balance of \$300,000. The sum of the Legislature’s adopted budget amendments resulted in an adopted Contingent Account balance of \$530,123.
35.	Expenditure Analysis	There appears to be disproportionate positive expenditure variances, suggesting excessive padding in the budget.	Operating Budget Amendment No. 17 reduced expenditure lines that have historically come in below budget.

**Appendix A – Completed (CONTINUED)**

<b>No.</b>	<b>Topic</b>	<b>Detail</b>	<b>Status</b>
36.	Fund Balance Policy	More detailed fund balance guidelines are needed. The policy should also address both unassigned and unrestricted funds. As per GFOA best practices “in some cases, governments can find themselves in a position with an amount of unrestricted fund balance in the general fund over their formal policy reserve requirement even after taking into account potential financial risks in the foreseeable future. Amounts over the formal policy may reflect a structural trend, in which case governments should consider a policy as to how this would be addressed.”	Res. No. 213 amended the Fund Balance Policy to address unrestricted fund balance. Consideration was given to maintaining thresholds for unassigned fund balance but was ultimately decided against.
37.	Appropriated Fund Balance	Incorporating the information on the dollar amounts being assigned, reserved, appropriated, and the remaining unassigned amount of fund balance will make the chart on page 31 of the 2023 Proposed Budget more informative and useful.	Res. No. 213 amended the Fund Balance Policy to require the use of Committed and/or Assigned Fund Balance be clearly defined and disclosed when included in the Executive Recommended Budget. The disclosure of such must include a schedule detailing each affected fund balance account’s beginning balance, a description of the recommended use, the value of the recommended use, and the account’s budgeted ending balance.
38.	Tax Stabilization Reserve Fund	Surplus funds correlating to positive budgetary variances in 2022 should be considered for deposit into the Tax Stabilization Reserve Fund or into a Legislative contingency account. This is a practice of other counties in the State and would assist the County to hedge or mitigate potential economic risk in 2023.	Res. No. 674 replenished the Tax Stabilization Reserve Fund in December of 2022 in the amount of \$5,950,451.00.

**Appendix A – Completed (CONTINUED)**

<b>No.</b>	<b>Topic</b>	<b>Detail</b>	<b>Status</b>
39.	Debt Management Policy	Although in process, the development and adoption of a debt management policy is recommended.	Res. No. 318 authorized the adoption of a Debt Management Policy in May of 2023.
40.	November Debt	Since the November 2022 debt issuance will be sold prior to the adoption of the budget, the Legislature should confirm with the Commissioner of Finance that the debt service appropriations have been revised to reflect payments correlating to the issuance of debt in 2022.	Prior to adoption of the budget, the Commissioner of Finance stated that no adjustment was necessary and the budget is appropriate. No amendments resulted.
41.	Authorized but Unissued Debt	By eliminating (or at least considering eliminating) authorized but unfunded projects, the County will have a more accurate and current picture of demand for debt.	The adopted Debt Management Policy addresses Bonds Authorized and Unissued, requiring that they are rescinded upon the earlier of 10 years or upon completion or abandonment of a project.

**Appendix B – Pending / Currently Under Consideration**

No.	Topic		Detail
5.	Continued Enhancement of Information Technology	The County’s Information Services (IS) staff is highly skilled and has recently pursued projects that enhance County operations. The IS staff members should continue their efforts to identify technology solutions that will improve County services, mitigate various forms of cyber related risk and reduce costs.	Res. No. 486 of 2022 Adopting the Information Services / Information Technology Policy continues to be before the Legislature, currently in the Ways & Means Committee.
7.	Increase Hotel Tax and Motel Occupancy Tax	CMA found that the County hotel and motel occupancy tax rates are half the market rate charged by other counties. Adjusting the rate from 4% to 4.5% market rate levels could generate an additional \$2 million in annual revenue for the County. The current rate is 2%.	Res. No. 321 of 2023 authorized the submission of a Home Rule Request, requesting the enactment of Senate Bill No. S6896 and Assembly Bill No. A7200 entitled “An act to amend the tax law, in relation to hotel and motel taxes in Ulster County”.

