

ULSTER COUNTY

New York

ANALYSIS AND REVIEW

2023 Executive Budget

November 2022





2022
ULSTER COUNTY
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SECTION I

EXECUTIVE SUMMARY

INTRODUCTION

Ulster County (the “County”) commissioned Capital Markets Advisors, LLC’s Strategic Consulting Group (“CMA”) to develop this review (the “Review”) to analyze the County’s proposed budget for its fiscal year ending December 31, 2023 (the “2023 Proposed Budget”). This marks CMA’s third, 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 September through November 2022, with continual review expected through the adoption of the 2023 Budget.

TIMING CONSTRAINTS AND OBJECTIVES ASSOCIATED WITH THE REVIEW

As part of process, CMA elected to interview various key departments of the County. This Review details the findings associated with CMA’s analysis. As a result, the County may elect to conduct additional analysis to further explore efficiencies within its operations. 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 2023 Proposed Budget.

During the evaluation period, CMA conducted several videoconference 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.

In a typical year, fiscal trend analyses would serve as both the starting point and foundation for conducting the various reviews associated with the 2023 Proposed Budget. However, the ongoing effects associated with the COVID-19 pandemic in conjunction with a forecasted recessionary economic period continue to complicate the “traditional” forecasting process. As such, fiscal trending alone will not provide for an adequate measure of the various forms of risks and uncertainties associated with the upcoming 2023 fiscal year. **Current and projected economic conditions must be considered.** For the purposes of this review, trend analyses are being considered along with peer benchmarks and budgetary variance analyses to assist in identifying key areas of risk.

The findings in the Review were based on assumptions deemed to be reasonable and customary. Nevertheless, any associated cost savings or revenue generation resulting from each initiative should be considered approximate and subject to revision, as necessary. Furthermore, although quantified, the findings do not necessarily include execution plans. In certain instances, additional planning and analysis would be required.

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.

SUMMARY OF FINDINGS

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

Focus Area		Topic	Detail
1.	Prior Year Recommendation	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.
2.	Prior Year Recommendation	External Shared Services Opportunities	CMA believes the County should continue to seek shared services opportunities.
3.	Prior Year Recommendation	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.
4.	Prior Year Recommendation	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.

5.	Prior Year Recommendation	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.
6.	Prior Year Recommendation	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.
7.	Prior Year Recommendation	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%
8.	Prior Year Recommendation	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.
9.	Budget Process	Glossary of Terms	A glossary of terms, which CMA recommended last year, should be included in the budget document. See "Appendix-C."
10.	Budget Process	Statistical Information of Budget Document(s)	The 2023 Proposed Budget document should be revised to include meaningful demographic and socioeconomic information.
11.	Budget Process	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.	Budget Process	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.	Budget Process	Highlights of Budget Document(s)	Clearer summary charts at the departmental level for total staffing and spending, inclusive of both wages <i>and</i> benefits, would improve the 2023 Proposed Budget.
14.	Revenues	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
15.	American Rescue Plan Act	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.

16.	Revenues	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).
17.	Revenues	Real Property Taxes	A levy below the 2% tax cap is considered to be both conservative and appropriate for 2022.
18.	Revenues	State Aid	The reduction of State aid in the 2023 Proposed Budget was deemed appropriate.
19.	Revenues	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.
20.	Revenues	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.
21.	Revenues	Departmental Revenues	After reviewing all revenue lines CMA has concluded that the County has been careful and conservative in developing departmental income projections.

22.	Expenditures	Aggregate Departmental Spending	Overall, departmental spending in the aggregate was found to be conservative.
23.	Expenditures	Fuel	Overall, the 2023 Proposed Budget properly accounts for auto fuel costs.
24.	Expenditures	Power	Some lines for larger buildings are expected to see substantial increases, but other lines show no increase or actual decreases
25.	Expenditures	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.
26.	Expenditures	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.
27.	Expenditures	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.

28.	Expenditures	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.
29.	Expenditures	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.
30.	Expenditures	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.
31.	Expenditures	Purchase Orders	The County should review its use of POs and encumbrances to ensure that year-to-date information is available and accurate.

32.	Expenditure	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.
33.	Revenue/Expenditure	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.
34.	Budgetary Variance	Revenue Analysis	The revenue variance analysis suggests that several sources of revenue in the governmental funds are historically underbudgeted.
35.	Budgetary Variance	Expenditure Analysis	There appears to be disproportionate positive expenditure variances, suggesting excessive padding in the budget.

36.	Fund Balance	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.”
37.	Fund Balance	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.
38.	Fund Balance	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.
39.	Debt	Debt Management Policy	Although in process, the development and adoption of a debt management policy is recommended.

40.	Debt	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.
41.	Debt	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.
42.	Capital Improvement Plan	2023 Capital Improvement Plan	The 2023 Proposed Budget message should include summaries of the Capital Improvement Program.
43.	Capital Improvement Plan	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.
44.	Environmental	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.

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SECTION II

STATUS OF SELECT PRIOR RECOMMENDATIONS (FROM REVIEW OF THE 2022 PROPOSED BUDGET)

OPEN FINDINGS AND RECOMMENDATIONS FROM REVIEW OF THE 2022 PROPOSED BUDGET

During 2021, CMA was retained by the County to conduct a comprehensive review of the County 2022 Proposed Budget. A report was provided to the County in November 2022 which included both CMA's findings and a number of initiatives and/or recommendations. As work commenced on the review of the 2023 Proposed Budget, CMA discovered that a number of the recommendations from the prior year had not yet been implemented or initiated.

The following recommended actions and initiatives remain open (along with the corresponding page numbers where the items may be found in CMA's prior report):

Replace Payroll Checks with Electronic Deposits (CMA 2021 and 2022 Executive Budget Analysis and). This recommendation would reduce or eliminate the need to print and then manually distribute or mail checks on a regular basis. It is also estimated that the County could save between \$2.50 and \$10.00 per check, with potential savings of several hundred thousand dollars.

CMA Finding - Replace Payroll Checks with Electronic Deposits. CMA believes this recommendation is still valid and should be pursued by the County.

Explore External Shared Services Opportunities (CMA 2021 and 2022 Executive Budget Analysis and Review). Shared services between jurisdictions are outlined in New York State General Municipal Law and have been advocated for by the State and the State Comptroller's Office. Records management, joint fuel facilities, and emergency service dispatch are just some of the areas where municipalities have collaborated to experience cost savings.

CMA Finding - Explore External Shared Services Opportunities. CMA believes the County should seek shared services opportunities by working with the State Comptroller's Office in addition to contacting the purchasing and procurement staffs of other municipalities and researching contracts and bids that are allowed to be legally shared among jurisdictions.

Consolidation of the Central Garage and the Highway Garage (CMA 2021 and 2022 Executive Budget Analysis and Review). CMA estimated that consolidating these facilities could save the County \$170,000 annually through space/lease savings and

eliminating duplicative staff positions. CMA believes that this recommendation should be pursued by the County.

***CMA Finding – Consolidation of Central Garage and the Highway Garage.** CMA believes the recommendation for a consolidation of these facilities should still be further investigated by the County.*

Contract an Energy Consultant (CMA 2021 and 2022 Executive Budget Analysis and Review). CMA recommended that the County consider contracting an energy consultant to evaluate potential cost savings in the operation of the County’s facilities. CMA noted that Suffolk County utilized such a consultant and realized savings of \$600,000 (net of consultant fees). Organizations like the New York State Energy Research and Development Authority (“NYSERDA”) offer assistance and financing for actions that promote advances in energy programs and technology.

***CMA Finding – Energy Consultant.** CMA strongly believes this recommendation should be pursued to take advantage of new and developing technologies that could produce substantial savings for the County as well as other grants and assistance that should be expected in the future. An RFP is presently pending for this purpose.*

Fully Utilize the Skills of the Information Services/Technology Department (CMA 2021 and 2022 Executive Budget Analysis and Review). CMA found that the County’s Information Technology Department was skilled and could be utilized to automate functions that are currently manual in nature. CMA provided examples of potential cost savings and the need for technology to improve efficiencies at a time when reduced staffing may be the reality.

***CMA Finding – Information Technology Utilization.** CMA understands that the Information Technology Department has been utilized to implement COVID-19 protocols. This is a positive use of Information Technology staff. Once this function becomes less necessary, CMA believes the County should evaluate and pursue more efficient uses of these highly skilled staff members to explore the long-term conversion of manual tasks to automated ones.*

Hiring Freeze to Control Expenditures (CMA 2021 and 2022 Executive Budget Analysis and Review). In its response to CMA, the County stated it has not implemented a hiring freeze.

***CMA Finding – Hiring Freeze.** CMA believed, and still does, that a freeze in hiring new staff (that would not increase overall staff size) is the most strategic option to appropriately control expenditures and reduce the risk of structurally unbalanced finances. Based on economic forecasts, this should be considered if necessary in 2023.*

Centralization of Grant Oversight (CMA 2021 Executive Budget Analysis and Review Page 35). The County has not acted on CMA’s recommendation to explore centralizing grant oversight and monitoring of Countywide grant applications. In light of COVID relief

funds, the American Rescue Plan Act (“ARPA”) in particular, the need for a centralized grant operation and point person to monitor grant applications and outside assistance is important. In addition, a centralized grant operation and grants coordinator would also be responsible for monitoring and tracking State and Federal Aid. This was deemed extremely important since State and Federal Aid has ranged between \$74 to \$78 million in the County General Fund Budget over the past four years. Of note, such funds represent nearly 30% of all General Fund expenditures.

A centralized grant oversight function and grants coordinator is also extremely important within the context of the amount of funding available by the State of New York. Grant funding and other financial support is available from the State through agencies like the Department of Environmental Conservation, the State Department of State, and the New York State Energy Research and Development Authority. The centralized grant function could oversee the County’s participation in the New York State Consolidated Funding Application (“CFA”) process which provides access to hundreds of millions of dollars in State assistance and grants.

***CMA Finding – Centralization of Grant Oversight.** The centralized grant function would ensure the County has the opportunity to compete for all funding it qualifies for in the most efficient and timely manner. CMA believes the County should pursue the establishment of a centralized grant function with a grants coordinator.*

Using Market Rates for the Hotel Tax and Motel Occupancy Tax (CMA 2021 and 2022 Executive Budget Analysis and Review). CMA found that the County’s hotel and motel occupancy tax rates are half the rate charged by other counties. Adjusting the rate to 4% to 4.5% market rate levels could generate an additional \$2 million in annual revenue for the County. CMA believes this change, which is within the direct control of the County, would result in a significant increase in revenue.

***CMA Finding – Occupancy Tax.** CMA continues to strongly believe that occupancy and use taxes should be reviewed and adjusted by the County.*

Adopt a Local Law to Allow Tax Levy Cap to be Exceeded (CMA 2021 and 2022 Executive Budget Analysis and Review). CMA recommended that the County Legislature should consider passing a local law that would authorize the State mandated tax levy cap to be exceeded if necessary.

***CMA Finding – Tax Cap Legislation.** Although the County has not pierced the cap to date, a local law would display the willingness of the County to take the actions necessary to adopt structurally balanced budgets moving forward. CMA continues to believe and recommend that the County Legislature consider adopting a local law to exceed the cap, if necessary.*

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SECTION III

BUDGET PRACTICES

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 2023 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 2023, CMA’s review notes a continuation of a budget document that was redesigned and reformatted during the 2022 fiscal year. The 2023 Proposed Budget includes most of the sections and information recommended by the GFOA. The online addition of individual fund summaries with pie charts, bar graphs and narrative summaries of revenues and expenditures for each fund are positive additions which enhance fiscal transparency.*

***CMA Finding – Glossary of Terms.** A glossary of terms, which CMA recommended in each of the past two years, is still missing from the 2023 Proposed Budget. Many individuals that review the 2023 Proposed Budget do not necessarily have a high level of experience with municipal finance, budgeting and accounting in general. It is important that all readers and reviewers understand the various terminology that is used in the*

document. Understanding terminology results in a much stronger review of the 2023 Proposed Budget's contents.

CMA believes that the 2023 Proposed Budget would be more informative if it contained a glossary of terms. For example, terms such as: Undistributed Revenue; Intergovernmental Charges; Use of Money and Property; Real Property Tax Items; and Use of Money and Property, are just some of the items that would be part of such a glossary for a document with over 600 pages.

As an example, a glossary of Terms is being included as Appendix-C of this Review.

Statistical Information of Budget Document(s). The GFOA recommends inclusion of the following statcal 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 2023 Proposed Budget document still lacks any meaningful demographic and socioeconomic information. Inclusion of this data 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 2023 Proposed Budget document incorporates an online version. Although the online information was an excellent addition, the 600-page PDF version 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

CMA Finding – Lack of Year-to-Date Information. *The 2023 Proposed Budget contains dozens of charts that summarize revenues and expenses by funds, departments, source, subject area, etc. Most of the charts have columns for fiscal year 2019 actual, fiscal year 2020 actual, fiscal year 2021 amended budget, fiscal year 2021 actual, fiscal year 2022 amended budget and the 2023 Proposed Budget amounts. The charts have line by line*

breakdowns for budget items like supplies, fuel, travel, overtime pay, etc. The charts are the core of the budget document and are very informative. Nevertheless, the one column that is missing in the charts is the current year-to-date amounts for each of the items in the charts. Having the year-to-date amounts through August or September allows the reader/reviewer to evaluate the budget line knowing what was budgeted for the current year, whether the current year-to-date amount is in line with the current year budget, and whether it supports the amount being proposed for the upcoming budget year – in this case 2023. It provides the reviewer with a better and timelier perspective of the proposed budget amounts.

For example, the September 30, 2022 year-to-date Performance Report shows the Comptroller's 2022 budget line for office supplies is \$1,500, with \$940.75 spent year-to-date (leaving \$559.25 for the remainder of 2022). The 2023 Proposed Budget proposes \$2,000 for that line. Having the year-to-date spent presented in the 2023 Proposed Budget document would strengthen the quality of any review or assessment of the amount proposed for 2023.

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). The most recent year-to-date information at the time the budget document is assembled should be used.

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). *CMA found the budget documents of the County to include an appropriate number of charts, graphs and tables to summarize the primary components of the budget. Nevertheless, a summary chart for total staffing would improve the 2023 Proposed Budget. The 2023 Proposed Budget has position summary charts, including limited information for each individual department, but lacks one overall position summary chart that contains the staffing total for each department with a total staffing number for the County. The chart should have one number for each department and the total for the County. At a minimum, the total number of employees in the Proposed Budget should be presented in the "Personnel Changes" narrative.*

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 the "Introduction" section of the Proposed Budget. The timeline outlines the County budget process. It provides ample time from the day the budget was released by the County Executive (October 1st) to the first of three scheduled public*

hearings (November 8th). The Legislature votes on the budget on December 2nd which is three weeks after the last public hearing on November 10th. 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. In order to further encourage public participation in the hearing process, the County should use its website to announce the public budget hearings on its homepage and list the hearings on its Events Calendar.

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SECTION IV

REVENUES

REVENUE INTRODUCTION

The Proposed Budget of the County for the fiscal year ending December 31, 2023 has been constructed with the use of approximately \$351.1 million in revenues derived from various sources and \$5.3 million in appropriated fund balance and reserves. Key sources of revenue, as depicted in the 2023 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, 2012 through 2021, as budgeted for 2022 and as proposed by the County Executive for 2023 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 2023 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.

Recessionary Probability. An October 18, 2022 Dow Jones Market Watch article reports that "Bloomberg Economics latest statistical projections showed a 100% probability of a recession within the next 12 months as the U.S. economy contends with decades-high inflation, Federal Reserve interest-rate hikes and mounting geopolitical tensions...Fears of a deep recession have surged in recent months as the Fed hikes interest rates in a bid to cool inflation. Investors believe the Fed risks 'overtightening' monetary policy in reaction to higher prices and driving the economy into a sustained downturn." The Bloomberg model uses 13 macroeconomic and financial indicators to predict the chance of a recession in the range from one month to two years. On October 19th, CBT News reported the recession Bloomberg is predicting with 100% certainty will occur in 2023.

The prediction of a recession has been espoused for the last 18 months by former Treasury Secretary and Harvard Professor Larry Summers. In August, Summers "gave a recession probability 3-in-4 odds." Summers believes the US has a 75% chance of recession within the next two years. Steve Hanke, a respected professor of applied economics at John Hopkins University agrees, as reported by MSNBC on September 23rd. Hanke opined there's an 80% chance of the U.S. falling into a recession. Hanke stated "The probability of recession, I think it's much higher than 50% - I think it's about 80%. Maybe even higher than 80%."

Interest Rates and Unemployment. A Fed-induced recession from higher interest rates will foster higher levels of unemployment. CNN Business reported in September that the Fed’s latest economic projections, released alongside a massive third consecutive interest rate hike of 75 basis points show that the central bank is expecting the nation’s unemployment rate to grow to 4.4% next year – up from August’s 3.7% - and potentially as high as 5%. Assuming no change in the labor force, that would mean approximately 1.2 million more people will be unemployed in 2023. At the high end of the Fed’s range, there could be up to 2.2 million more unemployed. The CNN article states “A key reason Fed chair Jerome Powell wants more slack in the labor market is out of concern that a tight employment situation will continue to push up wages, which could then keep inflation elevated. As the unemployment rate rises, workers lose bargaining power for higher wages and households pull back on spending.”

Impact on Businesses. The literature indicates that a recession would have a negative impact on businesses of all types – *including small retail businesses that collect sales tax*. In its discussion of recession impacts, consultants at GoCardless highlight *decline in consumer spending* as one of the four major impacts of a recession (along with job loss, manufacturing slowdown, and decline in real income). GoCardless states businesses might find it *more difficult to generate its usual sales*.

The online publication CHRON clearly states “During an economic recession, small businesses are often hit the hardest...typically luxury services suffer first as both business and private customers *cut back on spending*.”

Investopedia ominously reports that “slumping sales” is one effect of a recession on business. Specifically, it stated in a July article that “In a recession, nothing hurts a business quite so much as when the register stops ringing as often, or when orders slow to a trickle. During an *economic contraction, aggregate demand declines, translating into a drop in sales for most businesses*.” Investopedia went on to state “Recessions cause declines in sales that can spiral as the resulting layoffs further depresses demands.” One of the key “takeaways” identified by Investopedia is “Businesses large and small face declines in sales and profits in a recession.”

Although inflated prices theoretically have more sales tax attached to transactions that are made, the approach being taken by the Federal Reserve (raising interest rates) is predicted by many experts to produce large increases in unemployment, a reduction in the volume of sales, and distress for small businesses that generate sales tax.

CMA Finding – 2023 Economic Forecast. *Current inflation, Federal Reserve interest rate hikes and an anticipated recession must be considered in developing future municipal budgets. 2023 municipal financial performance will be directly impacted by the current and projected difficult economic situation and must be factored into many budget decisions to be made for 2023. Undoubtedly, this includes the County’s 2023 Proposed Budget.*

Inflation, which currently exists, and will likely continue into 2023, and unemployment and recession, which may occur due to the Federal Reserve’s actions to reduce inflation, must be

considered in formulating the 2023 Proposed Budget. Sales and occupancy tax and departmental income on the revenue side, and auto fuel, gas/electric, and supplies on the expense side, deserve particular attention.

It will be important for the County to (i) continually monitor how revenues have been, and will continue to be, affected by economic downturn, (ii) use such proactive measures as may be required to maintain its operations and meet its obligations, and (iii) determine if and how soon its resources and reserves might be depleted.

AMERICAN RESCUE PLAN ACT OF 2021

The \$1.9 trillion American Rescue Plan Act of 2021 (“ARPA” or “ARP”), signed into law on March 11, 2021, provides \$350 billion dollars in emergency funding for state, local, territorial, and Tribal governments to remedy the disparity between rising costs and falling revenues.

ARPA Allocation by Recipient Type

Type of State or Local Government	Total Aid Allocation
States and the District of Columbia	\$195 Billion
Counties	\$65 Billion
Metropolitan Cities ⁽¹⁾	\$45.6 Billion
Tribal Governments	\$20.0 Billion
U.S. Territories	\$4.5 Billion
Populations Below 50,000	\$19.5 Billion

(1) 50,000+ Population or otherwise Federally deemed

Allocation. Under the ARPA, the County’s allocation of funding was determined by formula. In accordance with the prescribed formula, the County’s allocation of ARPA funding is \$34,491,474.

Funding Timeline. ARPA funds are distributed in two (2) equal tranches. The first tranche of funding (50% of total allocation) was disseminated by the U.S. Treasury beginning in May 2021 and has been received by the County. The second tranche was disseminated by the U.S. Treasury in May 2022 and has been received by the County.

Parameters. Funding is subject to the requirements specified in the U.S. Treasury’s Final Rule which was released in January 2022 and took effect in April 2022.

Eligible Uses. As detailed in the U.S. Treasury’s Interim Final Rule, subject to change and amendment, recipients may use funds to:

1. *Support Public Health Expenditures:* For example: mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff
2. *Address Negative Economic Impacts:* Including economic harm to workers, households, small businesses, impacted industries and the public sector

3. *Replace Lost Revenue*: This is a formula driven calculation
4. *Provide Premium Pay to Essential Workers*: Offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors
5. *Invest in Certain Types of Infrastructure*: Such as Water, Sewer, and Broadband

Spending Timeline. ARPA funds must be “obligated” by State and Local Governments no later than December 31, 2024, and fully expended by December 31, 2026. According to the Interim Final Rule, the U.S. Treasury adopted “a definition of ‘obligation’ that is based on the definition used for purposes of the Uniform Guidance (2 CFR part 200), which will allow for uniform administration of this requirement and is a definition with which most recipients will be familiar.” Funds that are not fully spent by December 31, 2026 are required to be returned to the U.S. Treasury.

CMA Finding – American Rescue Plan Act of 2021 Revenue Replacement Calculation. Many local governments don’t realize they qualify for revenue replacement. These revenue replacement funds may be utilized for expanded purposes and streamline future reporting requirements correlating to ARPA fiscal recovery funds. There are two ways to determine lost revenue:

1. *A recipient may elect to take the \$10 million standard allowance, or;*
2. *A recipient may utilize a formula prescribed by the U.S. Treasury to hypothetically calculate revenue loss accordingly (outlined in the Final Rule).*

When utilizing the U.S. Treasury prescribed formula to calculate revenue replacement, it is important for recipients to keep in mind that it can be done for each calendar year (December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023).

To date, the County has calculated revenue replacement only for the year ending December 31, 2020. Nevertheless, information is presently available which would allow the County to run the calculation for the 2021 calendar year. As such, CMA strongly recommends that the County calculate revenue replacement for 2021 as these additional funds will provide additional flexibility to ARPA related decisions and, perhaps more importantly, streamline future reporting requirements.

CMA works with a number of ARPA recipients across the State and has recommended running the revenue replacement calculation on an annual basis to all applicable clients utilizing the U.S. Treasury’s prescribed formula.

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 39.99% of the County's General Fund revenue for the fiscal year ended December 31, 2021 (the most recent audited fiscal year), 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.

The 2023 Proposed Budget projects sales tax revenue at \$167 million, which represents an increase of 16.78% compared to the amount budgeted for 2022. By any measure, the \$167 million projection is deemed to be rather aggressive, especially in these uncertain economic times where recession is projected with near certainty.

Economic Concern. The Fed's goal to dampen the economy to control inflation, and the widespread belief the Fed's action will create a recession that will produce high unemployment and less disposable income and cash, and thus *reduce sales and the collection of sales tax by businesses that will become more and more stressed, must be taken into consideration during the municipal budget formulation process.*

Year-to-Date. CMA reviewed sales tax data from the New York State Department of Taxation and Finance for 2021 and 2022 year to date (through September – see Exhibit RV-I below). The County budgeted \$143 million in sales tax for 2022. Based on collections through September, it appears the County will surpass the budgeted amount. However, the September 2022 collection was less than the September 2021 collection (by \$472,118), which should raise concern within the context of current and projected economic conditions explained above, especially since the County's neighboring county, Dutchess, also experienced a reduction in its September 2022 sales tax collection compared to 2021 (by over \$4.6 million).

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Exhibit RV-I
Sales Tax Year-to-Date Trend Comparison
Fiscal Years December 31, 2021 and 2022

Month	2021	2022
Jan	\$ 9,721,292	\$ 12,097,059
Feb	8,219,493	10,038,136
Mar	14,812,241	15,571,128
Apr	10,304,509	13,106,402
May	10,100,433	12,712,398
Jun	19,039,278	16,087,320
Jul	11,917,805	12,984,641
Aug	11,639,709	12,571,252
Sep	18,044,907	17,572,789
Oct	11,262,672	--
Nov	11,789,585	--
Dec	18,019,533	--
TOTAL	\$154,871,457	\$122,741,125

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 collections for 2022. The 2023 Proposed Budget projects sales tax revenue at \$167 million, which could very well be less than what is collected in 2022.

Supply Chain Concerns. In addition to unenthusiastic economic forecasts, there remains multiple disruptions in the product supply and distribution chain which could continue in 2023. 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. Exhibit RV-II, 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, 2012 through 2021, the amount included in the 2022 Adopted Budget and the amount in the County 2023 Proposed Budget.

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Exhibit RV-II
Sales Tax and Governmental Funds Revenues
Fiscal Years December 31, 2012 to 2023

FY Ending Dec 31:	Governmental Funds Revenue ^{(1) (2)}	Sales Tax	% Sales Tax to Governmental Funds Revenues
2012 (Audited)	\$331,413,243	\$103,582,388	31.25
2013 (Audited)	320,075,100	102,010,008	31.87
2014 (Audited)	302,308,918	104,667,661	34.62
2015 (Audited)	304,622,847	107,996,028	35.45
2016 (Audited)	322,984,842	112,184,274	34.73
2017 (Audited)	306,900,518	115,339,913	37.58
2018 (Audited)	318,337,385	120,322,069	37.80
2019 (Audited)	321,415,067	127,215,937	39.58
2020 (Audited)	321,945,417	127,306,183	39.54
2021 (Audited)	387,429,155	154,916,412	39.99
2022 (Amended Budget) ^{(3) (4)}	363,431,921	143,000,000	39.35
2023 (Proposed Budget) ^{(3) (4)}	374,912,498	167,000,000	44.54

- (1) Audited 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 \$5.9 million in 2022 and \$3.6 million in 2023.

Source: The audited financial statements for 2012 through 2021, the 2022 Amended Budget and the 2023 Proposed Budget of the County. The summary itself is not audited.

On average, over the period 2012 through 2021, actual sales tax has historically accounted for more than 36.2% of County revenue in the Governmental Funds. For 2023, the proposed amount of sales tax equates to 44.54% 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 2017 through 2021, inclusive. The results were utilized to evaluate a trend of accuracy relating to budgetary forecast.

Exhibit RV-III
Sales Taxes – Budgetary Variance Analysis
Fiscal Years December 31, 2016 to 2021

Fiscal Year	(Final) Adopted Budget	Actual Results	Positive (Negative) Variance
2021	\$125,559,288	\$154,871,457	\$29,357,412
2020	128,561,423	127,306,183	(1,255,240)
2019	124,935,116	127,215,937	2,280,821
2018	118,007,318	120,322,069	2,314,751
2017	112,197,331	115,339,913	3,142,582

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.** When considering current economic conditions and Federal policies of high interest rates to create 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. The negative trend indicated by the September collection should be followed up with an evaluation of the October numbers to determine if the trend may be the start of a downward spiral in sales tax collection. Because of the magnitude of the sales tax number (even a 1% reduction represents \$1.67 million in revenue) a final decision on setting the sales tax revenue projection in the 2023 Proposed Budget should be made after the October sales tax collection numbers are received. The October number (or preliminary number) should be available prior to the final budget hearing on November 15th and well before the scheduled adoption on December 5th.*

As noted in Exhibit RV-I, 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.

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 21.37% of the County's Governmental Funds revenue for the fiscal year ended December 31, 2021 (the most recent audited fiscal year). 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.

Exhibit RV-IV 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, 2012 through

2021, the amount included in the 2022 Adopted Budget and the amount in the County Executive's 2023 Proposed Budget.

Exhibit RV-IV
Real Property Taxes and Governmental Funds Revenues
Fiscal Years December 31, 2012 to 2023

FY Ending Dec 31:	Governmental Funds Revenue ^{(1) (2)}	Real Property Taxes	Other Real Property Tax Items	% RP Taxes & Tax Items to Governmental Funds Revenues
2012 (Audited)	\$331,413,243	\$78,922,796	\$5,834,255	25.57%
2013 (Audited)	320,075,100	76,543,789	5,472,943	25.62
2014 (Audited)	302,308,918	76,324,942	6,333,802	27.34
2015 (Audited)	304,622,847	76,834,769	5,877,276	27.15
2016 (Audited)	322,984,842	75,151,112	6,048,264	25.14
2017 (Audited)	306,900,518	74,977,057	5,282,724	26.15
2018 (Audited)	318,337,385	75,082,199	5,624,634	25.35
2019 (Audited)	321,415,067	72,067,714	5,078,862	24.00
2020 (Audited)	321,945,417	72,026,254	4,957,180	23.91
2021 (Audited)	387,429,155	77,224,271	5,585,357	21.37
2022 (Adopted Budget) ^{(3) (4)}	363,431,921	75,317,758	5,794,000	22.32
2023 (Proposed Budget) ^{(3) (4)}	374,912,498	73,028,225	5,619,000	20.98

- (1) Audited 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 \$5.9 million in 2022 and \$3.6 million in 2023.

Source: The audited financial statements for 2012 through 2021, the 2022 Amended Budget and the 2023 Proposed Budget of the County. The summary itself is not audited.

Real property taxes accounts for 20.77% of governmental revenues in the 2023 Proposed Budget, which is generally consistent 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.

Exhibit RV-V sets forth the percent change of real property tax reported in the 2020 for Mid-Hudson counties on a per-capita basis.

Exhibit RV-V
BASED ON 2020 DATA
Revenue Benchmark Analysis – Real Property Taxes

County	Rank	2020 Real Property Taxes Per Capita
Sullivan	1	\$813
Westchester	2	715
Rockland	3	491
Putnam	4	487
<i>Ulster</i>	5	396
Dutchess	6	361
Orange	7	321

- (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 5th highest per capita rate of the Mid-Hudson counties for 2020, the most recent year for which such information is available.

CMA Finding- Real Property Tax Levy. *The proposed property tax levy for 2023 includes a 3% reduction compared to the prior year.*

In a typical budget year, it would be customary for a municipal jurisdiction to increase the levy, likely up to the 2% cap (inclusive of applicable deductions and exclusions). However, the levy must be carefully balanced against the tax base's ability to pay, otherwise risk becomes inherently built into the 2023 budget. If the burden on local taxpayers becomes too great, uncollected payments to towns and school districts could conceivably increase. Raising taxes at the County level may exacerbate these effects. For these reasons, and based on the benchmark analysis, CMA finds a levy below the 2% tax cap to be both conservative and appropriate for 2023.

STATE AID

The County derives a major portion of its Governmental Funds revenue from State aid. State aid accounted for approximately 14.06% of the County's Governmental Funds revenue for the fiscal year ended December 31, 2021 (the most recent audited fiscal year).

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

Exhibit RV-VI 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, 2012 through 2021, the amount included in the 2022 Adopted Budget and the amount in the County Executive's 2023 Proposed Budget.

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Exhibit RV-VI
State Aid and Governmental Funds Revenues
Fiscal Years December 31, 2012 to 2023

FY Ending Dec 31:	Governmental Funds Revenue ^{(1) (2)}	State Aid	% State Aid to Governmental Funds Revenues
2012 (Audited)	\$331,413,243	\$44,799,731	13.52%
2013 (Audited)	320,075,100	37,183,391	11.62
2014 (Audited)	302,308,918	44,533,486	14.73
2015 (Audited)	304,622,847	44,183,793	14.50
2016 (Audited)	322,984,842	57,016,650	17.65
2017 (Audited)	306,900,518	46,228,956	15.06
2018 (Audited)	318,337,385	53,772,166	16.89
2019 (Audited)	321,415,067	53,028,515	16.50
2020 (Audited)	321,945,417	55,520,902	17.25
2021 (Audited)	387,429,155	53,824,404	13.89
2022 (Amended Budget) ^{(3) (4)}	363,431,921	50,307,888	13.84
2023 (Proposed Budget) ^{(3) (4)}	374,912,498	57,812,837	15.42

- (1) Audited 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 \$5.9 million in 2022 and \$3.6 million in 2023.

Source: The audited financial statements for 2012 through 2021, the 2022 Amended Budget and the 2023 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.

Exhibit RV-VII sets forth the percent change of State aid reported in 2020 for Mid-Hudson counties on a per-capita basis.

**Exhibit RV-VII
BASED ON 2020 DATA
Revenue Benchmark Analysis – State Aid**

County	Rank	2020 State Aid Per Capita
Westchester	1	\$328
Sullivan	2	314
Dutchess	3	311
<i>Ulster</i>	4	305
Rockland	5	281
Putnam	6	251
Orange	7	229

- (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 4th highest amount of the Mid-Hudson counties for 2020, the most recent year for which such information is available.

CMA Finding- State Aid. The County derives revenue through various forms of State aid. State aid in the 2023 Proposed Budget totals approximately \$57.8 million dollars, a slight increase compared to the 2022 Amended Budget of \$56.1 million. The projection of State aid in the 2023 Proposed Budget was deemed appropriate.

FEDERAL AID

The County derives a major portion of its Governmental Funds revenue from Federal aid. Federal aid accounted for approximately 8.14% of the County's Governmental Funds revenue for the fiscal year ended December 31, 2021 (the most recent audited fiscal year).

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

Exhibit RV-VIII 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, 2012 through 2021, the amount included in the 2022 Adopted Budget and the amount in the County Executive's 2023 Proposed Budget.

Exhibit RV-VII
Federal Aid and Governmental Funds Revenues
Fiscal Years December 31, 2012 to 2023

FY Ending Dec 31:	Governmental Funds Revenue ^{(1) (2)}	Federal Aid	% State Aid to Governmental Funds Revenues
2012 (Audited)	\$331,413,243	\$48,566,682	14.65%
2013 (Audited)	320,075,100	40,530,616	12.66
2014 (Audited)	302,308,918	37,210,280	12.31
2015 (Audited)	304,622,847	41,717,649	13.69
2016 (Audited)	322,984,842	40,776,057	12.62
2017 (Audited)	306,900,518	40,395,780	13.16
2018 (Audited)	318,337,385	37,286,906	11.71
2019 (Audited)	321,415,067	34,412,179	10.71
2020 (Audited)	321,945,417	36,405,304	11.31
2021 (Audited)	387,429,155	31,549,106	8.14
2022 (Amended Budget) ^{(3) (4)}	363,431,921	49,026,672	13.49
2023 (Proposed Budget) ^{(3) (4)}	374,912,498	37,849,210	10.10

- (1) Audited 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 \$5.9 million in 2022 and \$3.6 million in 2023.

Source: The audited financial statements for 2012 through 2021, the 2022 Amended Budget and the 2023 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.

Exhibit RV-IX sets forth the percent change of Federal aid reported in the 2020 for Mid-Hudson counties on a per-capita basis.

**Exhibit RV-IX
BASED ON 2020 DATA
Revenue Benchmark Analysis – Federal Aid**

County	Rank	2020 Federal Aid Per Capita
Westchester	1	\$455
Sullivan	2	313
Dutchess	3	228
<i>Ulster</i>	<i>4</i>	<i>200</i>
Orange	5	189
Rockland	6	161
Putnam	7	131

- (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 4th highest amount of the Mid-Hudson counties for 2020, the most recent year for which such information is available.

COVID-19 Federal Response and Related Revenue Challenges. The federal government has passed several pieces of legislation in response to the COVID-19 pandemic, including the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, and the American Rescue Plan Act of 2021, which attempt to address financial instability and liquidity issues through a variety of stimulus measures.

Stimulus Measures for Individuals and Businesses. Individual taxpayers who meet certain income limits received direct cash payments from the federal government. Unemployment rules have been changed to allow self-employed workers, independent contractors and others who would not normally qualify to receive benefits, and unemployment insurance recipients received an additional \$600 per week payment until July 31, 2020.

Businesses will benefit from various federal tax law changes, including a payroll tax credit. Air carriers and businesses critical to national security are eligible for direct loans and loan guarantees from the United States Department of the Treasury, and the Federal Reserve has received financial support for its lending programs. Smaller businesses have been incentivized to keep workers in their jobs through the Paycheck Protection Program (offering short-term loans that can be forgiven in whole or in part).

Stimulus Efforts for State and Local Governments. The CARES Act included a \$150 billion Coronavirus Relief Fund, which provides funds to states, tribal governments and local governments with populations exceeding 500,000 (local governments with smaller populations can receive monies from the amount allocated to their state). This money is intended for programs that are necessary expenditures incurred due to the public health emergency resulting from the pandemic. This money is not intended to be used to directly account for revenue shortfalls due to the COVID-19 pandemic, but it may indirectly assist with revenue shortfalls in cases where the expenses that are being covered by this fund would otherwise create a further budget shortfall.

Municipal Liquidity Facility. The Federal Reserve established its “Municipal Liquidity Facility” (“MLF”) that offers up to \$500 billion in direct federal lending to certain state and local issuers, subject to certain restrictions and limitations. Proceeds borrowed under the MLF may be used to help manage the cash flow impact of income tax deferrals resulting from an extension of income tax filing deadlines, potential reductions of tax and other revenues or increases in expenses related to or resulting from the pandemic, and requirements for the payment of principal and interest on outstanding obligations. Only counties with a population of 500,000 or more and cities with a population of 250,000 or more can participate in the program. An eligible issuer must have been rated at least BBB-/Baa3 as of April 8, 2020, by two or more national credit rating agencies. In New York State, the city of Buffalo (population 256,304), counties of Suffolk (1,476,601), Nassau (1,356,194), Westchester (967,506), Erie (918,7629 and Monroe (741,770), are the only MLF eligible issuers, other than the State itself and some of its agencies.

American Rescue Plan Act. On March 11, 2021, the Federal American Rescue Plan Act (“ARPA”) was enacted. The ARPA is a \$1.9 trillion economic stimulus bill intended to contain the COVID-19 pandemic and accelerate the nation's economic recovery. The ARPA provides the State with \$12.6 billion in general aid (“recovery aid”) as well as \$17.2 billion in categorical aid for schools, universities, childcare, housing and other purposes. The County received approximately \$17 million in ARPA Funds in 2021 and approximately \$17 million in additional funds in 2022.

CMA Finding- Federal Aid. As with State aid, several factors remain outside the County’s direct control, which could greatly influence and/or reduce Federal aid. Despite all of the unknowns, there have recently been large allocations of Federal aid specifically to the County. As such, the projection for Federal aid in the 2023 Proposed Budget was deemed to be appropriate. Nevertheless, the County should continue to monitor this source and seek to identify strategic opportunities to increase this form of aid. There presently exists several Federal grant programs which may be applicable to the County.

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.

Hotel or motel occupancy tax revenue accounted for approximately 0.87% of the County's Governmental Funds revenue for the fiscal year ended December 31, 2021 (the most recent audited fiscal year). In the 2023 Proposed Budget, occupancy tax receipts are increased by 9.6% from \$2,875,000 in the 2022 Amended Budget to \$3,150,000.

The rate the County charges is 2%. Unlike sales tax, occupancy tax is wholly established by the County Legislature and collected by the Commissioner of Finance.

Recessionary Impact. The online publication CHRON clearly states "During an economic recession, small businesses are often hit the hardest...typically luxury services suffer first as both business and private customers cut back on spending."

CHRON's discussion of the impact of a recession on luxury services includes travel and hospitality as effected areas.

The Journal of Hospitality and Financial Management has stated "The negative impacts of economic recession on lodging firms have been well documented." This position is supported in the literature.

Kenzie Academy of SNHU stated in a May 7, 2022 article that "the 2008 recession also negatively impacted spending on leisure and hospitality – Even major players like Disney were forced to lay off workers or significantly reduce hours."

In an article by the business website FACTY addressing what industries are impacted by recession, FACTY includes airline and travel industries as most effected. FACTY states "As employment rises and families begin to pinch pennies, traveling and vacations aren't at the forefront of many people's minds. This causes serious problems for the airline and travel sectors of the economy, who rely on sales and tourism to stay afloat."

Year-to-Date Amounts. Year to date, 2022 budget numbers show that the County has collected \$2,632,089 in hotel occupancy tax compared to its 2022 budget projection of \$2,875,000. The County should realize the remaining \$242,911 of the budgeted amount. The 2023 Proposed Budget calls for an increase to \$3,150,000 in hotel occupancy tax. Within the context of a looming recession and the historic impact recessions have on the hospitality industry based on the research, a \$275,000 increase may be too aggressive.

Trend Analysis. Exhibit RV-X, on the following page, 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, 2012 through 2021, the amount included in the 2022 Amended Budget and the amount in the County's 2023 Proposed Budget.

Exhibit RV-X
Hotel or Motel Occupancy Taxes and Governmental Funds Revenues
Fiscal Years December 31, 2012 to 2023

FY Ending Dec 31:	Governmental Funds Revenue ^{(1) (2)}	Hotel or Motel Occupancy Taxes	% Hotel or Motel Occupancy Tax to Governmental Funds Revenues
2012 (Audited)	\$331,413,243	\$1,126,428	0.34%
2013 (Audited)	320,075,100	1,187,511	0.37
2014 (Audited)	302,308,918	1,197,439	0.40
2015 (Audited)	304,622,847	1,310,887	0.43
2016 (Audited)	322,984,842	1,404,744	0.43
2017 (Audited)	306,900,518	1,530,160	0.50
2018 (Audited)	318,337,385	1,805,747	0.57
2019 (Audited)	321,415,067	2,032,778	0.63
2020 (Audited)	321,945,417	1,691,458	0.53
2021 (Audited)	387,429,155	3,357,322	0.87
2022 (Amended Budget) ^{(3) (4)}	363,431,921	2,875,000	0.79
2023 (Proposed Budget) ^{(3) (4)}	374,912,498	3,150,000	0.84

- (1) Audited 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 \$5.9 million in 2022 and \$3.6 million in 2023.

Source: The audited financial statements for 2012 through 2021, the 2022 Amended Budget and the 2023 Proposed Budget of the County. The summary itself is not audited.

***CMA Finding- Hotel or Motel Occupancy Tax Projection.** Because of the possibility of recession, higher unemployment, and high interest rates that impact credit charges, there is a certain level of expectation that the hospitality industry could be negatively impacted moving forward into 2023. CMA recommends that the County evaluate and consider 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. By doing this, the County can potentially avoid overestimating this revenue item for 2023.*

***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%.

DEPARTMENTAL REVENUES

The County derives revenues from various form of departmental fees and charges. Departmental revenue accounted for approximately 2.59% of the County’s Governmental Funds revenue for the fiscal year ended December 31, 2021 (the most recent audited fiscal year).

Exhibit RV-XI, 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, 2012 through 2021, the amount included in the 2022 Amended Budget and the amount in the County Executive’s 2023 Proposed Budget.

Exhibit RV-XI Departmental Revenues and Governmental Funds Revenues Fiscal Years December 31, 2012 to 2023

FY Ending Dec 31:	Governmental Funds Revenue ⁽¹⁾ ⁽²⁾	Departmental Revenues	% Departmental Revenues to Governmental Funds Revenues
2012 (Audited)	\$331,413,243	\$17,169,138	5.18%
2013 (Audited)	320,075,100	14,818,894	4.63
2014 (Audited)	302,308,918	10,904,121	3.61
2015 (Audited)	304,622,847	9,347,446	3.07
2016 (Audited)	322,984,842	10,386,132	3.22
2017 (Audited)	306,900,518	10,038,653	3.27
2018 (Audited)	318,337,385	9,688,696	3.04
2019 (Audited)	321,415,067	9,240,832	2.88
2020 (Audited)	321,945,417	10,030,575	3.12
2021 (Audited)	387,429,155	10,049,580	2.59
2022 (Amended Budget) ⁽³⁾ ⁽⁴⁾	363,431,921	10,579,516	2.91
2023 (Proposed Budget) ⁽³⁾ ⁽⁴⁾	374,912,498	9,882,520	2.64

- (1) Audited 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 \$5.9 million in 2022 and \$3.6 million in 2023.