## Appendix C – Findings: No Action Necessary

No.	Topic	Detail
17.	Real Property Taxes	A levy below the 2% tax cap is considered to be both conservative and appropriate for 2022.
18.	State Aid	The reduction of State aid in the 2023 Proposed Budget was deemed appropriate.
21.	Departmental Revenues	After reviewing all revenue lines CMA has concluded that the County has been careful and conservative in developing departmental income projections.
22.	Aggregate Departmental Spending	Overall, departmental spending in the aggregate was found to be conservative.
23.	Fuel	Overall, the 2023 Proposed Budget properly accounts for auto fuel costs.
24.	Power	Some lines for larger buildings are expected to see substantial increases, but other lines show no increase or actual decreases.
25.	Personnel Increases	The 2023 Proposed Budget's proposed increase in personnel appear appropriate to deal with public demand for services, including demand related to a recessionary economic environment with potential job loss.
28.	Monitor State Legislation Relating to Workers Compensation	There is presently pending State legislation relating to workers compensation that if signed by the Governor would impact related expenses in the 2023 Budget. This should be monitored closely and if signed before the adoption the Budget should be amended accordingly.
34.	Revenue Analysis	The revenue variance analysis suggests that several sources of revenue in the governmental funds are historically underbudgeted.

## Appendix D – Operational Considerations

No.	Topic	Detail
2.	External Shared Services Opportunities	CMA believes the County should continue to seek shared services opportunities.
9.*	Glossary of Terms	A glossary of terms, which CMA recommended last year, should be included in the budget document. See “Appendix-C.”
10.*	Statistical Information of Budget Document(s)	The 2023 Proposed Budget document should be revised to include meaningful demographic and socioeconomic information.
11.*	Design of Budget Document(s)	The 2023 Proposed Budget document incorporates an online version. Although this was an excellent addition, the 600 page PDF version lacks hyperlinks.
12.*	Year-to-Date Info	CMA believes the budget document would be stronger and more useful if the charts included a column for year-to-date spending (which is available in the County’s electronic information system in the Budget Performance Report-Fiscal Year to Date-Including Rollup Account and Rollup to Object).
13.*	Highlights of Budget Document(s)	Clearer summary charts at the departmental level for total staffing and spending, inclusive of both wages and benefits, would improve the 2023 Proposed Budget.
15.	Revenue Loss Calculation	Under current American Rescue Plan Act guidelines, local jurisdictions may calculate their revenue loss at four (4) distinct points in time. The use of revenue loss funds provides for greater flexibility and significantly streamlines reporting requirements. Although the County has completed its first revenue loss calculation, a second-year calculation should be completed.
19.	Federal Aid	The amount of Federal aid in the 2023 Proposed Budget was deemed appropriate, however, the County should explore additional Federal grant and aid opportunities.
27.	Purchase Orders	CMA’s review of encumbrance use in monitoring and administering the 2022 adopted/amended budget indicates that purchase orders and encumbrances could be used more often and improve the budget monitoring process.
29.	Personnel	The 2023 Proposed Budget’s proposed increase in personnel appear appropriate to deal with public demand for services, including demand related to a recessionary economic environment with potential job loss. CMA recommends that the County review these positions as they are created and filled to ensure they are adequate to address issues that might arise related to unemployment and the effects of recession.
31.	Purchase Orders	The County should review its use of POs and encumbrances to ensure that year-to-date information is available and accurate.

\* The Legislature may choose to consider the adoption of a Policy regarding the budget presentation practices described. To date, no such consideration has been made based on these recommendations.



**Appendix D – Operational Considerations (CONTINUED)**

<b>No.</b>	<b>Topic</b>	<b>Detail</b>
33.	Contingency Plan or Budget Strategy	In light of revenues and expenditures being negatively impacted by a recession during 2023, a contingency plan or a budget strategy to prioritize expenses and gracefully reduce the budget based on explicit criteria if needed is recommended.
42.	2023 Capital Improvement Plan	The 2023 Proposed Budget message should include summaries of the Capital Improvement Program.
44.	Bus Charging Stations	The Capital Plan includes four electric fleet charging stations and four community stations. Electric buses purchased last year presently travel a large distance to charge. Completing this project would reduce related travel maintenance costs for the buses.

## Appendix E – Remaining Recommendations

No.	Topic	Detail
3.	Consolidation of the Central Garage and the Highway Garage	Consolidating these facilities could save the County \$170,000 annually through space/lease savings and the elimination of duplicative staff positions.
8.	Adopt a Local Law to Allow Tax Levy Cap to be Exceeded	The County Legislature should consider adopting a local law to exceed the cap, even if the tax cap is not pierced.
30.	Personnel	The State provides flexibility to reclassify positions. Nevertheless, the County could improve controls relating to changes in non-union management positions. Practices relating to these changes should be reviewed and internal controls should be developed.
43.	Capital Improvement Plan Process	The County would benefit from a more formalized capital planning process. The process and the presentation of the plan should follow industry accepted best practices, such as those identified by the GFOA.