Source: The audited financial statements for 2012 through 2021, the 2022 Amended Budget and the 2023 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 Exhibit RV-XII.

Exhibit RV-XII
Departmental Revenues – Larger Revenue Line Comparison

Line	2022 Budget	2023 Proposed
Clerk Fees - Recording	\$1,800,000	\$1,800,000
Clerk Fees - Vehicle	850,000	850,000
Pub. Works - Auto Use Tax	1,200,000	1,200,000
Emergency Tel. System Surcharge	805,000	810,000
Sheriff Fees	240,000	240,000
Federal Aide Public Safety	201,450	203,439
State Aide Court Facility	197,000	197,000
Community College Tuition	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 2023, as illustrated in Exhibit RV-XII.

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 a looming recession, there exist significant and unknown factors outside the direct control of the County which could (severely and significant) impact key revenue sources. As a result, it is inevitable that a certain level of revenue risk will exist in the 2023 Proposed Budget. To limit the risk of developing a structurally imbalanced budget, revenues should be kept as conservative as possible.

SECTION V EXPENDITURES

EXPENDITURE INTRODUCTION

The Proposed Budget of the County for the fiscal year ending December 31, 2023 includes total expenses of \$378.6 million. These expenditures are proposed to be offset with \$374.9 million in revenues and approximately \$3.6 million in fund balance.

Economic Conditions. As is the case for budgeting revenues, the current and predicted economic conditions must also be considered when budgeting 2023 expenses. In particular, items that are directly impacted by the current level of inflation being experienced, and for which the Fed is implementing policies that raise interest rates and increase unemployment (with the probability of recession) must be budgeted appropriately. These items include gasoline, electricity, materials and supplies. CMA reviewed departmental expense lines to assess whether the County's expenditure estimates for auto fuel, power (gas/electricity) and certain materials and supplies were developed in line with current and predicted economic conditions.

Exhibit EXP-I provides a sampling of aggregate departmental budgets that illustrate the conservative level of proposed spending for 2023.

Exhibit EXP-I Aggregate Departmental Budget Expense Comparison

Department	2022 Budget	Proposed 2023	% Difference
Commissioner of Finance	\$2,754,561	\$ 2,753,997	-0.02%
Comptroller	1,035,970	1,053,865	1.73
Purchasing	1,307,207	1,310,273	0.23
Town Clerk	4,516,315	4,628,071	2.47
Buildings and Grounds	9,547,028	10,037,217	5.13

***CMA Finding- Aggregate Departmental Spending.** Overall, departmental spending in the aggregate was found to be conservative. For example, the Commissioner of Finance total spending proposal for 2023 is the same \$2.7 million it was in 2022.*

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. Exhibit EXP-II indicates that the 2023 Proposed Budget properly accounted for auto fuel costs for the most part. The bigger auto fuel lines, like the Road Machinery line, were increased substantially in the 2023 proposed budget. Some of the smaller lines, however, were not adjusted upwards.

Exhibit EXP-II
Auto Fuel Line Comparison

Department	2022 Budget	Proposed 2023	% Difference
Clerk Admin	\$ 700	\$ 1,700	142.86%
Buildings/Grounds Admin.	32,000	45,000	40.63
Sheriff-Criminal	247,915	365,000	47.23
Road Machinery	550,000	800,000	45.45
Jail	40,800	66,000	61.76
Bus Operations	375,000	600,000	60.00
Information Services - Admin.	1,500	2,500	66.67
Central Garage	5,500	5,500	0.00
Special Investigation	1,500	1,100	-26.67
Domestic Violence Services	8,000	8,000	0.00
Tourism	1,000	1,000	0.00

CMA Finding- Departmental Fuel Spending. Overall, the 2023 Proposed Budget properly accounts for auto fuel costs.

Power. In addition to auto fuel/gasoline, power is another budget item that is impacted by current and predicted economic conditions. CMA reviewed budget lines in the 2023 Proposed Budget related to power (gas/electricity).

Exhibit EXP-III
Building Maintenance/Repair - Gas/Electricity Line Comparison

Department	2022 Budget	Proposed 2023	% Difference
Records Mgmt. Bldg.	\$70,000	\$75,000	7.14%
Veterans House Bldg.	7,500	9,000	20.00
Law Enforcement Center	450,000	505,000	12.22
South Manor Info. Center	75,000	50,000	-33.33
DPW Quarry and Substations	120,000	120,000	0.00
Mental Health Bldg.	85,000	85,000	0.00

CMA Finding- Departmental Power Spending. Exhibit EXP-III, above, indicates that these lines are budgeted in a way that indicate some lines for larger buildings are expected to see substantial increases, but other lines show no increase or actual decreases.

CMA reviewed the cleaning supply lines in the 2023 Executive Budget, focusing on the budgets for the buildings maintained by the County. For the 15 separate building budgets CMA reviewed, it was found that the cleaning supply budget lines were *reduced* for 9 of the buildings. Three were increased and three remained the same. Spending for supplies must be projected within the context of higher costs – at least for a portion of 2023 – until Fed action begins to impact the price of supplies that have already increased over the last several months.

Other supply and equipment lines appear to have been developed with current economic conditions taken into consideration. For example, in the Road Machinery budget the Stockpile line is increased from \$312,500 in 2022 to \$517,500 in 2023. This line pays for items like road materials, pipe, guard rails and signage. All items that would be expected to cost more under current and predicted economic conditions.

***CMA Findings – Expense Lines.** Overall, CMA believes the Executive Budget does take into consideration current and predicted economic conditions in budgeting expense lines. However, there are some lines for auto fuel, gas/electric, and cleaning supplies that should be reviewed to ensure that they are fully funded to meet the cost demands of higher prices that the economy has already experienced and could continue to experience moving forward into 2023. An additional review of expense lines, especially those most affected by current inflation and higher costs, is recommended.*

PERSONNEL INCREASES

As is common with most municipal jurisdictions, the services provided by the County are extremely labor intensive, and, as a result, employee wages and benefits account for a great deal of the County's annual expenditures.

The County's 2023 Executive Budget proposes an increase of 42 FTE's to "reflect the need to hire additional professional staff to address the continued increase in demand for services."

The increased demand is to be expected (and exacerbated) in the current uncertain economic climate. ABC Business News has reported the Federal Reserve actions will result in unemployment of up to 4.4% and 1.2 million unemployed people, while some are predicting even higher unemployment (see CMA's section in this report titled Current and Projected Economic Conditions Must Be Considered Page 19). Most importantly, the ABC report stated "Those job losses will disproportionately fall on some of the most vulnerable workers, including minorities and less educated employees according to economists and studies of past downturns." These effected individuals would turn to local governments, like Ulster County, for assistance in a time of recession and job losses. The County must not ignore the likelihood of increased demand for services. And it does not.

The new personnel proposed in the 2023 Proposed Budget include positions that would be able to respond to recession and job loss induced demand for services. Positions in the Office of Aging, Department of Health, Department of Social Services and Department of Emergency Services all would be able to respond to the potential increase in demand caused by economic conditions (budget document Page 9).

***CMA Finding – 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. CMA recommends 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.*

CMA Recommendation – Strategic Control of Positions and Salary Expenditures (Policy Recommendation). CMA stated that since salaries and benefits constitute a significant portion of appropriations in its budgets (including the proposed 2023 Proposed Budget), in the event of a recession, instituting a strict hiring freeze allowing only for the replacement of essential positioned employees would lessen the risk of structural financial deficits which could result if key revenues (such as sales tax) do not materialize as planned.

CMA Recommendation – Non-Union Management Positions. 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.

PURCHASE ORDERS AND ENCUMBRANCES

In CMA’s review of the 2023 Proposed Budget, it was noted that the use of purchase orders (“PO”) and encumbrances they create is an important budget monitoring tool. 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 them to be spent for. UCI Accounting and Financial Services at the University of California-Irvine explains “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 of “encumbrance accounting” or an “all PO system.”

Last year, CMA’s budget review highlighted the need to use PO’s and encumbrances more often when monitoring and administering the County’s budget. This year, in its 2023 review, CMA reviewed the use of encumbrances during 2022 when administering the 2022 adopted budget. The review was on a wide basis and attempted to develop a clear picture of overall encumbrance use. The below chart shows the extent to which encumbrances have been used through September 2022. CMA reviewed the year-to-date Budget Performance Report through September 30, 2022 to gauge encumbrance use. The review found that only 3% of all expense lines had some or all of the budget line encumbered. Of the almost 2,500 expense lines in the budget, only about 250 had some level of encumbered funds (10%).

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Purchase Order and Encumbrance Use in the Current 2022 Budget Year - Budget Performance Report - 9/30/22*

2022 Adopted Expense Budget	2022 Amended Expense Budget**	2022 Year-to- Date Encumbrances	2022 year-to-Date Transactions	Pct. of Amended Bud. Lines Encumbered	Pct. of Budget Lines with Encumbrances**
\$352,988,745	\$468,575,669	\$14,277,358	\$223,823,475	3.05%	10.00%
<p>*Source: Ulster County Report - Budget Report, Fiscal Year To Date 9/30/22 - Include Rollup Account and Rollup to Object</p> <p>** Includes amending budget lines for ARPA projects and other capital projects; and of the approximate 2,500 expense lines about 250 have encumbrances</p>					

***CMA Finding – Purchase Orders and Encumbrances.** 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 to 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 2022 and moving forward in administering the 2023 County budget, especially in a period of uncertain economic conditions*

STATUS OF COLLECTIVE BARGAINING AGREEMENTS

As of October 14, 2022, the County had 1,246 full-time employees and approximately 104 part-time employees as.

Each of the five collective bargaining organizations representing County employees are highlighted in Exhibit EXP-IV:

Exhibit EXP-IV **County Employees and Collective Bargaining Organizations**

Collective Bargaining Organization	Full-Time Employees	Part-Time Employees	Contract Expiration
Civil Service Employee’s Association	749	63	December 31, 2024
Ulster County Sheriff’s Association	139	14	December 31, 2024
Police Benevolent Association	60	26	December 31, 2024
Ulster County Staff Association	44	1	December 31, 2024
Superior Officers’ Unit	5	0	December 31, 2024

Source: County officials.

WORKERS COMPENSATION CONSIDERATIONS

A new bill, which passed the New York State Senate and Assembly, and is awaiting Governor Hochul's signature, would amend current workers' compensation laws by increasing workers compensation for milder injuries and make it easier for injured workers to seek additional benefits during their recovery.

If signed into law, a worker who is partially disabled due to a workplace injury will receive the full benefit awarded employees with a total disability throughout their recovery unless the employer can provide suitable, light-duty work. Workers injured to total disability traditionally get two-thirds of their average weekly wage for a set amount of time. The benefit is often reduced before an employee is cleared to return to work to a percentage of the original benefit depending on the severity of the injury.

If signed, the new law would increase the County's workers' compensation expenditures, potentially significantly, and likely result in additional legal costs due to additional litigation efforts.

***CMA Finding – Workers Compensation.** As a result of pending State legislation, workers' compensation should be monitored closely and, if the bill is signed before the adoption of the Budget, should be amended accordingly.*

USE OF CONTINGENCY

Designated contingency is an important part of all municipal budgets. Contingency represents a budgeted amount that can be used in case of unforeseen expenses and costs because it is not designated for any specific purpose. It is a budgeted rainy-day commitment of funding.

As described earlier, the economic forecast is very uncertain as we move into 2023. High inflation, possible recession, rising unemployment, potential shortfalls in non-property tax revenues, increased demand for public assistance, and even possible cutbacks in State and Federal Aid are all potential occurrences to be aware of when budgeting.

The 2023 Executive Budget contains \$300,000 for contingency spending. This represents far, far less than 1% of the \$378.5 million 2023 Executive Budget.

***CMA Finding – Use of Contingency.** 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. CMA recommends that the County consider increasing the contingency line.*

***CMA Finding – Overall Contingency Planning.** 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.

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. Exhibit EXP-V provides a per capita classification of general government support expenditures for each of the Mid-Hudson counties.

**Exhibit EXP-V
BASED ON 2020 DATA
Expenditure Benchmark Analysis – General Government Support**

County	Rank	2020 Per Capita Est. Spending
Orange	1	\$690
Westchester	2	606
Dutchess	3	385
<i>Ulster</i>	4	385
Sullivan	5	383
Putnam	6	279
Rockland	7	223

- (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 2020, 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. Exhibit EXP-VI provides a per capita classification of public safety expenditures for each of the Mid-Hudson counties.

**Exhibit EXP-VI
BASED ON 2020 DATA
Expenditure Benchmark Analysis – Public Safety**

County	Rank	2020 Per Capita Est. Spending
Putnam	1	\$299
Sullivan	2	287
Westchester	3	237
Dutchess	4	214
<i>Ulster</i>	5	201
Orange	6	194
Rockland	7	182

- (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 fifth highest expenditures on a per capita basis of the Mid-Hudson counties for 2020, 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. Exhibit EXP-VII provides a per capita classification of public health expenditures for each of the Mid-Hudson counties.

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Exhibit EXP-VII
BASED ON 2020 DATA
Expenditure Benchmark Analysis – Public Health

County	Rank	2020 Per Capita Est. Spending
Sullivan	1	\$409
Dutchess	2	202
Orange	3	192
Rockland	4	135
Putnam	5	109
<i>Ulster</i>	6	83
Westchester	7	50

- (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 \$83 per capita, the County posted the 6th lowest expenditure of the Mid-Hudson counties for 2020, 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. Exhibit EXP-VIII provides a per capita classification of transportation expenditures for each of the Mid-Hudson counties.

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**Exhibit EXP-VIII
BASED ON 2020 DATA
Expenditure Benchmark Analysis – Transportation**

County	Rank	2020 Per Capita Est. Spending
Dutchess	1	\$134
Orange	2	51
Putnam	3	154
Rockland	4	156
Sullivan	5	275
<i>Ulster</i>	6	128
Westchester	7	307

- (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 6th 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. Exhibit EXP-IX provides a per capita classification of cultural and recreational expenditures for each of the Mid-Hudson counties.

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Exhibit EXP-IX
BASED ON 2020 DATA
Expenditure Benchmark Analysis – Cultural and Recreational

County	Rank	2020 Per Capita Est. Spending
Westchester	1	\$92
Putnam	2	49
Dutchess	3	38
Sullivan	4	28
Orange	5	22
<i>Ulster</i>	6	6
Rockland	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 \$6 per capita, the County posted the 2nd lowest expenditure of the Mid-Hudson counties for 2020, 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. Exhibit EXP-X provides a per capita classification of community services expenditures for each of the Mid-Hudson counties.

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Exhibit EXP-X
BASED ON 2020 DATA
Expenditure Benchmark Analysis – Community Services

County	Rank	2020 Per Capita Est. Spending
Putnam	1	\$55
Dutchess	2	36
Rockland	3	32
<i>Ulster</i>	4	23
Orange	5	20
Sullivan	6	12
Westchester	7	7

- (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 \$23 per capita, the County posted the 4th highest expenditure of the Mid-Hudson counties for 2020, 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 result of a pending recession, there exists 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 2023. Doing so will greatly assist the County in its ability to reduce the risk of developing long-term structurally imbalanced finances.

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 in Exhibit BV-I.

Exhibit BV-I Trend of Revenue Variance Analysis

Revenue	2017	2018	2019	2020	2021
Taxes					
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)
TOTALS	\$(2,803,368)	\$1,979,746	\$(8,542,153)	\$(12,091,374)	\$20,348,139

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

SECTION VII

FUND BALANCE

FUND BALANCE BEST PRACTICES

The Government Finance Officers Association (“GFOA”) has very lengthy guidelines and best practices relative to fund balance in the General Fund. As a minimum, the GFOA best practice recommends municipal jurisdictions “regardless of size, maintain an unrestricted budgetary fund balance in their General Fund which consists of no less than two months of regular General Fund operating revenues or regular General Fund operating expenditures.” Furthermore, the best practice indicates a government’s particular situation often may require a level of unrestricted fund balance in the General Fund significantly in excess of this recommended minimum level.”

GFOA guidelines are very demanding with respect to fund balance and the need for very ample fund balance levels as a tenant of strong municipal financial management.

Prior Recommendation. CMA’s analysis of the County’s 2021 budget found that the County’s Fund Balance Policy had last been revised in 2013 and needed to be re-evaluated to address the budgetary appropriation of fund balance during challenging economic times, such as the impact of the COVID-19 pandemic. CMA opined that during these times, sound liquidity management tools and fund balance policies become even more critical to ensure long-term success. As a tool, together with strategic, long-term financial planning, fund balance policy adjustments can be utilized to outline what the County determines to be the most strategic method for accumulation of fund balance, the correct level of fund balance, and the timing and proper time for utilizing and replenishing fund balance.

A second recommendation relating to the adoption of more conservative fund balance guidelines that ensure ample reserves and maximum liquidity was included as part of CMA’s review of the 2022 Proposed Budget.

Action Taken. To date, the County adopted a revised Fund Balance Policy in the Legislature’s Ways and Means Committee on September 14, 2021. The revised policy states “NYS law provides for the carryover of reasonable amounts of fund balance from one year to the next. Reasonable amount determinations include factors such as providing adequate cash flow to cover one month of expenditures thereby providing the liquidity necessary to accommodate the County’s uneven cash flow which is inherent in its periodic tax collection as well as reliance on federal and state aid reimbursements. The generally accepted operating unassigned fund balance is 5%-10% of current General Fund operating expenditures. The County will strive to maintain an *unassigned* fund balance in this range at all times...Any unassigned fund balance above or below the minimum should be remedied within the succeeding year.”

During 2022, CMA understands the Fund Balance Policy was further reviewed on a number of occasions. Nevertheless, despite various revisions, the policy only focuses on only on unassigned fund balance and does not include guidelines relative to unrestricted funds.

CMA Finding – Fund Balance Policy. *Despite recent revisions to the County’s Fund Balance Policy, the document lacks guidelines relating to unrestricted funds. The adoption of a policy that include both unassigned and unrestricted fund balance guidelines is recommended.*

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.”

Surplus Funds and Tax Stabilization Reserves. The first role of the Legislature is the adoption of the budget. Please see a below reference to the County Charter:

"The County Legislature shall be the legislative, appropriating and policy-determining body of the County and, as such, shall have and exercise all powers and duties now or hereafter conferred upon it by applicable law and any and all powers necessarily implied or incidental thereto, including but not limited to the power:

- a) To make appropriations, levy taxes, incur indebtedness and adopt a budget, including a capital program;" (<https://ecode360.com/9670124#9670124>)*

With large surpluses in 2022, CMA believes it would be appropriate for the County to utilize the Tax Stabilization Reserve, particularly in light of the forecasted economic conditions for 2023 to mitigate various risks associated with volatile revenue sources. Benefits and requirements of a tax stabilization reserve fund include:

- 1) Legislative oversight and control
- 2) A super majority vote
- 3) Increased fiscal transparency, which may be viewed favorably by credit rating agencies
- 4) More difficult to target during labor negotiations with unions

Additional details relating to tax stabilization reserve fund may be located on New York State General Municipal Law Section 6e. As noted, a legal opinion may be needed.

CMA Finding – Strategic Use of Tax Stabilization Reserve. *In light of the forecasted economic turbulence, the large surplus funds would be best suited for deposit into the tax stabilization reserve. This will assist the County to hedge against volatility in its primary source of revenue, sales tax, which by all accounts will be impacted during 2023. This is the approach the other counties in New York State have taken.*

2023 APPROPRIATED FUND BALANCE

As noted in the 2023 Proposed Budget message, the budget was balanced with the use of \$3,660,918 in fund balance.

Exhibit FB-I provide a tabular summary appropriated fund balance and reserves in the Proposed 2023 Budget.

Exhibit FB-I **2023 Proposed Budget Appropriations of Fund Balance and Reserves (Table)**

APPROPRIATED FUND BALANCE		
County Fund	Purpose	2023 Appropriated Amount
General Fund	Current Year Budget	\$ 3,660,918
Road Machinery Fund	Current Year Budget	-0-
County Road Fund	Current Year Budget	-0-
Debt Service Fund	Current Year Budget	-0-
TOTAL FUND BALANCE APPROPRIATIONS		\$3,660,918
APPROPRIATED RESERVES		
County Fund	Purpose	2022 Appropriated Amount
General Fund	Current Year Budget	\$ -0-
Road Machinery Fund	Current Year Budget	-0-
County Road Fund	Current Year Budget	-0-
Debt Service Fund	Current Year Budget	-0-
TOTAL RESERVE APPROPRIATIONS		\$ -0-

Source: The 2023 Proposed Budget.

GENERAL FUND TRENDS

General Fund - Historic Trend of Fund Balance Composition. During the fiscal years December 31, 2017 to 2021, *total* fund balance in the County’s General Fund had been relatively stable with a slight decline in 2019 followed by a significant increase in 2020 and 2021. 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 and 2021.

Exhibit FB-II and Exhibit FB-III provide a tabular and visual summary of the composition of fund balance in the County’s General Fund over the period December 31, 2017 through 2021, inclusive.

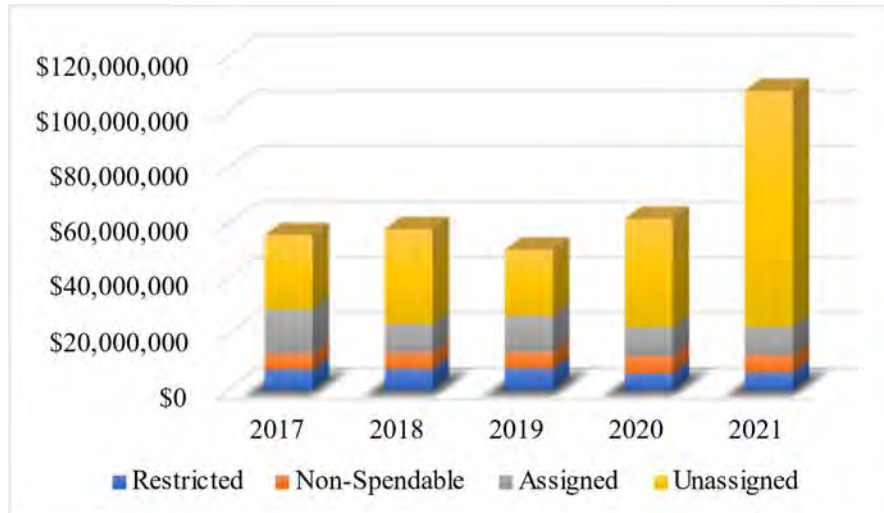
Exhibit FB-II
General Fund Composition of Fund Balance – Table
Fiscal Years Ended December 31, 2017 to 2021 (Unaudited)

GENERAL FUND					
Fiscal Year Ending December 31:	2017	2018	2019	2020	2021
Fund Equity:					
Restricted ⁽¹⁾	\$7,271,880	\$7,558,995	\$7,638,388	\$5,960,979	\$6,323,500
Non-Spendable ⁽²⁾	5,942,611	5,910,604	6,051,109	6,274,068	6,380,660
Assigned ⁽³⁾	15,584,890	10,066,374	12,819,744	10,291,186	9,984,524
Unassigned ⁽⁴⁾	<u>27,001,859</u>	<u>34,454,035</u>	<u>24,053,917</u>	<u>39,168,114</u>	<u>84,845,763</u>
TOTALS	\$55,801,240	\$57,990,008	\$50,563,158	\$61,694,347	\$107,524,447

- (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.
- (2) *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.
- (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.

Exhibit FB-IV
GENERAL FUND
Composition of Fund Balance – Chart
Fiscal Years Ended December 31, 2017 to 2021 (Unaudited)



Source: The Office of the New York State Comptroller.

General Fund - Budgetary Appropriation of Fund Balance. During the fiscal years December 31, 2018 to 2022, inclusive, the appropriation of fund balance in the annual budget decreased significantly from approximately \$12.2 million to \$3.6 million. There are no budgeted reserves included in the summary tables for the 2023 Proposed Budget.

Exhibit FB-IV and Exhibit FB-V provide a tabular and visual summary of fund balance and reserve appropriations in the adopted General Fund budgets of the County for the fiscal years 2018 to 2022 and as proposed for the 2023 fiscal year.

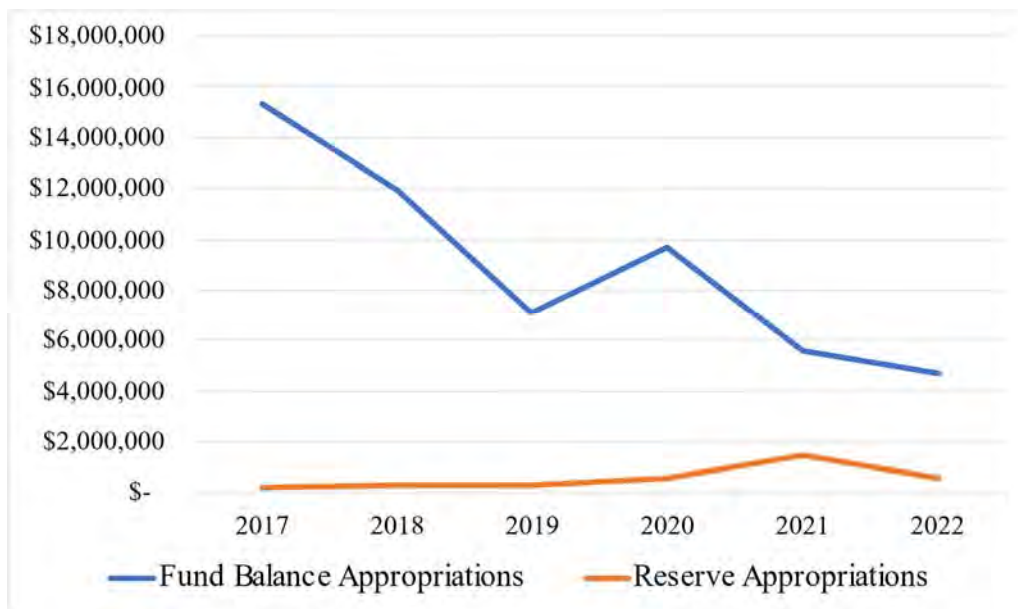
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Exhibit FB-IV
Budgetary Appropriation of Fund Balance and Reserves - Table
Fiscal Years Ended December 31, 2018 to 2023

GENERAL FUND			
Year Ending December 31:	Fund Balance Appropriation	Reserve Appropriation	TOTAL (Fund Balance & Reserves)
2018 (Adopted)	\$11,946,784	\$262,495	\$12,209,279
2019 (Adopted)	7,082,711	277,850	7,360,561
2020 (Adopted)	9,717,742	578,735	10,296,477
2021 (Adopted)	5,605,782	1,458,185	7,063,967
2022 (Amended)	5,926,256	574,084	5,288,822
2023 (Proposed)	3,660,918	-0-	3,660,918

Source: The adopted and proposed budgets of the County.

Exhibit FB-V
GENERAL FUND
Budgetary Appropriation of Fund Balance and Reserves - Chart
Fiscal Years Ended December 31, 2018 to 2023 (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 128.2%, from \$115,573 to \$263,775 between 2017 and 2021.

Exhibit FB-VI and Exhibit FB-VII provide a tabular and visual summary of the composition of fund balance in the County's Community Development Fund over the period December 31, 2017 through 2021, inclusive.

Exhibit FB-VI
Community Development Fund Composition of Fund Balance – Table
Fiscal Years Ended December 31, 2017 to 2021 (Unaudited)

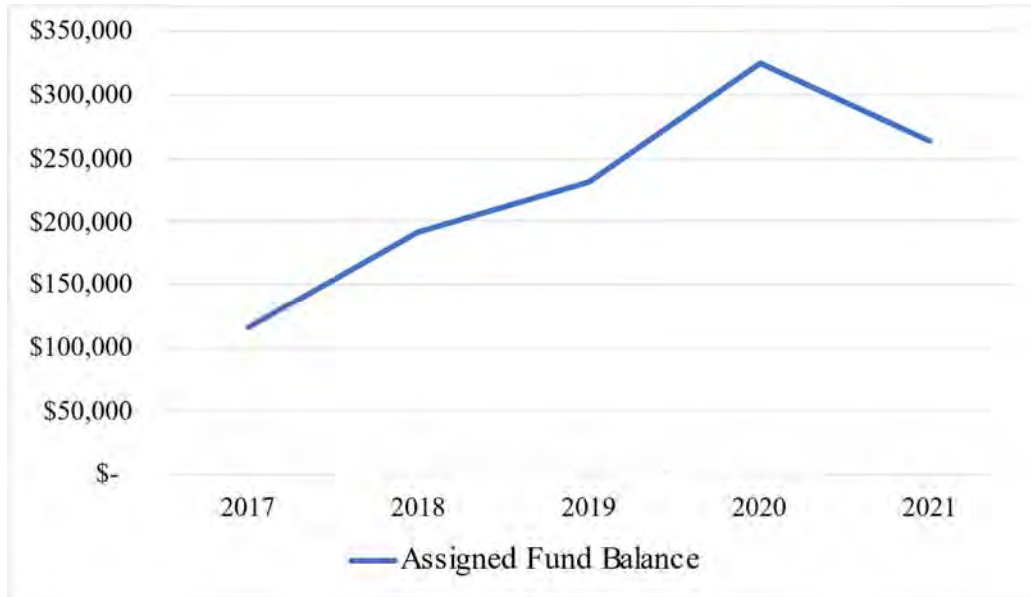
COMMUNITY DEVELOPMENT FUND					
Fiscal Year Ending December 31:	2017	2018	2019	2020	2021
Fund Equity:					
Assigned	\$115,573	\$191,099	\$231,794	\$324,437	\$263,775
TOTALS	\$115,573	\$191,099	\$231,794	\$324,437	\$263,775

- (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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Exhibit FB-VII
COMMUNITY DEVELOPMENT FUND
Composition of Fund Balance – Chart
Fiscal Years Ended December 31, 2017 to 2021 (Unaudited)



Source: The Office of the New York State Comptroller.

Community Development Fund - Budgetary Appropriation of Fund Balance. During the fiscal years December 31, 2017 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, 2017 to 2021, fund balance in the County Road Fund increased from approximately \$2.0 million to \$2.4 million. Fund balance in the County Road Fund is classified as assigned, meaning the amounts can only be utilized for intended purposes.

Exhibit FB-VIII and Exhibit FB-IX provide a tabular and visual summary of the composition of fund balance in the County's County Road Fund over the period December 31, 2017 through 2021, inclusive.

Exhibit FB-VIII
County Road Fund Composition of Fund Balance – Table
Fiscal Years Ended December 31, 2017 to 2021 (Unaudited)

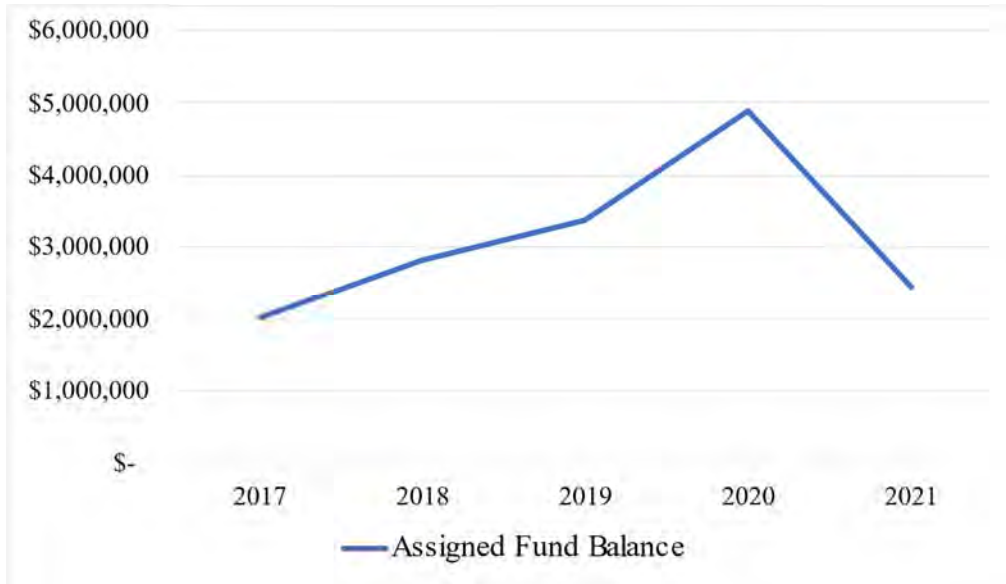
COUNTY ROAD FUND					
Fiscal Year Ending December 31:	2017	2018	2019	2020	2021
Fund Equity:					
Assigned ⁽¹⁾	<u>\$2,031,459</u>	<u>\$2,824,502</u>	<u>\$3,371,969</u>	<u>\$4,882,430</u>	<u>\$2,440,442</u>
TOTALS	\$2,031,459	\$2,824,502	\$3,371,969	\$4,882,430	\$2,440,442

- (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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Exhibit FB-IX
COUNTY ROAD FUND
Composition of Fund Balance – Chart
Fiscal Years Ended December 31, 2017 to 2021 (Unaudited)



Source: The Office of the New York State Comptroller.

County Road 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 County Road Fund increased significantly from approximately \$0.3 million in 2016 (adopted) to \$2.3 million in 2021 (proposed). However, the 2023 Proposed Budget did not include an appropriation of fund balance in the County Road Fund.

Exhibit FB-X and Exhibit FB-XI provide a tabular and visual summary of fund balance appropriations in the adopted County Road Fund budgets of the County for the fiscal years 2018 to 2022 and as proposed for the 2023 fiscal year.

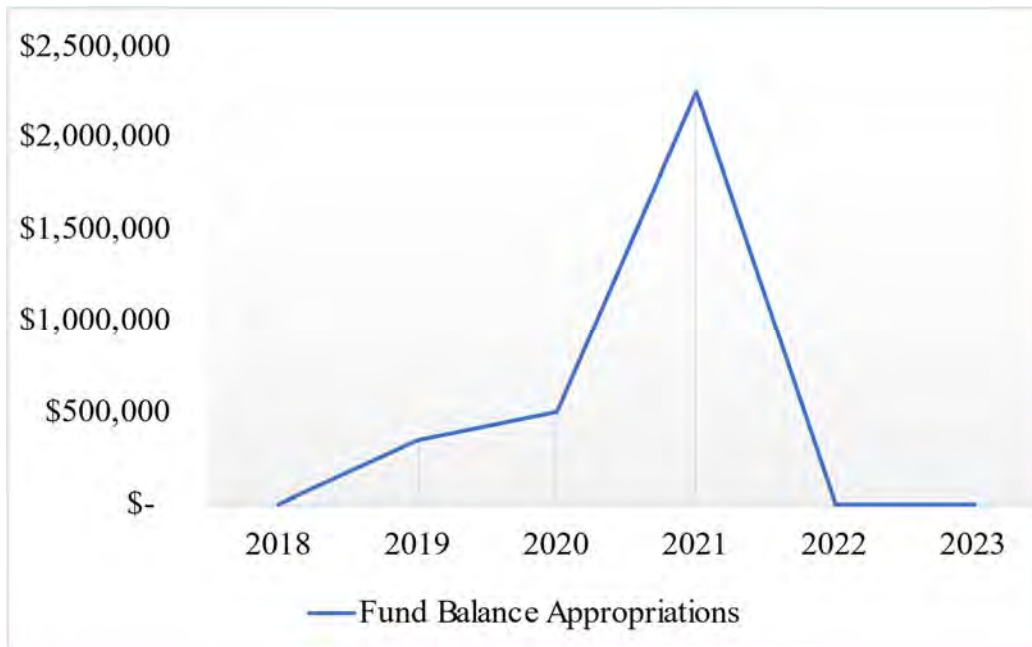
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Exhibit FB-XI
Budgetary Appropriation of Fund Balance - Table
Fiscal Years December 31, 2018 to 2023

COUNTY ROAD FUND	
Year Ending December 31:	Fund Balance Budget Appropriation
2018 (Adopted)	\$ -0-
2019 (Adopted)	350,000
2020 (Adopted)	504,864
2021 (Adopted)	2,250,000
2022 (Adopted)	-0-
2023 (Proposed)	-0-

Source: The adopted and proposed budgets of the County.

Exhibit FB-XII
COUNTY ROAD FUND
Budgetary Appropriation of Fund Balance - Chart
Fiscal Years December 31, 2018 to 2023



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 2017 and 2020, increased slightly in 2020 and decreased significantly in 2021. 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, 2021, the fund balance was approximately \$0.6 million.

Exhibit FB-XII and Exhibit FB-XIII provide a tabular and visual summary of the composition of fund balance in the County's Road Machinery Fund over the period December 31, 2017 through 2021.

Exhibit FB-XII
Road Machinery Fund Composition of Fund Balance – Table
Fiscal Years Ended December 31, 2017 to 2021 (Unaudited)

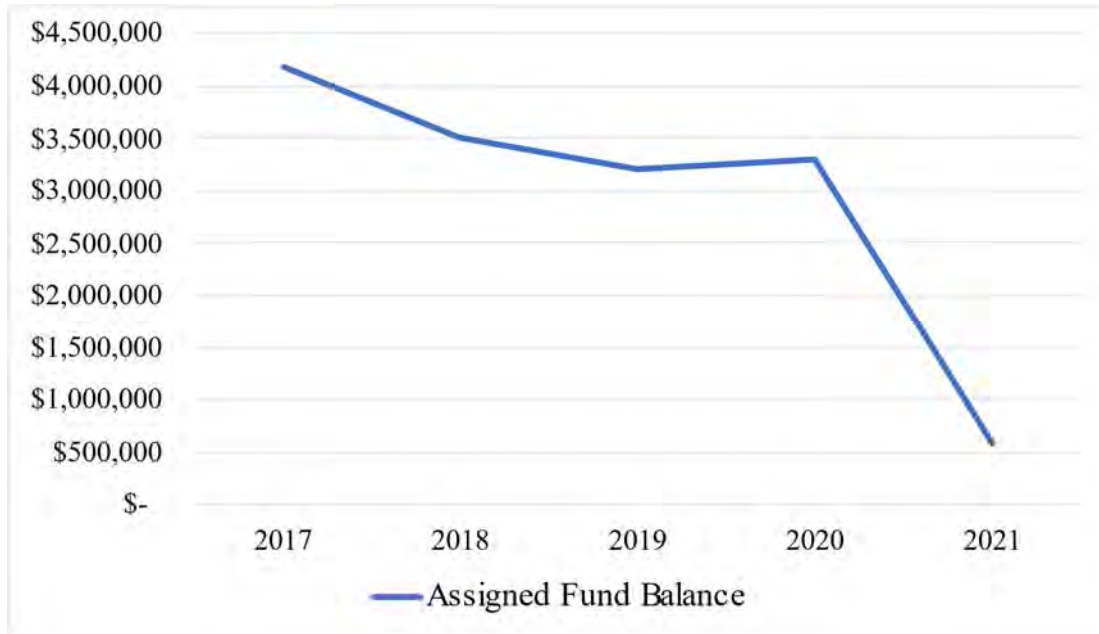
ROAD MACHINERY FUND					
Fiscal Year Ending December 31:	2017	2018	2019	2020	2021
Fund Equity:					
Assigned ⁽¹⁾	\$4,177,236	\$3,509,764	\$3,205,538	\$3,291,206	\$591,731
TOTALS	\$4,177,236	\$3,509,764	\$3,205,538	\$3,291,206	\$591,731

- (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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Exhibit FB-XIII
ROAD MACHINERY FUND
Composition of Fund Balance – Chart
Fiscal Years Ended December 31, 2017 to 2021 (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 2023, the appropriation of fund balance varied greatly. The 2023 proposed Budget did not include an appropriation in the Road Machinery Fund.

Exhibit FB-XIV and Exhibit FB-XV provide a tabular and visual summary of fund balance appropriations in the adopted Road Machinery Fund budgets of the County for the fiscal years 2018 to 2023, inclusive, and as proposed for the 2023 fiscal year.

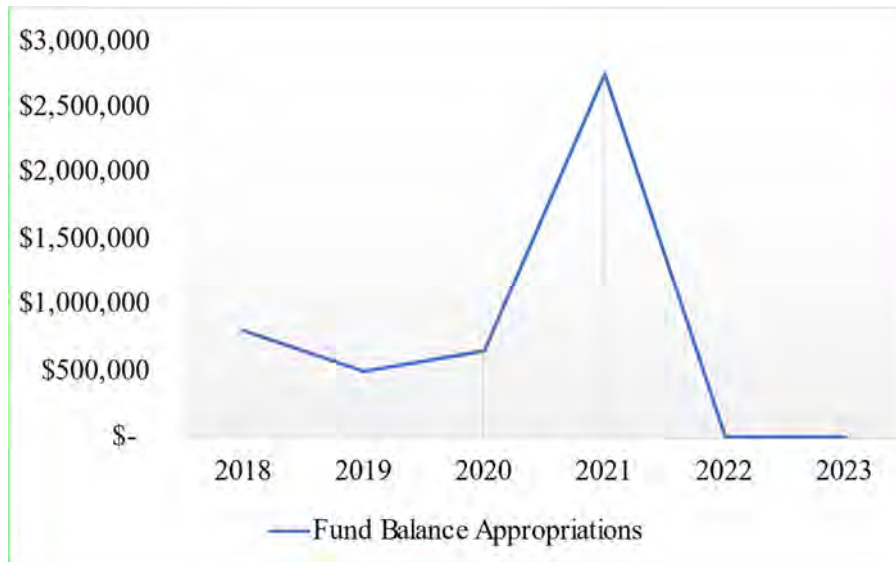
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Exhibit FB-XIV
Budgetary Appropriation of Fund Balance - Table
Fiscal Years December 31, 2018 to 2023

ROAD MACHINERY FUND	
Year Ending December 31:	Fund Balance Budget Appropriation
2018 (Adopted)	\$ 800,000
2019 (Adopted)	500,000
2020 (Adopted)	650,000
2021 (Adopted)	2,750,000
2022 (Adopted)	-0-
2023 (Proposed)	-0-

Source: The adopted and proposed budgets of the County.

Exhibit FB-XV
ROAD MACHINERY FUND
Budgetary Appropriation of Fund Balance - Chart
Fiscal Years December 31, 2018 to 2023



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, 2021 was reported as \$2.4 million. Fund balance in the Debt Service Fund is restricted, meaning it is subject to enforceable legal restrictions.

Exhibit FB-XVI and Exhibit FB-XVII provide a tabular and visual summary of the composition of fund balance in the County's Debt Service Fund over the period December 31, 2017 through 2021.

Exhibit FB-XVI
Debt Service Fund Composition of Fund Balance – Table
Fiscal Years Ended December 31, 2017 to 2021 (Unaudited)

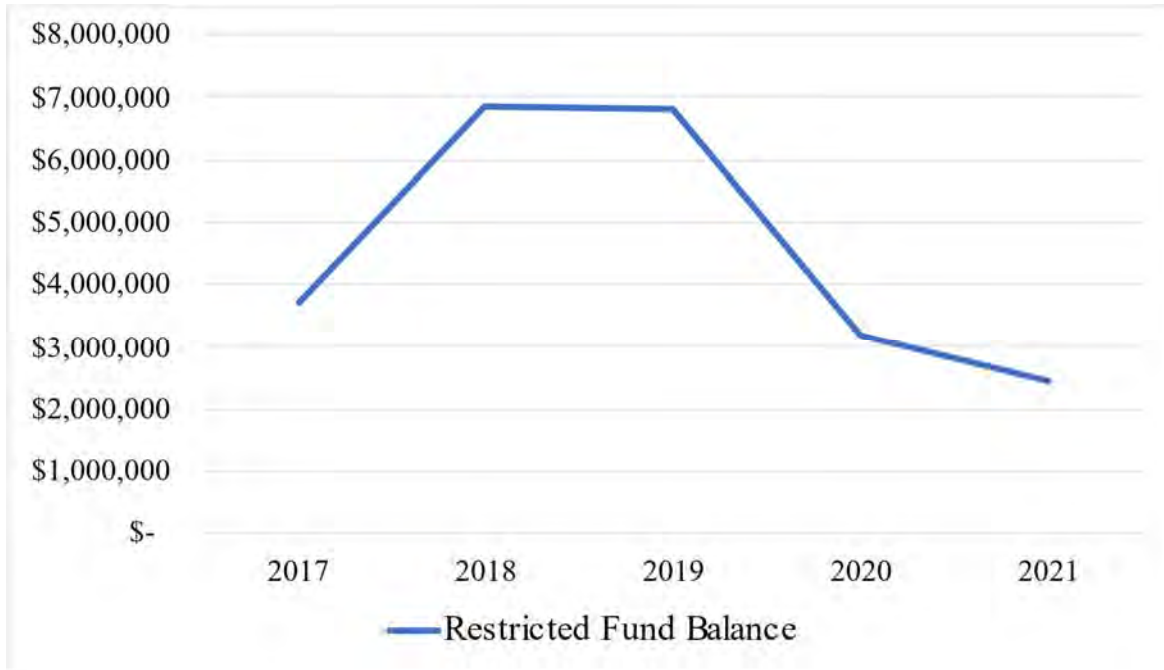
DEBT SERVICE FUND					
Fiscal Year Ending December 31:	2017	2018	2019	2020	2021
Fund Equity:					
Restricted ⁽¹⁾	<u>\$3,732,708</u>	<u>\$6,864,652</u>	<u>\$6,801,448</u>	<u>\$3,182,748</u>	<u>\$2,422,627</u>
TOTALS	\$3,732,708	\$6,864,652	\$6,801,448	\$3,182,748	\$2,422,627

(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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Exhibit FB-XVII
DEBT SERVICE FUND
Composition of Fund Balance – Chart
Fiscal Years Ended December 31, 2017 to 2021 (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 Proposed 2023 Budget there was no appropriation of fund balance in the Debt Service Fund.

Exhibit FB-XIII and Exhibit FB-XIX provide a tabular and visual summary of fund balance appropriations in the adopted Debt Service Fund budgets of the County for the fiscal years 2018 to 2022 and as proposed for the 2023 fiscal year.

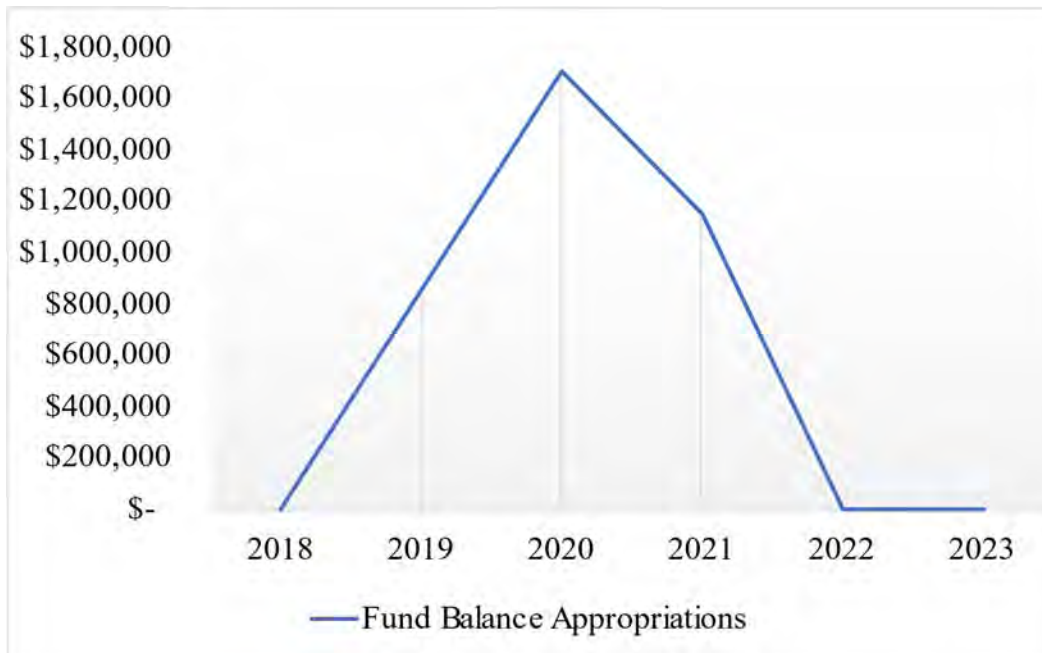
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Exhibit FB-XIII
Budgetary Appropriation of Fund Balance - Table
Fiscal Years December 31, 2018 to 2023

DEBT SERVICE FUND	
Year Ending December 31:	Fund Balance Budget Appropriation
2018 (Adopted)	\$ -0-
2019 (Adopted)	850,000
2020 (Adopted)	1,708,901
2021 (Adopted)	1,150,000
2022 (Adopted)	-0-
2023 (Proposed)	-0-

Source: The adopted and proposed budgets of the County.

Exhibit FB-XIX
DEBT SERVICE FUND
Budgetary Appropriation of Fund Balance - Chart
Fiscal Years December 31, 2018 to 2023



Source: The adopted and proposed budgets of the County.

SECTION VIII

SUMMARY OF DEBT AND CAPITAL IMPROVEMENT PLAN

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.

Exhibit DB-I below summarizes the County's outstanding debt obligations and its authorized but unissued debt:

Exhibit DB-I
Summary of Obligated and Non-Obligated Debt

	Source: 2023 Proposed Budget
Bond Anticipation Notes	\$ 36,453,925
Bonds (County)	120,537,858
Bonds (UCCC)	929,372
Authorized but Unissued Debt	135,427,210
TOTAL	\$293,348,365

- (1) Calculation as of September 30, 2022.
(2) Obligated or in process of being obligated.

Source: The 2023 Proposed Budget.

***CMA Finding – Debt Management Policy.** In the 2023 Proposed Budget, the sum total of long-term bond debt, short-term note debt and the authorized but unissued debt, is \$293,348,635. The amount of debt outstanding is considered manageable and not excessive. Nevertheless, County officials indicated the County lacks a formalized debt management policy, although CMA understands a policy may be in the process of being drafted. Sound debt and transparent debt management practices will be critical to ensuring the long-term financial success of the County. The development and adoption of debt management policy is recommended. The magnitude of debt and potential debt obligations should be managed and controlled within the context of the budget process. In addition, this reflects a prior recommendation by CMA during its review of the 2021 and 2022 Proposed Budgets.*

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.

Exhibit DB-II sets forth the debt-contracting limitation of the County as of October 25, 2022.

Exhibit DB-II **Debt Limit**

County Tax Roll	Taxable Assessed Valuation	Equalization Rate ⁽¹⁾	Full Valuation ⁽²⁾
Average 5-Year Valuation			\$19,809,453,138
Debt Contracting Limit (7% of 5-Year Average)			\$ 1,386,661,720

(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, 2022).

OUTSTANDING INDEBTEDNESS

Exhibit DB-III sets forth a more detailed summary of the County's outstanding debt obligations, including allowable debt exclusions, as of October 25, 2022.

Exhibit DB-III **Debt Contracting Limit - As of October 25, 2022 ⁽¹⁾⁽³⁾**

	Amount Outstanding
Gross Indebtedness:	
Serial Bonds	\$ 87,050,080
Bond Anticipation Notes	36,453,925
Tax or Revenue Anticipation Notes	<u>-0-</u>
Total Gross Indebtedness:	\$123,504,005
Excludable Debt:	
Water Debt ⁽²⁾	\$ -0-
Sewer Debt ⁽¹⁾	-0-
Budgetary Appropriations	<u>9,930,080</u>
Total Debt Exclusions	\$ 9,930,080
Total Net Indebtedness ⁽¹⁾⁽³⁾	\$113,573,925

(1) Excludes lease obligations.

(2) Excludable pursuant to State law.

(3) As of the date of the review of the 2022 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 \$6.6 million.

Source: The Municipal Rule Making Board's Electronic Municipal Market Access Website (Preliminary Official Statement of the County, Dated October 25, 2022).

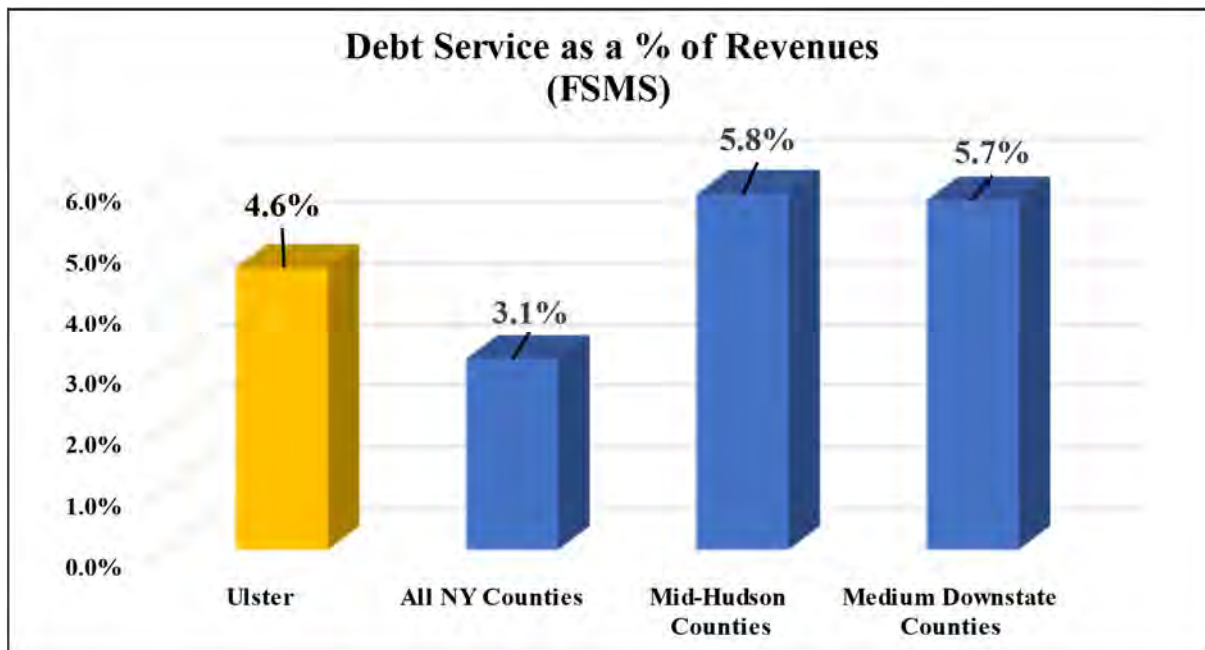
INDEBTEDNESS PEER BENCHMARK COMPARISON

FSMS – Statewide 2020 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 2021. The scores were based on 2020 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://wwel.osc.state.ny.us/localgov/fiscalmonitoring/fsms.cfm>

FSMS Benchmarks Debt Service Ratio



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

The County had higher levels of debt service as compared to all New York counties, but a comparatively lower amount compared to Mid-Hudson counties and medium Downstate 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. For 2022, the amounts authorized for tax anticipation notes and revenue anticipation notes were \$15.0 million and \$20.0 million. The County presently anticipates that resolutions for similar amounts will be presented to the Legislature for consideration in connection with the 2023 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, 2022, the County had \$36,453,925 in outstanding bond anticipation notes.

***CMA Finding – Bond Anticipation Notes Maturing in November / Serial Bonds.** The 2023 Proposed Budget indicated the outstanding bond anticipation notes of the County are scheduled to mature in November of 2022. As of the date of the review of the 2023 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 tentative sale date for the issuance is November 3, 2022 with tentative closings scheduled for November 16, 2022. Since the November 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 November of 2022.*

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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.

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. In addition, with or without a debt management policy, authorizations should be sunset after a specified period of time if not used or anticipated not to be used. In addition, 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 considered for cancellation, by resolution if appropriate. 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.

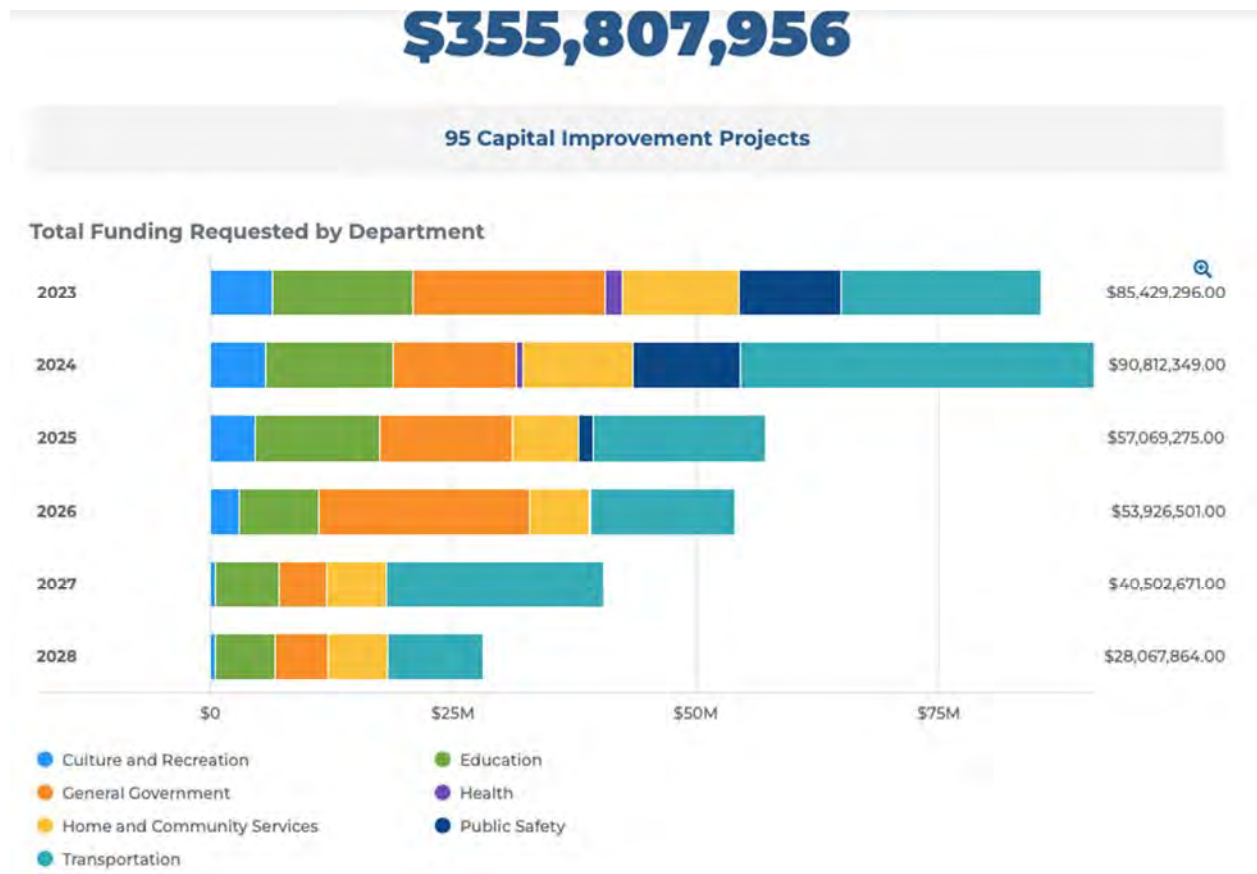
CAPITAL IMPROVEMENT PROGRAM/BUDGET

Administrative Process. 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.

CMA Finding – 2022 Proposed Capital Improvement Program. The intent of the annual budget message is to summarize and explain the main features of the County’s budget, including the Capital Improvement Process. Pursuant to the County Charter, the budget message should “outline the existing and any proposed financial policies of the County relating to the capital program, including a description of each capital improvement proposed to be undertaken in the preceding fiscal year and not yet completed.” Although separate, the Proposed 2023 Capital Improvement Program has been filed along with the Proposed Budget, the Proposed Budget message should include summaries of the Capital Improvement Program.

Capital Improvement Program Summary. The County’s Proposed Capital Improvement Program for the fiscal years 2023 through 2028, 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.

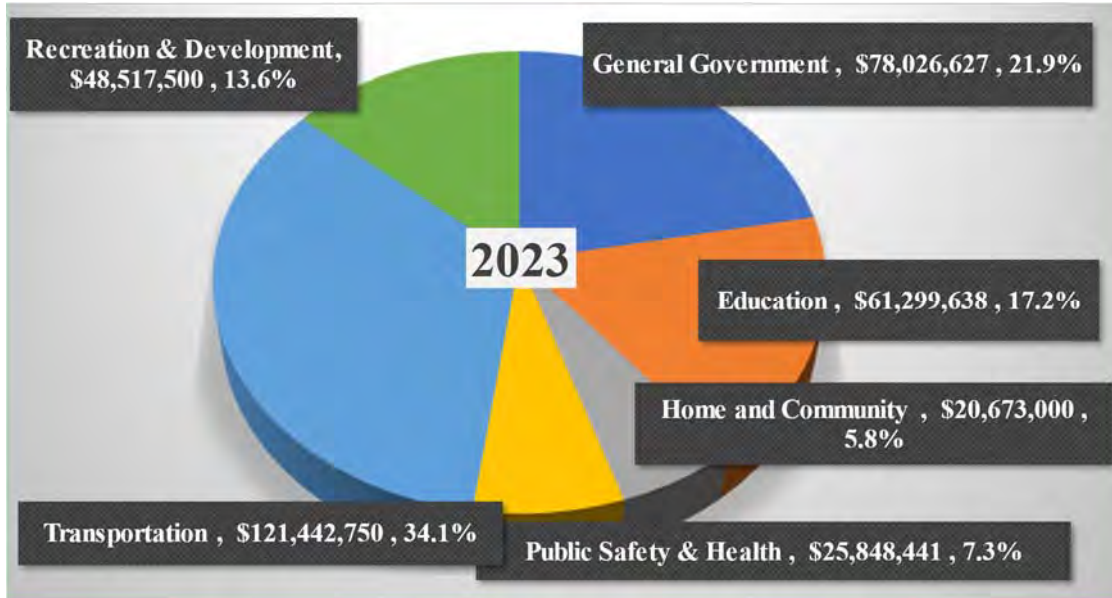
A summary of the County's Proposed Capital Improvement Program for the years 2023 through 2028 is presented below.



Source: The 2023 Capital Budget (Screen Print from Online Version)

A summary of the County's Proposed Capital Improvement Program by purpose for the years 2023 through 2028, inclusive, is presented in Exhibit DB-VI.

Exhibit DB-VI
2023 Proposed Capital Improvement Program – 2023 Through 2028
Summary of Spending Estimates by Purpose



Source: The Proposed Capital Improvement Programs of the County.

***CMA Finding – 2023 Proposed Capital Improvement Program Sources of Funding.** Similar to the 2021 and 2022 Capital Improvement Plan, although the summaries included in the front portion of the 2023 Proposed Capital Improvement Plan were found to be informative, they lacked clear descriptions of funding sources. Clear summaries of funding sources appeared to be included in the County's Adopted Capital Improvement Programs prior to 2017. Although included in the details, the summary tables of the 2022 Capital Improvement Plan should include funding sources which will enhance transparency and is recommended.*

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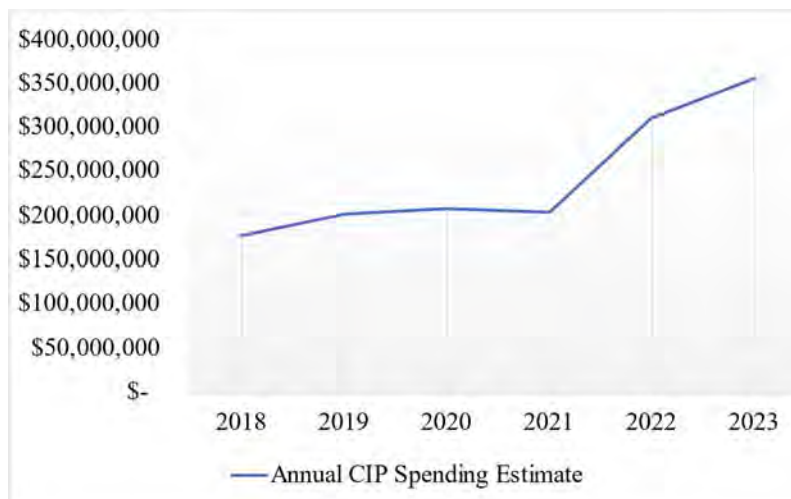
Historic Trend of Annual Capital Programs. Exhibit DB-VI and Exhibit DB-VII provide a tabular and visual summary the County’s Adopted Capital Improvement Programs for each of the (budget) years 2018 through 2022, inclusive, and the 2023 Proposed Capital Improvement Program.

Exhibit DB-VI
Historic Trend of Annual Capital Programs - Table
Budget Years 2018 to 2023

Year Ending December 31:	TOTAL Estimated Spending
2018 (Adopted)	178,192,638
2019 (Adopted)	202,078,311
2020 (Adopted)	207,752,281
2021 (Adopted)	203,704,196
2022 (Proposed)	312,164,321
2023 (Proposed)	355,807,956

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

Exhibit DB-VI
Historic Trend of Annual Capital Programs - Chart
Budget Years 2018 to 2023



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

CMA Finding – Historic Trend of Estimated Capital Improvement Program Spending. Over the period 2018 to 2023, inclusive, spending estimates in the Capital Improvement Program have been relatively stable. By comparison, the Proposed Capital Improvement Program for 2023 shows an increase of approximately 13.9% compared to 2021 and nearly 100% since 2018.

SECTION IX

EFFICIENCY STRATEGIES

This section focuses on efficiency strategies that will help to mitigate potential setbacks resulting from the economic impact of the COVID-19 pandemic. The long-term impact of the pandemic remains unclear as of the date of this Review. A particular emphasis is placed on Shared Services and Information Technology.

SHARED SERVICES

Considering the County's recent allocation of Federal aid under the ARPA program, it would be to the benefit of the County to review shared opportunities with other local jurisdictions. The impact of ARPA funds may be increased such funds are combining with peers.

Internal Opportunities – Shared Services. Although the County should certainly explore shared service opportunities with other local governments, the result of our Review shows that there may be internal opportunities to reduce redundancies and reduce costs. Of these opportunities, the development of a clerical pool may prove to be the most significant. Such a pool would assist the various County departments to meet peak workload requirements, reduce overtime and enhance revenue generation.

A major impediment to cost effective delivery of governmental services is the inability of government to reassign staff between departments to meet changing needs. This problem consists of two primary components. Foremost, employees often work in narrowly defined job titles that preclude them from performing outside tasks. Secondly, employees are limited to work in a specific department or unit. It is very difficult to transfer them between departments to meet changing workload or programmatic requirements.

External Opportunities – Shared Services. There are numerous State laws authorizing collaboration between jurisdictions. In fact, General Municipal Law Article 5-G provides wide-ranging authority for entities to investigate such activities. The types of joint projects that have been investigated are well documented by the state through its Local Government Services Division. The Division includes case studies of previous projects, information on applicable state funding to offset costs and various other resources. In addition to the Local Government Services Division, the Office of the State Comptroller and the New York State Attorney General's Office can provide technical and legal assistance as it relates to the investigation of shared services. Given the complex collective bargaining agreements and unique tax laws surrounding the County, the County should take advantage of State resources when considering functions for shared services.

CMA Finding – Exploration of External Shared Service Opportunities. The following list provides governmental functions that are commonly considered for shared service opportunities amongst local governments, which we believe could reasonably be further investigated by the County. The timing constraints of the Review do not allow for the development of a full savings

analysis relating to each of the above functions. Although CMA believes the list provides a baseline for areas to be studied, additional analysis to quantify the level of savings would be required.

Administrative Functions

- *Accounting Functions (Staff, Payroll Processing, Software)*
- *Administrative Services (Clerical Support, Data Entry, Janitorial Services)*
- *Investment Of Funds*
- *Records Management*
- *Research And Analysis*
- *Training And Education*
- *Utility Services*

Human Capital Management

- *Health Insurance*
- *Human Resources/Personnel (Employee Benefits Management)*
- *Professional Services (Engineering, Architectural, Legal Services)*

General Operations

- *Equipment Sharing*
- *Facilities Maintenance (Buildings, Grounds)*
- *Fuel Facilities – Cooperative Fuel Agreements*
- *Storage Facilities (Vehicle, Salt, Etc.)*

IT Functions

- *IT Administration And Training Through The County*
- *IT Security Management*
- *County Developed IT Applications*

Infrastructure

- *Parks Locations*
- *Park Maintenance*
- *Physical Building Sharing (Municipal Buildings)*

Public Safety Services

- *Emergency Management And Dispatch*
- *Fire Marshal Inspections And Town Building Inspections*
- *Jail Facilities, Including The Juvenile Detention Center*
- *Various Police Services*
- *Crossing Guards (If Not Defunded)*

Constituent Services

- *Senior Programs*
- *Youth Programs*

Miscellaneous Services

- *Museums (If Not Privatized)*
- *Tourism*
- *Various Roadways*

Source: New York State Division of Local Government and School Accountability.

INFORMATION TECHNOLOGY

Based on focused interviews, the Information Technology (“IT”) Department of the County was found to be well qualified and capable of developing and implementing in-house applications which would likely have a significant impact on efficiency. Despite the significant capabilities of the IT Department, many County departments are slow to implement technologies. However, since improvements are not current expenditures, but rather efficiencies that could yield prompt cost reductions, they are discussed separately in the form of efficiency cost savings strategies to counterbalance the effects staff reductions.

According to Gartner, Inc., a research and advisory firm specializing in IT services, projects optimizing technologies can effectively reduce certain costs by up to 50%. Furthermore, Forrester, Inc., another IT research and advisory firm, suggests that technology can be utilized to automate redundant workflow tasks. Automation is projected to reduce the time spent on those tasks by upwards of 60%, with an additional 20% reduction in the time taken to manage and support those tasks. These potential efficiencies are considered significant to the County for two reasons. First, considering the recommended cost reductions and hiring freeze, the County will need to find ways to do more with fewer resources and staff. By automating certain functions, it is reasonable to assume the workforce will be better able to focus its efforts, mitigating the effects of decreased staffing levels. Secondly, improved efficiency levels will likely impact, perhaps significantly, the usage of overtime.

Unlike many other local governments, the County’s IT Department possesses the skill to develop in-house applications. Alone, this will result in significant cost avoidance with respect to software purchases. However, this also would bode well for shared service considerations. Associated development and implementation costs for shared projects may benefit if spread across multiple jurisdictions. The County is well situated to lead such an initiative.

CMA Finding – Exploration of Information Technology Opportunities. *The Department of Information Technology was found to be skilled, knowledgeable and experienced during the focused interviews. The County should work closely with the Department in order to identify manual operations which may be automated. By focusing on the implementation of technology, the operational workflow of the County can be greatly influenced, and costs can be further lowered. Unlike many other local governments, the County’s IT Department possesses the skill to assist in this capacity.*

SECTION X

CONCLUSION

The information provided throughout the Review is based on a detailed analysis of the County's 2023 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 Executive's Staff 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 obstacle.
- *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 the economic conditions, the initiation of the Review alone denotes that steps are being taken to strategically plan for fiscal health of the County. Nevertheless, we caution 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 2023.

APPENDIX A: DEPARTMENTAL SUMMARIES

DEPARTMENT SUMMARIES – PREAMBLE

In conducting its review of the 2023 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.

OFFICE FOR THE AGING

DEPARTMENT MISSION

The Office for the Aging provides support to the ever-growing population of the older adults throughout the County. The department strives to assist the elderly population that does not have access to Medicaid to support them throughout their day-to-day lives.

The 2023 Ulster County Executive Budget proposes \$3,710,389 in total appropriations for the Department of Aging, an increase of 5.07% from the prior year.

DEPARTMENT FUNCTIONS

The Department offers case managers, social opportunities and services needed for the person(s) completion of daily activities. Some of the services that are included are education seminars, picnics, holiday gatherings, legal assistance/advice, tax assistance, delivery of meals and volunteered help in food pantries, grocery pickup, driving, friendly calls and more.

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ORGANIZATIONAL STRUCTURE

The workforce of the Office of the Aging is comprised of a staff of 18 full-time and part-time employees.



Source: The 2023 Proposed Budget of the County.

STRENGTHS AND OPPORTUNITIES

Large Volunteer Base. The Department has roughly 65 volunteers within the County that actively help the department. These activities include, but are not limited to, grocery pickup, driving to appointments, friendly calls and much more.

WEAKNESSES AND THREATS

Limited Aid Availability. The Department has grown a large waitlist of elderly county residents in need of an aid. The department has limited availability in aids and has been actively implementing and looking for solutions to reduce the waitlist and increase the number of aids. Some of these solutions include: the identification of an agency to supply an aid to the department for forty hours a week; increase the amount of relevant data regarding the waiting list to identify the areas in need of help.

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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 2023 Ulster County Executive Budget proposes \$1,931,779 in total appropriations for the County Attorney's Office, an increase of 3.95% from the prior year. The County is responsible for all proposed expenses for this department.

Source: The 2023 Proposed Budget of the County.

DEPARTMENT DIVISIONS

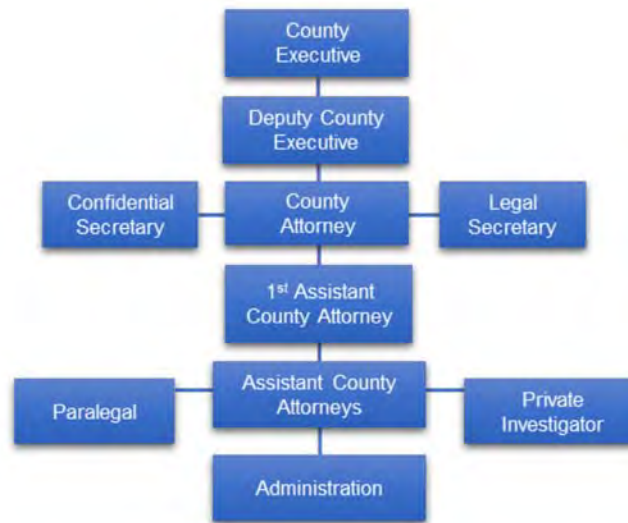
The County Attorney's Office is led by the County Attorney, appointed by the County Executive. The County Attorney serves at the pleasure of the County Executive.

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 2023 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 experienced significant turnover in the past year and has had a difficult time replacing those positions. The County has increased the salaries of the Department for the coming fiscal year, however, they continue to remain weak relative to their peers.
- *Historical Insurance Coverage.* The County has pending Child Victim's Act claims that range back to the mid and late 1900's. The department has brought in outside counsel to identify if the County had insurance coverage during these time periods. This has potential to have a monetary impact on the County pending whether the County had insurance coverage.

COUNTY CLERK

DEPARTMENT MISSION

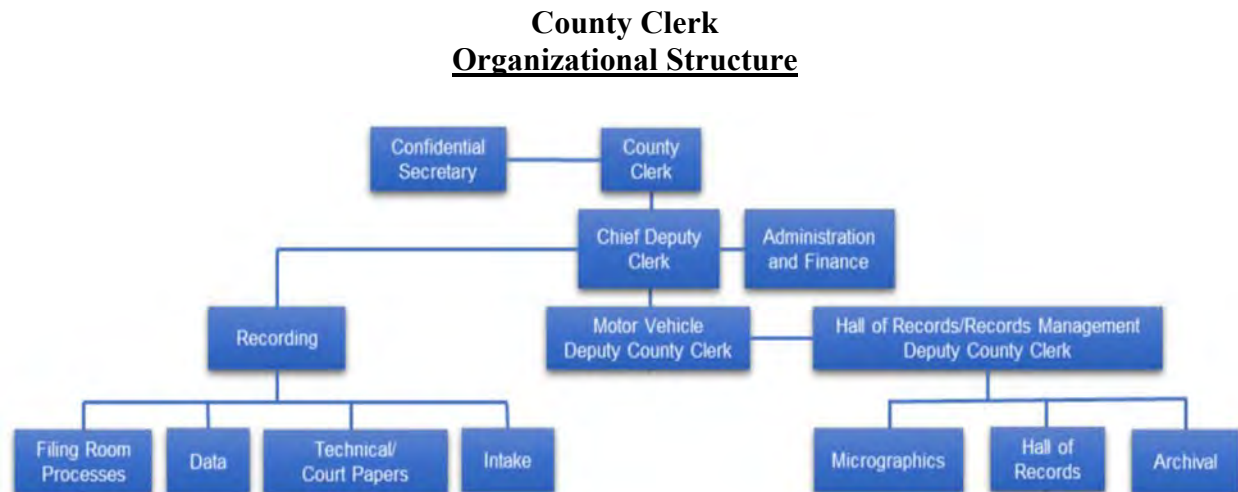
It is the mission of the County Clerk's Office to maintain, docket and preserve the integrity of the records of Ulster County and to be responsive to the needs of its residents by developing increased awareness of services offered by our office. The department's mission will be accomplished through utilization 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.



Source: The 2023 Proposed Budget of the County.

CLERK FINANCES

General Expenditures. The 2023 Ulster County Executive Budget proposes \$4,628,071 in total appropriations for the County Clerk's Office, an increase of 2.47% 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 2023 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.
- *Persen House Revenue.* The County Clerk oversees the operations of the Persen House museum. Currently, there are no fees charged for entrance, representing a potential opportunity for additional revenue.

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.* All 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. There is currently discussion of the increase in the percentage received from the DMV but is not definite if or when this will occur.

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 2023 Ulster County Executive Budget proposes \$1,053,865 in total appropriations for the County Comptroller's Office, an increase of 1.73% from the prior year. The County is responsible for all proposed expenses for this department.

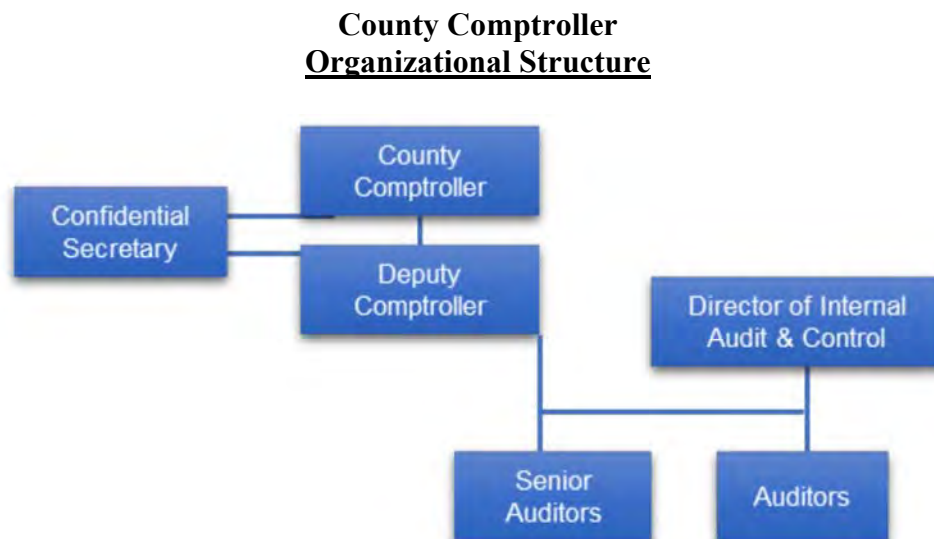
Source: The 2023 Proposed Budget of the County.

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 2023 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.
- *Staffing Levels.* While the Comptroller's Office has adequate staffing for its day-to-day operations, additional employees would allow the Office to direct more attention to internal audits of the County's operations, identifying potential efficiencies and improvements.

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DEPARTMENT OF ECONOMIC DEVELOPMENT

DEPARTMENT MISSION

The Department of Economic Development works together with partners in government, industry and communities to co-create a people-centered economy. To pursue this vision, the Department will invest in ways that create equitable gains in opportunity and prosperity for all residents.

The 2023 Ulster County Executive Budget proposes \$890,059 in total appropriations for the Office of Economic Development, an increase of 1.12% from the prior year. The County is responsible for all proposed expenses for this department.

Source: The 2023 Proposed Budget of the County.

DEPARTMENT FUNCTIONS

The Department of Economic Development performs the following key functions:

- Retains and supports existing local businesses, especially those impacted by COVID-19 and disadvantaged businesses;
- Encourages expansion of our target industry clusters, including Ag & Food, Makers & Creators, Healthcare & Wellness, and the Green Economy;
- Invests in and cultivates social and economic infrastructure, such as housing, education/training, childcare and transportation; and
- Develops strategic partnerships that expand our capacity to pursue our vision.

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 play an integral role in determining the future fiscal health of the County.

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Economic Development Organizational Structure



Source: The 2023 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 to 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.
- *Updated Economic Plan.* In late 2020, the Department finalized its updated economic plan for the County, the “Ulster 2040 Plan”, and is currently in the process of beginning its implementation.

WEAKNESSES AND THREATS

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

DEPARTMENT OF EMERGENCY MANAGEMENT

DEPARTMENT MISSION

The Department of Emergency Management is a division of the Ulster County's Department of Emergency Services. The Department stands by preparedness, response, recovery, and mitigation from all man-made and natural occurrences.

The 2023 Ulster County Executive Budget proposes \$5,414,164 in total appropriations for the Department of Emergency Management, a decrease of 4.63% from the prior year.

Source: The 2023 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 2023 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 still one-two years away from being operational, limiting the impact in the near-term.

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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OFFICE OF EMPLOYMENT AND TRAINING

DEPARTMENT MISSION

The Department serves the purpose to ensure a skilled labor force to employers and providing training and job opportunities to county residents for quality employment and job opportunity.

The 2023 Ulster County Executive Budget proposes \$1,934,161 in total appropriations for Office of Employment and Training, a decrease of 5.5% from the prior year.

DEPARTMENT FUNCTIONS

The Department functions to serve as job seekers for the county by providing job procurement opportunities, training, and tools to county residents to ensure an increased potential for employment. The Department also will work with local businesses to ensure they are able to acquire a skilled workforce.

ORGANIZATIONAL STRUCTURE

The workforce of the Office of Employment and Training is comprised of a staff of 9 employees with no expectation of change.

Employment and Training Organizational Structure



Source: The 2023 Proposed Budget of the County.

STRENGTHS AND OPPORTUNITIES

Staff Ability. The staff of the Department of Employment and Training is experienced in its ability to provide training and connection with internal departments and local businesses to meet the workforce needs of residents, the county and local businesses.

WEAKNESSES AND THREATS

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

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DEPARTMENT OF ENVIRONMENT

DEPARTMENT MISSION

The Department of Environment leads Ulster County Government and supports Ulster County municipal efforts to protect natural resources and address climate change in order to steward our critical natural assets which are valuable to our residents, visitors, and future generations.

The 2023 Ulster County Executive Budget proposes \$937,351 in total appropriations for the Department of Environment, an increase of 0.91% from the prior year.

Source: The 2023 Proposed Budget of the County.

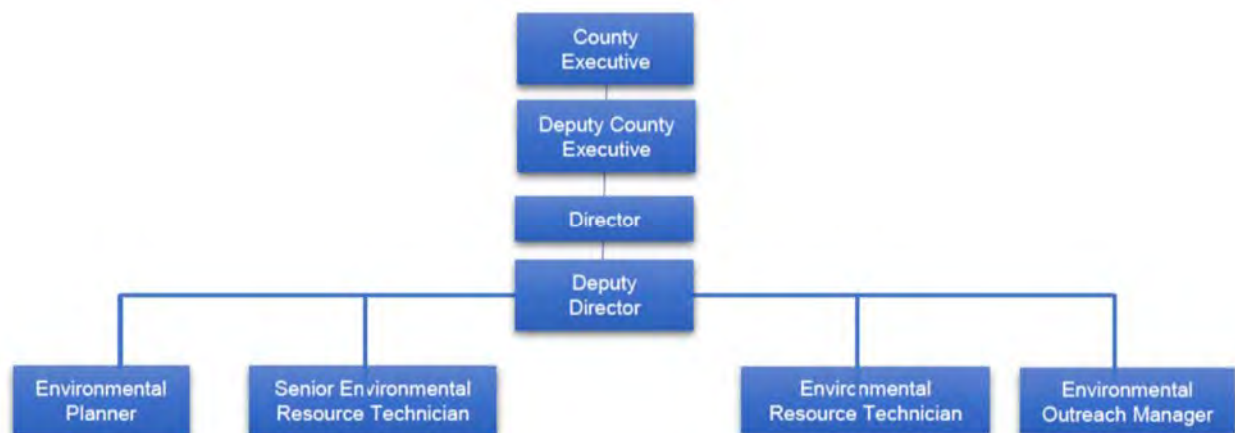
DEPARTMENT FUNCTION

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.

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 2023 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.

Renewable Energy Initiatives. Due to the efforts of the Department, the County relies solely 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 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

Supply Chain Issues. On par with the rest of the County, vehicles, especially electric vehicles, have become difficult to acquire and are heavily backordered. This will limit the rate that the Department can turn over the County's gasoline vehicles to electric.

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DEPARTMENT OF FINANCE

DEPARTMENT MISSION

The mission of the Department of Finance is to instill the public's trust and ensure the financial integrity of the County.

The 2023 Ulster County Executive Budget proposes \$4,056,782 in total appropriations for the Department of Finance, a decrease of 1.06% from the prior year.

Source: The 2023 Proposed Budget of the County.

DEPARTMENT FUNCTIONS

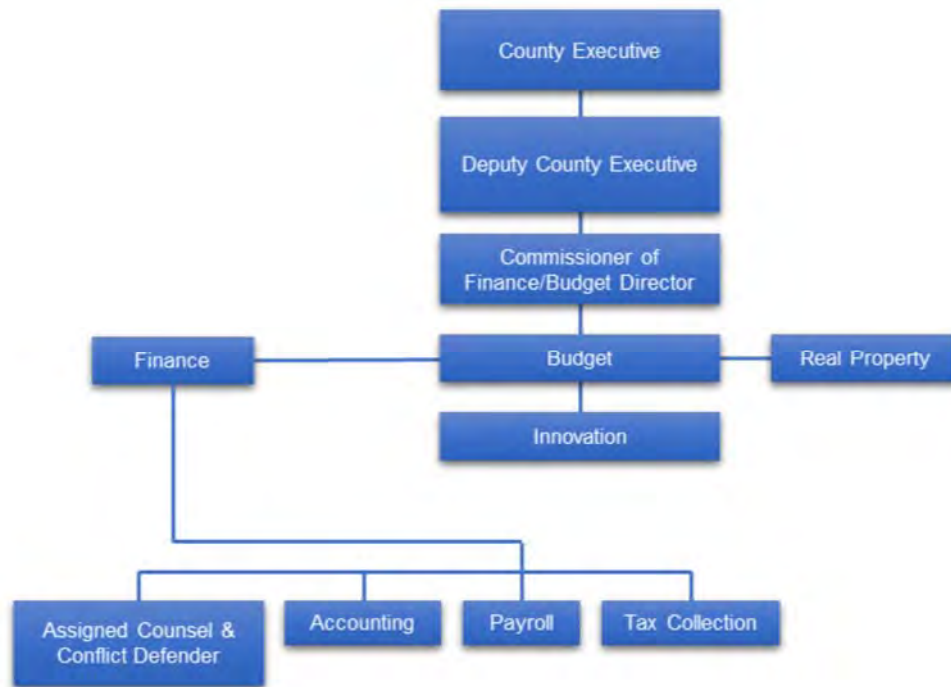
The Department of Finance's role is to ensure the efficient and accurate accounting of all financial affairs of the County, including but not limited to annual financial reporting, debt management, payroll processing, tax collection, preparation of the County Executive's Budget in collaboration with the County Executive and other County departments, 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 38 employees for FY2023. 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 2023 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 of 2% is low compared by nearby municipalities. Increasing the tax to a rate in-line with other jurisdictions would increase revenue to the County. Likewise, 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.

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 the 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.

Overestimation of Sales Tax Revenue. The Department is budgeting its highest sales tax revenue estimate in history, which could cause issues in its ability to cover expenditures if not realized, especially in turn with the pending recession.

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.

Physical Payroll Checks. The Department continues to print and issue physical payroll checks or stubs to employees. Requiring direct deposit or moving to electronic stubs would generate savings for the County. Similarly, the County also cuts checks for certain vendor payments. Migrating this to an electronic or pay card form would also reduce expenses.

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DEPARTMENT OF HEALTH

DEPARTMENT MISSION

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 2023 Ulster County Executive Budget proposes \$10,037,400 in total appropriations for the Department of Health. Total revenues for the Department of Health are proposed at \$5,545,429 leaving the County responsible for \$4,491,971 of this department's proposed expenses.

Source: The 2022 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 has recently separated to two separate departments in FY2022. The Department is staffed by approximately 64 people, this number is reduced from the separation from the Department of Mental Health.

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Department of Health Organizational Structure



Source: The 2023 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.

- *Staff has been critical to helping the County weather the COVID-19 pandemic.* During the pandemic, the Department has been at the forefront of contact tracing, isolation and quarantine efforts. The Department still maintains a high level of involvement in the mitigation of the pandemic. Going forward, the Department expects to evaluate the situation on a month-by-month basis.
- *Migration of new residents to Ulster County from New York City will increase permit volume.* The Department is prepared to deal with an increase in review of septic permit applications.

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 enterprise IT leadership, technical solutions and customer support in order to improve efficiency and effectiveness of government operations and facilitate secure access to government information and services.

The 2023 Ulster County Executive Budget proposes \$849,497 in total appropriations for Information Services, an increase of 11.08% from the prior year.

Source: The 2023 Proposed Budget of the County.

DEPARTMENT DIVISIONS

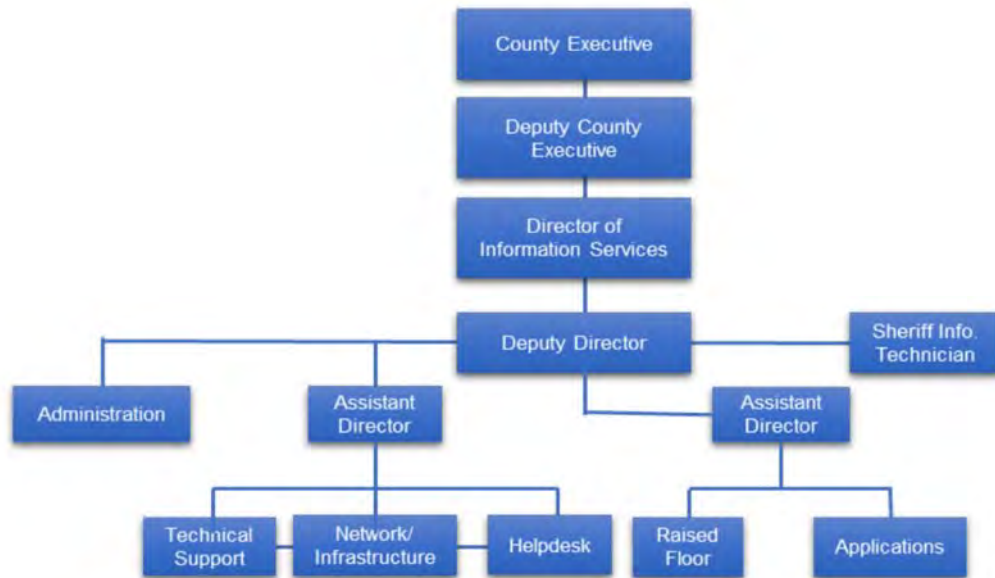
The UCIS provides technical guidance, expertise and support in procuring, managing and securing the County's Information Technology and telecommunications infrastructure. The Department's staff of 27 full-time employees provide top-tier customer service to the County's over 1300 employees, across 54 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 FY2023.

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Information Services Organizational Structure



Source: The 2023 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
- *Website Redesign.* The Department is in the process of redesigning the County’s website to allow for the payment of property taxes online and the transition of the County’s applications and exams to an online platform.

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.

- *Supply Chain Issues.* Similar to much of the country, shortages of microchips and processors have caused delays in the Department's ability to procure and replace equipment.
- *Manual Signatures.* According to the Department, a number of County functions still require manual signatures from certain departments heads and others, impairing the workflow.

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DEPARTMENT OF INSURANCE

DEPARTMENT MISSION

The Insurance Department processes all phases of insurance, except health and unemployment. The Department also administers the County's Self Insurance Plan and County Disability Plan. The Department reviews all County contracts for proper insurance, and purchases and maintains insurance policies including general liability, auto liability, law enforcement liability, employer liability, property damage, auto physical damage, crime, Inland Marine, and medical malpractice.

The 2023 Ulster County Executive Budget proposes \$5,650,058 in total appropriations for the Insurance Department, an increase of 4.33% over the prior year. The Department anticipates generating \$403,872 of revenue, leaving the County responsible for \$5,246,186 of this department's proposed expenses.

Source: The 2023 Proposed Budget of the County.

ORGANIZATIONAL STRUCTURE AND WORKFORCE

The Department of Insurance is led by the County Insurance Officer, appointed by the County Executive. The County Insurance Officers serves at the pleasure of the County Executive.

The Department is comprised of a staff of four. The department contracts the handling of its workers' compensation claims to NCA Comp, Inc., the third-party claims administrator for New York State workers' compensation and disability claims.

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Insurance Department Organizational Structure



Source: The 2023 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 Insurance Department.

- *Seasoned staff with extensive knowledge of County operations.* The Department’s staff has enjoyed a long tenure with the County, $\frac{3}{4}$ of the staff have been with the County for 20+ years. There is concern with respect to expected retirements which are discussed in “Weaknesses and Threats,” below.
- *Technology.* The Department reports that current technology is adequate. Systems were “shock-tested” in March 2020 due to the pandemic and the ability to access electronic documents and work remotely.

WEAKNESSES AND THREATS

- *Employee Turnover.* The Department’s staff benefits from the experience of employees with long tenures but needs to prepare for retirements over the near future. Appointment of a Deputy Insurance Officer should be priority.
- *Department could benefit from the addition of a staff accountant.* Due to the volume of insurance claims, a staff accountant could be helpful for the Department.

DEPARTMENT OF MENTAL HEALTH

DEPARTMENT MISSION

The Department of Mental Health offers a wide range of services and programs to County residents designed to ensure their physical, psychological, and emotional 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 mental health programs and services that directly benefit the people of Ulster County. The Department does not provide any clinical services.

The 2023 Ulster County Executive Budget proposes \$18,015,074 in total appropriations for the Department of Mental Health. Total revenues for the Department of Mental Health are proposed at \$10,268,413 leaving the County responsible for \$7,746,661 of this department's proposed expenses.

Source: The 2023 Proposed Budget of the County.

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 FY2022. The Department is staffed by approximately 24 people, the majority of which came from the separation from the Department of Health.

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Department of Mental Health Organizational Structure



Source: The 2023 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.* As the Department has recently separated from the Department of Health in FY2022, the Department has expectations 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.

WEAKNESSES AND THREATS

- *Staffing Shortage.* The Department has had difficulty filling new positions of case managers, causing a reduction in the number of patients the Department is able to handle. As mentioned above, the Department plans to address this problem with the growth of the program.

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DEPARTMENT OF PERSONNEL

DEPARTMENT MISSION

The Personnel Department administers Civil Service and Personnel functions for the County, Government, Towns, Villages School Districts, and special districts within Ulster County (excluding the City of Kingston). The department also oversees Employee Benefits, Unemployment Insurance and Employee Relations, including Labor Management, for the County Government and manages its collective bargaining agreements.

The 2023 Ulster County Executive Budget proposes \$7,463,115 in total appropriations for the Personnel Department, an increase of 3.3% over the prior year. Net of \$1,215,000 in revenue generated by the department, the County is responsible for \$6,248,115 of the department's expenses.

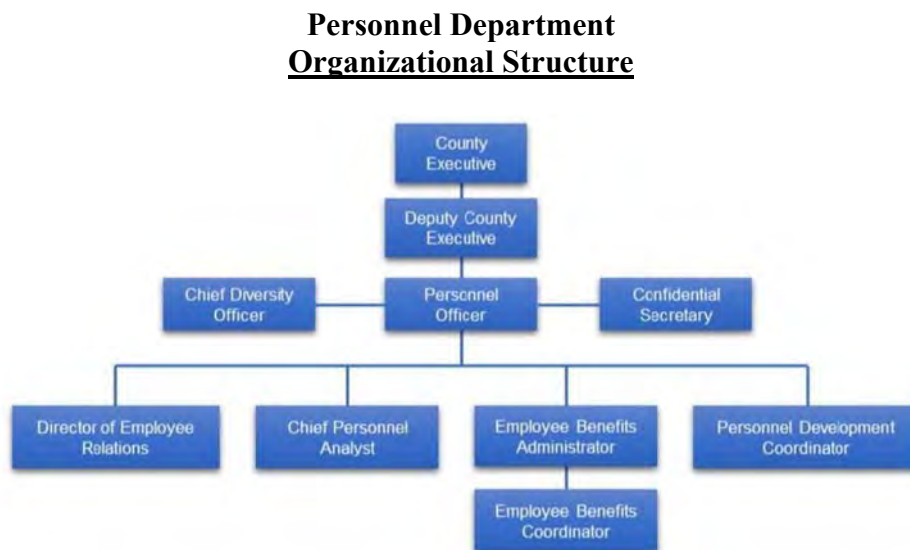
Source: The 2023 Proposed Budget of the County.

DEPARTMENT DIVISIONS

The Department is led by one Personnel Officer and has four divisions dedicated to operational functions. These include

- Employee Relations,
- Personnel Analyst,
- Employee Benefits Administrator, and
- Personnel Development Coordinator.

ORGANIZATIONAL STRUCTURE AND WORKFORCE



Source: The 2022 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.

WEAKNESSES AND THREATS

- *Employee Turnover.* The Department is expecting a number of senior positions to be retiring in FY2023. The Department has and is continuing to create succession plans as necessary.

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DEPARTMENT OF PLANNING

DEPARTMENT MISSION

Provide strategic guidance relating to land use, transportation, housing, agriculture, capital improvements and the environment in order to promote equitable and sustainable growth and development.

The 2023 Ulster County Executive Budget proposes \$1,860,113 in total appropriations for the Department of Planning, an increase of 8.60% from the prior year.

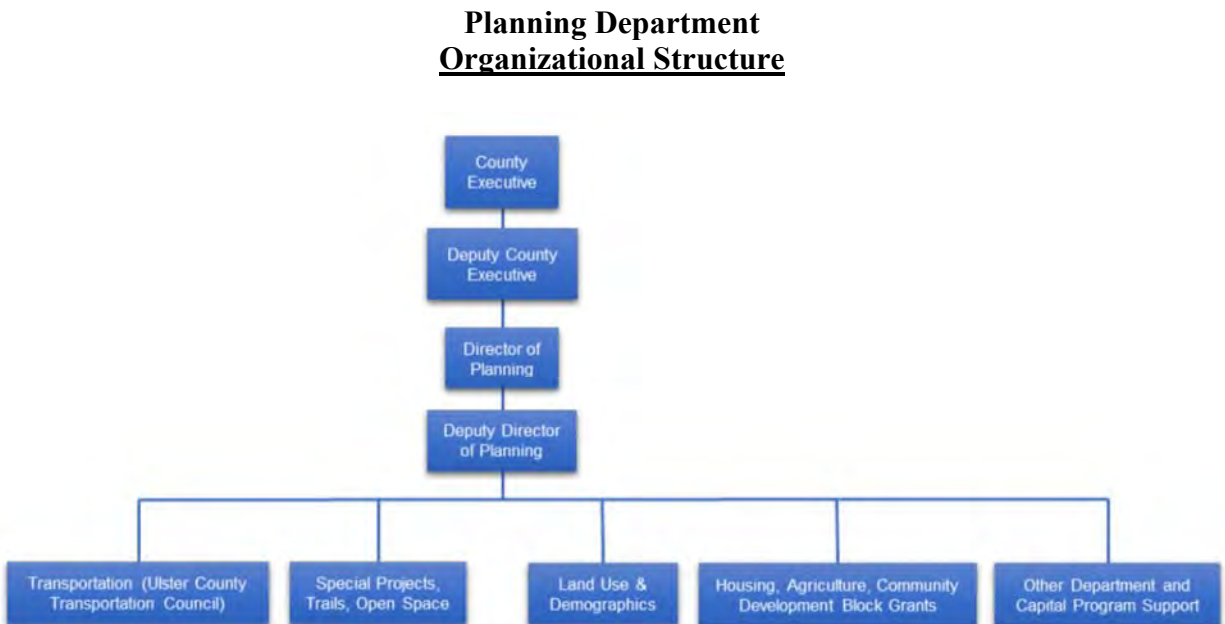
Source: The 2023 Proposed Budget of the County.

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 FY2023.



Source: The 2023 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

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

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DEPARTMENT OF PROBATION

DEPARTMENT MISSION

The Department of Probation is a county function that hopes to provide residents with prosocial change through the services of supervision, monitoring court orders and utilizing community partnerships to lead to the development of higher functioning members of society.

The 2023 Ulster County Executive Budget proposes \$8,263,341 in total appropriations for the Department of Probation, an increase of 3.6% from the prior year.

DEPARTMENT DIVISIONS

The Department has seven divisions dedicated to operational functions. These include:

- Family Court
- Pretrial Services
- Community Service
- Presentence Investigation and Criminal Supervision
- Crime Victims Assistance
- Stop DWI
- Restorative Justice and Community Empowerment Center ("RJCEC")

ORGANIZATIONAL STRUCTURE

Probation Organizational Structure



Source: The 2023 Proposed Budget of the County.

STRENGTHS AND OPPORTUNITIES

- *Use of Grant and State Funding.* The Department has been able to fund a significant portion of its budget through grant and state funding.

- *Juvenile Delinquent Age Increase.* In December 2022, the State will raise the minimum age requirement for a juvenile delinquent from 7 to 12 years old. The increase in age will cause a slight decrease in workload for the Department.

WEAKNESSES AND THREATS

- *Staff Turnover and Filling Positions.* The Department has had difficulties in hiring and recruiting staff, for certain positions, making staffing an issue. The Department also expects to have a couple senior positions retire in the near future.

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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 to ensure their safe, economical, and efficient utilization by County personnel and the public.

The 2023 Ulster County Executive Budget proposes \$33,330,840 in total appropriations for all departments under Public Works, an increase of 8.1% from last year.

Source: The 2023 Proposed Budget of the County.

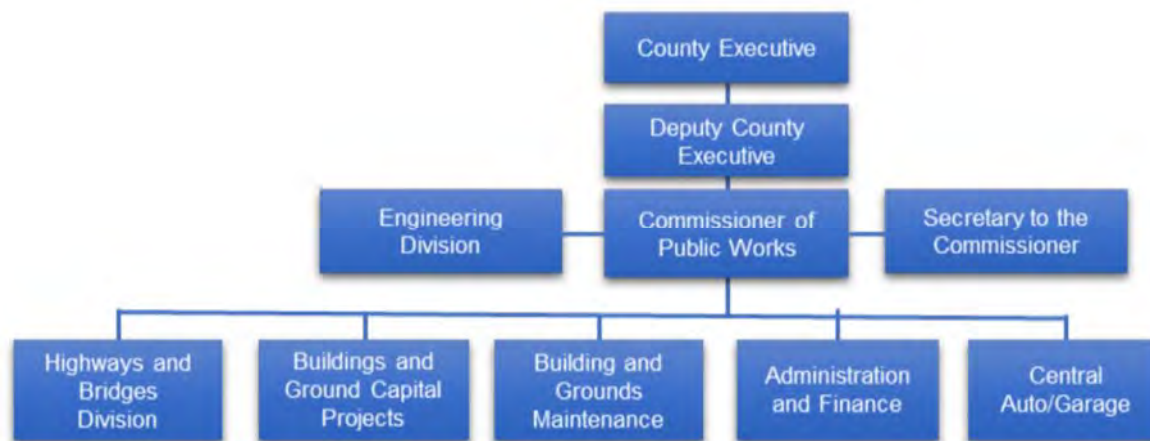
DEPARTMENT DIVISIONS

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, 54 miles of recreational trails, 44 buildings with a total of 884,000 sq. ft., a park and a pool complex with an occupancy rating of 950 people. 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 2023 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. In addition, for 2021, the County increased the threshold to contract out for services to \$750k from \$250k.
- *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 6 new positions between highway/buildings and grounds inner departments

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.
- *Inflationary Pressure & Supply Chain Issues.* The Department has experienced recent increases in fuel and auto part expenses due to inflation. The Department has approximately 10-20 vehicles that are back-ordered due to the supply chain issues causing inefficiencies throughout the Department. The budget has taken into consideration the rise of cost in fuel and materials and the Department has no expectation of the supply chain issues to end soon.

PURCHASING

DEPARTMENT MISSION

To support County Government and its residents through the ethical, lawful and professional acquisition of goods and services in order to provide best value to Ulster County taxpayers and improve the procurement experience for internal customers and vendors.

The 2023 Ulster County Executive Budget proposes \$1,310,273 in total appropriations for the Purchasing Department, an increase of 0.23% from the prior year.

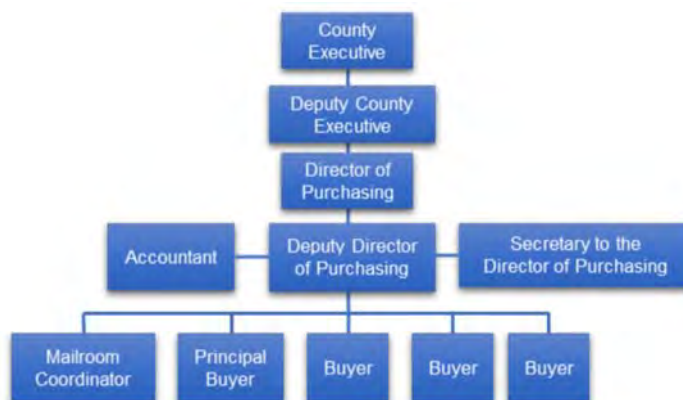
Source: The 2023 Proposed Budget of the County.

DEPARTMENT DIVISIONS

The Purchasing Department seeks to maximize the benefits that County citizens receive from the expenditure of public funds on goods and services in a professional, ethical, and lawful manner, through a program dedicated to transparency, impartiality, accountability, and excellent customer service. Purchasing manages all aspects of the procurement process, including the identification and development of sources, assistance to departments in the creation of specifications, and the solicitation of bids, quotes, and requests for proposals. The Department also includes the Mailroom, which is tasked with delivering all interoffice, outgoing, and incoming mail for all County Departments. Purchasing is responsible for initiating and maintaining effective and professional relationships with Vendors and County Departments, and to serve as the exclusive channel through which all requests for County purchases and price quotations are handled. Central to the responsibility is the administration of County Purchasing Policies and Procedures as stewardship to County taxpayers.

ORGANIZATIONAL STRUCTURE

Purchasing Department Organizational Structure



Source: The 2023 Proposed Budget of the County.

STRENGTHS AND OPPORTUNITIES

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

- *Centralized Purchasing.* The Department serves as the centralized purchasing hub for the County, streamlining the process in lieu of each County department handling its own purchases.
- *Shared Services with SUNY Ulster.* In FY2021, the Department began working with SUNY Ulster to handle their procurement needs and receives a flat fee for doing so. However, there is the potential for a reduction of costs by sharing expenses with the college and improving economies of scale for the County's purchases. The Department is also seeking other local partners to continue to improve upon this.
- *Efficient Process.* The Department is typically able to fulfill a requisition in the same day, a testament to the Department's ability and significantly quicker than other municipalities.
- *Increased RFP Volume.* The Department has been able to increase the number of responses to RFPs due to the receipt of ARPA monies. The increase is for the 2023 fiscal year and is expected to decrease in the following years due to the usage of the funds.

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.

- *Use of Credit Cards.* There are 44 credit cards distributed among department heads and other officials in the County. This has the potential to lend itself to fraud and an evaluation should be conducted to determine if the number of credit cards in use can be reduced. The Department plans to issue an RFP for a credit card partner in the future.
- *Staffing turnover.* Out of the 10 employees of the Department, 6 of the positions have been filled by new employees. This has the potential to cause a lack of efficiency due to the limited experience and increased training needed.
- *Inflationary Pressure & Supply Chain Issues.* Due to the current economic conditions, the Department has increased troubles with maintaining contracts, renewal of contracts and acquisitions of supplies. The severity of these issues has eased but still maintains to be a problem for the Department as there is no expectation to end in the short term. These issues propose a difficulty to the procurement of RFPs but do not affect the Department's appropriations.

DEPARTMENT OF SAFETY

DEPARTMENT MISSION

The Department strives to assure that all county operations and buildings are maintained in a safe and healthful manner that is within federal, state and county code regulation.

The 2023 Ulster County Executive Budget proposes \$468,915 in total appropriations for the Department of Safety, an increase of 1.5% from the prior year.

Source: The 2023 Proposed Budget of the County.

ORGANIZATIONAL STRUCTURE

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



Source: The 2023 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

- *County Department Cooperation.* The Department works closely with several others in the County, but limited communication and cooperation has led to an inefficient work process.

SHERIFF

MISSION

It is the mission of the Sheriff's Office (the "Office") to serve the public by enhancing our 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 2023 Ulster County Executive Budget proposes \$16,573,928 in total appropriations for the Sheriff's Office, an increase of 18.6% from the prior year.

Source: The 2023 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.

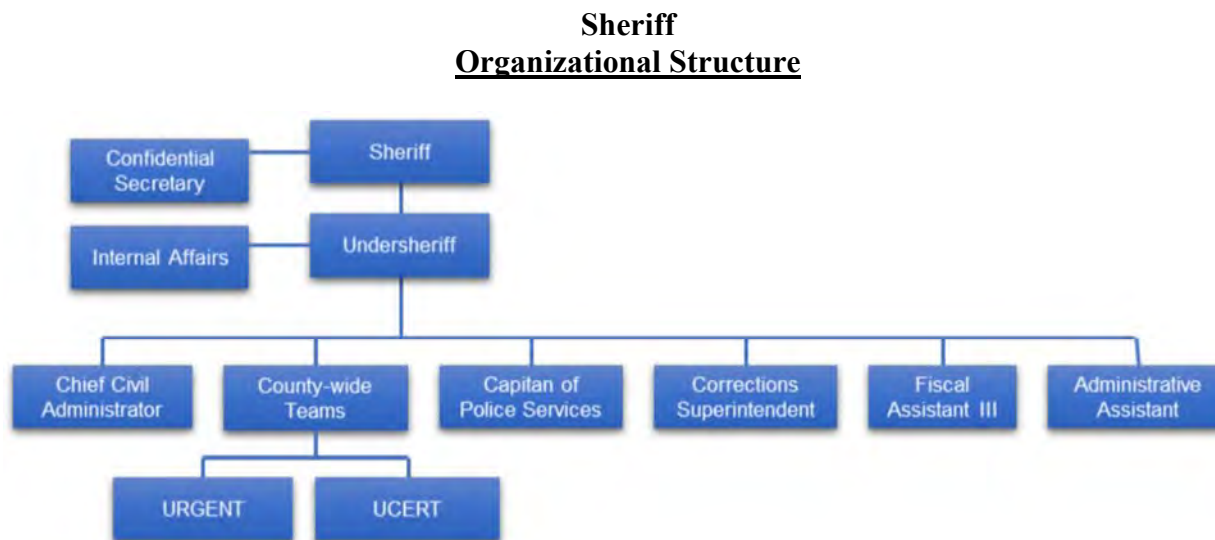
- *Administration*
 - The Administration oversees all the operations of the Sheriff's Office.
- *Criminal Division*
 - The Criminal Division provides daily law enforcement services throughout the County.
- *Corrections Division*
 - The Corrections Division assumes responsibility for the custody, planning, 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



Source: The 2023 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 probable use 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.
- *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 who are vulnerable or in need in order to strengthen and preserve families and empower people to be more self-sufficient.

The 2023 Ulster County Executive Budget proposes \$120,443,133 in total appropriations for the Department.

Source: The 2023 Proposed Budget of the County.

DEPARTMENT FUNCTIONS

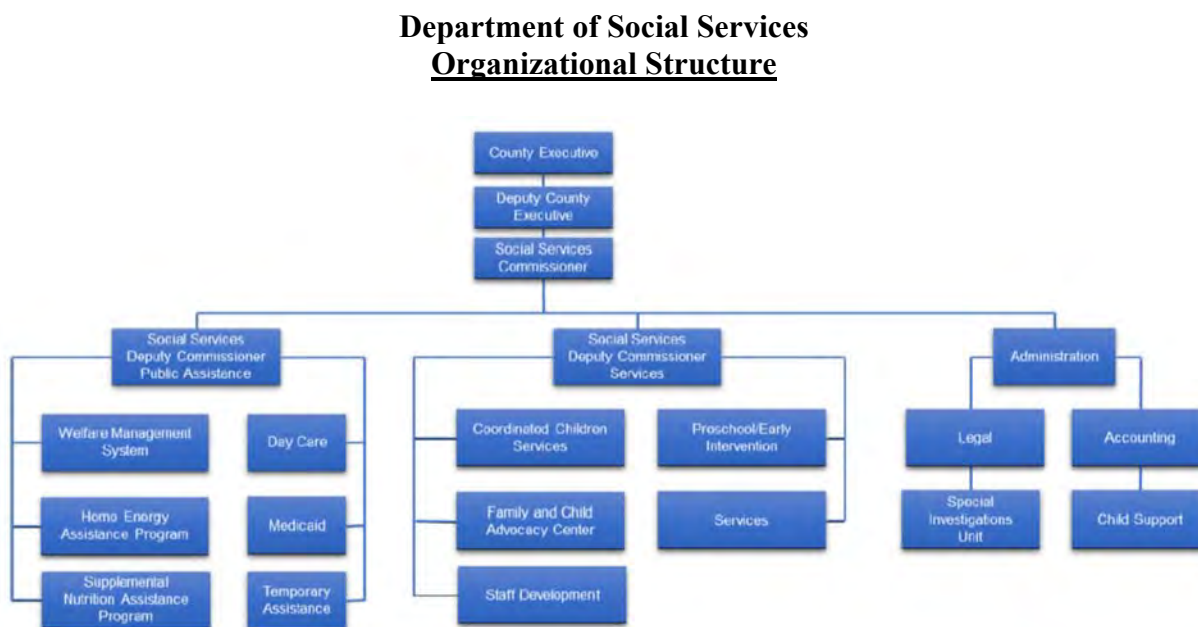
DSS provides several social welfare programs and/or services to the residents of the County. Some of the services managed by the DSS include:

- 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



Source: The 2023 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 DSS was found to be knowledgeable and experienced.
- *Offsetting Aid – Salaries.* Many positions on the DSS are eligible for various offsetting aid and/or grants, thereby reducing costs to the County.
- *Technology Upgrades.* Recent technology upgrade save time, increases efficiency and assisted the DSS to respond appropriately to complications caused by the COVID pandemic.

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 reduction of nearly 40 employees. As people are starting to return to “normalcy”, the return has caused the level of population in the Department’s programs to rise to nearly pre-pandemic levels. Having a reduced staff with an increasing population of clients can cause an inefficiency of the Department’s work.

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DEPARTMENT OF WEIGHTS AND MEASURES

DEPARTMENT MISSION

The Department of Weights and Measures is responsible for assuring the measurements are in accordance with Agriculture and Markets law for commerce stores throughout the region.

The 2023 Ulster County Executive Budget proposes \$216,131 in total appropriations for the Department of Weights and Measures, an increase of 4.1% from last year.

Source: The 2023 Proposed Budget of the County.

ORGANIZATIONAL STRUCTURE

The workforce of the Department of Weights and Measures consists of 2 employees, for FY2023.

Weights and Measures Organizational Structure



Source: The 2023 Proposed Budget of the County.

STRENGTHS AND OPPORTUNITIES

- *Seasoned staff with extensive knowledge of departmental operations.* The Department reports many long-term employees, the employees have been with the County for as long as 30+ years.

WEAKNESSES AND THREATS

- *Succession Plan.* The Department is made up of two employees with high levels of experience. The limited number of personnel leaves the department vulnerable if a worker retires or is unable to work.

DEPARTMENT OF YOUTH BUREAU

DEPARTMENT MISSION

The Department of Youth Bureau develops strong connections within the community of the County to provide oversight of independently run programs to help serve the underserved youth.

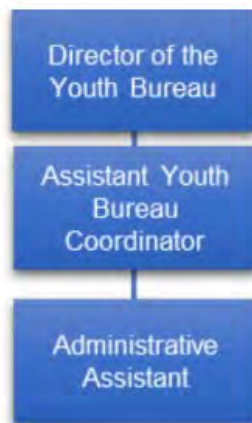
The 2023 Ulster County Executive Budget proposes \$815,440 in total appropriations for the Youth Bureau, an increase of 18.36% from last year.

Source: The 2023 Proposed Budget of the County.

ORGANIZATIONAL STRUCTURE

The workforce of the Department of Youth Bureau consists of 4 employees, for FY2023.

Youth Bureau Organizational Structure



Source: The 2023 Proposed Budget of the County.

STRENGTHS AND OPPORTUNITIES

Youth Programs. The Department is involved with 29 programs throughout the County which they help fund through State funding. This leaves the Department with limited financial liability while positively impacting the youth.

WEAKNESSES AND THREATS

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

APPENDIX B:

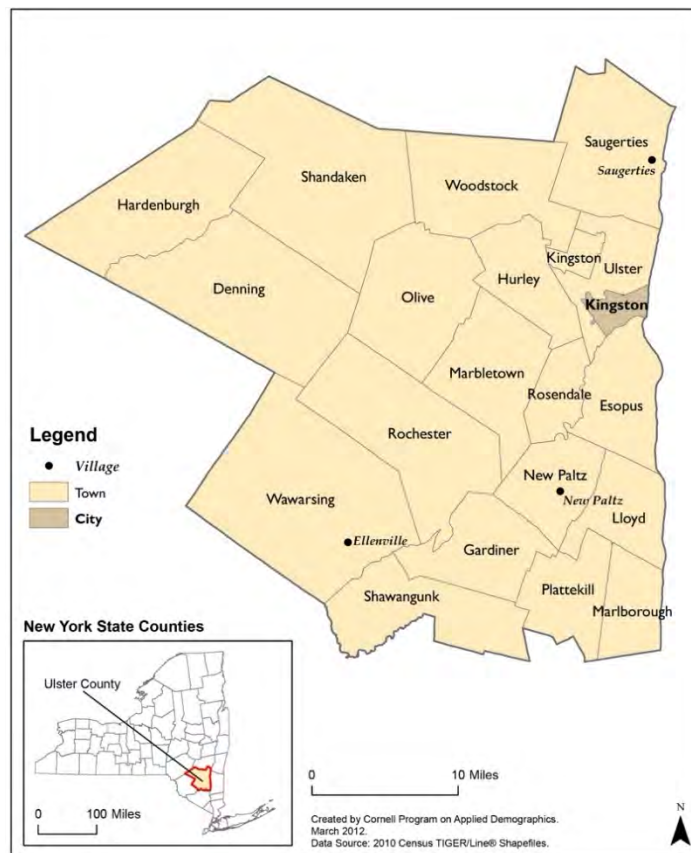
DEMOGRAPHIC AND SOCIOECONOMIC ENVIRONMENT

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 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 the County’s Comprehensive Annual Financial Report for the fiscal year ended December 31, 2021, there 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 ⁽¹⁾
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 182,951 (Population Estimates Program, U.S. Bureau of the Census), the County is the (20th) most populated county in New York State. Over the period 1970 to 2021 the population of the County increased by approximately 29.5%, which was significantly higher than the State as a whole.

Exhibit A-III
Population (1970 to 2021⁽¹⁾)

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
2021 ⁽¹⁾	182,951	19,835,913
<i>% Change 1970 to 2021⁽¹⁾</i>	<i>29.5%</i>	<i>8.7%</i>

(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 44.5 years, which exceeded the median age of the State by 11.2%.

Exhibit A-V
Population Age Statistics (2021⁽¹⁾)

Age	County	State
Under 5 Years	4.41%	5.51%
5 To 9 Years	4.55	5.58
10 To 14 Years	4.80	6.01
15 To 19 Years	5.99	6.13
20 To 24 Years	5.39	6.25
25 To 34 Years	12.89	14.09
35 To 44 Years	12.43	12.89
45 To 54 Years	13.23	12.42
55 To 59 Years	7.30	6.70
60 To 64 Years	8.35	6.89
65 To 74 Years	12.55	10.30
75 To 84 Years	5.91	5.14
85 Years & Over	2.21	2.09
Median Age (Years)	44.5	39.8

(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 \$35,816 in 2020, which was lower than the State by 13.2%.

Exhibit A-VI
Per Capita Money Income (2020)

Year	County	State
2020	\$35,816	\$40,898

(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 2021 was estimated to be \$100,244, which is 8.1% higher than the State.

Exhibit A-VII
Median Income of Families (2021 ⁽¹⁾)

Family Income	County	State
Less than \$10,000	2.6%	4.2%
\$10,000 to \$14,999	1.7	2.2
\$15,000 to \$24,999	2.9	5.1
\$25,000 to \$34,999	4.6	5.7
\$35,000 to \$49,999	7.2	8.9
\$50,000 to \$74,999	15.4	14.7
\$75,000 to \$99,999	15.6	12.7
\$100,000 to \$149,999	20.1	18.9
\$150,000 to \$199,999	13.8	10.9
\$200,000 or More	16.2	16.6
Median Family Income	\$100,244	\$92,454

(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 (2017 to 2021)

Year	County	State
2017	4.5%	4.6%
2018	3.9	4.1
2019	3.6	3.8
2020	7.7	9.9
2021	4.7	6.9
2022 Monthly		
Jan	3.7	3.9
Feb	3.9	4.9
Mar	3.5	4.8
Apr	2.9	4.3
May	2.8	4.1
Jun	3.0	4.2
Jul	3.4	4.7
Aug	3.5	5.1
Sep	2.8	5.3

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 employed labor force for 2021 was estimated at 86,400, which represents a decrease of 3.7% since 2016. Over this same period, the labor force for the State, as a whole, decreased by 4.0%.

Exhibit A-IX
Civilian Labor Force Benchmarks (2017 to 2021)

Jurisdiction	2017	2018	2019	2020	2021	% Change 2016 to 2021
County	89,700	90,200	89,800	87,400	86,400	(3.7)%
State	9,838,200	9,842,300	9,880,200	9,575,000	9,441,500	(4.0)

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

Employer	Business	Estimated Employees (Range)
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, 2022

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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) ⁽¹⁾
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
Lowes	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, 2022

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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 (2021 – Not Seasonally Adjusted)

Industry	COUNTY		STATE	
	Avg. Employment	%	Avg. Employment	%
Education and Health Services	9,000	15.7%	2,050,800	22.7%
Financial Activities	2,000	3.5	704,000	7.8
Information	800	1.4	280,900	3.1
Leisure and Hospitality	7,500	13.1	720,300	8.0
Manufacturing	3,300	5.7	408,300	4.5
Natural Resources, Mining and Construction	2,800	4.9	380,000	4.2
Professional and Business Services	4,700	8.2	1,279,700	14.1
Trade Transportation and Utilities	11,200	19.5	1,423,000	15.7
Other Services	2,600	4.5	362,400	4.0
TOTAL PRIVATE SECTOR	43,800	76.5	7,609,800	84.1
Government	13,500	23.5	1,434,700	15.9
TOTAL ALL INDUSTRIES	57,300	100.0%	9,044,500	100.0%

Source: Quarterly Census of Employment and Wages, developed through a cooperative program between the State of New York and the U. S. Bureau of Labor Statistics.

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 2020 was estimated to be \$239,400, which was approximately 30.3% below the average for the State as a whole. The County's median gross (monthly) rent was \$1,119, which was approximately 16.1% below the median for the State as a whole.

Exhibit A-XIII
Housing Units (2020)

Jurisdiction	Median Value Owner-Occupied Housing Units	% Owner-Occupied Housing Units	Median Gross Rent
County	\$239,400	68.6%	\$1,119
State	325,000	54.1	1,315

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

APPENDIX C: SAMPLE GLOSSARY OF TERMS

DEFINITIONS

Account Number. A line-item code defining an appropriation.

Accounts Payable. A liability account reflecting amounts on open account owing to private persons or organizations for goods and services received by a government.

Accounts Receivable. An asset account reflecting amounts owing on open account from private persons or organizations for goods and services furnished by a government.

Accrual Accounting. A basis of accounting in which revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which they occur.

Ad Valorem Taxes. Commonly referred to as property taxes, are levied on both real and personal property according to the property's valuation and the tax rate.

Amortization. The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

Annual Budget. A budget applicable to a single fiscal year.

Appropriation. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to the time when it may be expended.

Assessed Valuation. A valuation set upon real estate or other property by a government as a basis for levying taxes.

Assets – Resources owned or held by a government which have monetary value.

Balanced Budget. A budget in which planned revenues available equals planned expenditures.

Basis of Accounting – A system used by an individual government to determine when revenues have been realized and when expenditures have been incurred.

Basis of Budgeting – A system used by an individual government to determine when budgetary revenues have been realized and when budgetary expenditures have been incurred.

Bond – A written promise to pay a specified sum of money, called the par value or principal, at a specified date or dates in the future, together with periodic interest at a specified rate.

Bonded Debt – That portion of indebtedness represented by outstanding bonds.

Budget – A service plan for a given period embodying estimated expenditures for providing services and the proposed means of financing them. A balanced budget limits expenditures to available resources.

Budget Amendment. A revision of the adopted budget that, when approved, replaces the original provision and increases or decreases the budget appropriation.

Budget Calendar. The schedule of key dates that a government follows in preparation and adoption of the budget.

Budget Ordinance. The governmental action which appropriates revenues and fund balances for specified purposes, functions, or activities for a budget period.

Budget Period. The period for which a budget is proposed or a budget ordinance is adopted. Normally coincides with the fiscal year.

Budget Transfer. A procedure utilized by County Departments to revise budget appropriations within the departmental operating budget accounts. Transfers monies from one account to another and does not increase or decrease the overall budget appropriation for the department.

Budgetary Control. The control or management of a government or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

Capital Assets. Assets of significant value and having a useful life of several years. See also “Capital Asset Policy”.

Capital Outlay. Expenditures for the acquisition of capital assets.

Capital Project. A project that results in the purchase or construction of capital assets. Capital projects may encompass the purchase of land, construction of a building or facility, or purchase of a major piece of equipment.

Capital Improvements Fund. A fund established to account for the receipt and expenditures of money from major capital projects.

Chart of Accounts. A numbering system that assigns a unique number to each type of transaction and to each budgetary unit in the organization.

CIP. Capital Improvement Program.

Comprehensive Annual Financial Report (CAFR). The report that summarizes financial data for the previous fiscal year in a standardized format.

Constitutional Limit. The maximum rate at which the County may levy the property tax. By New York State Law, the County's tax limit is 2% of the average of the full valuation of assessable property for the past five years.

Debt. An obligation resulting from the borrowing of money or from the purchase of goods and services over a period of time. Debts of government include bonds, time warrants, notes, and floating debts.

A. *General Obligation Debt* is secured by the pledge of the issuer's full faith, credit, and taxing power.

B. *Revenue Debt* is a bond, debt, or obligation for which principal and interest are payable exclusively for the earnings of a government enterprise. This term can refer more broadly to any state or local government debt that is not a general obligation.

Debt Limit. The maximum amounts of gross or net debt that is legally outstanding debt.

Debt Service. Payment of principal and interest to lenders or creditors on outstanding debt.

Debt Service Fund. A fund that is established to account for the accumulation of resources for the payment of long-term obligations.

Deficit. The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.

Depreciation. Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

DOT. Department of Transportation.

Enterprise Fund. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed primarily through user charges. Services accounted for in enterprise funds are tangible, and it is possible to determine the extent to which they benefit individual service consumers.

Expenditures. Decreases in net financial resources. Expenditures include current operating expenses, which require the current or future use of net current assets, debt service, and capital outlays.

Expenses. Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

Fiduciary Fund. Those trust and agency funds used to account for assets held by a local government in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds.

Financial Indicators. Comparison of planned vs. actual expenditures, cost, obligations, receipts, allocations or losses.

Fiscal Year (FY). The accounting period for which an organization's budget is termed the fiscal year. In the County, the fiscal year runs from January 1st to December 31st.

Fixed Assets. A financial resource that is tangible in nature, has a useful life of more than one year, is not a repair part or supply item and has a value equal to, or greater than, the capitalization threshold of \$5,000. See also "Capital Asset Policy".

FTE. Full-time equivalent-in reference to personnel.

Fund. A fund is an independent financial and accounting entity. It has a balanced set of accounts and records, cash and other resources together with all related liabilities and residual equities or balances which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Though funds are independent entities with the financial records of a government, there need not be physical segregation of assets.

Fund Accounts. All accounts necessary to set forth the financial position and results of operations of a fund.

Fund Balance. The difference between assets and liabilities on the balance sheet.

GAAP. Generally Accepted Accounting Principles.

GAB. Governmental Accounting Standards Board.

General Fund. This fund accounts for the revenues and activities not required by law or administrative decision to be accounted for in a special fund. Ordinarily, the General Fund has a great variety of revenues and is used to finance many more activities than any other fund. The General Fund provides general-purpose governmental services.

General Obligation (GO) Bonds. Bonds that are secured by the issuer's full faith and credit pledge. Most GO bonds are backed by the issuer's ability to level an ad valorem tax in an amount sufficient to meet debt service requirements.

General Revenue. The revenue of a government other than those derived from and retained in an enterprise. If a portion of the net income in a Proprietary or Enterprise Fund is contributed to another non-enterprise fund, such as the General Fund, the amount transferred constitutes general revenue to the government.

Generally Accepted Accounting Principles (GAAP). Uniform minimum, standards used by state and local governments for financial accounting, recording and reporting, encompassing the conventions, rules and procedures that define accepted accounting principles; established by the Governmental Accounting Standards Board (GASB).

GML. General Municipal Law.

Governmental Accounting Standards Board (GASB). The body that sets accounting standards specifically for governmental entities at the state and local level.

Governmental Finance Officers Association (GFOA). Professional association of state/provincial and local finance officers in the United States and Canada dedicated to the sound management of government financial resources.

GFOA. Governmental Finance Officers Association

Grants. A financial gift, donation or award that is made from a funding source, usually a governmental entity, to the County for the acquisition of goods, services or land. The grant award agreement defines the County's responsibilities and duties to be exchanged for the grant. Grants are often earmarked for a specific purpose or program.

Internal Service Funds. A fund used to account for the financing of goods or services provided by one department to other departments within the County on a cost-reimbursement basis.

Investments. Securities and real estate held for production of revenue in the form of interest, dividend, rentals or lease payments. The term does not include fixed assets used in governmental operations.

Levy. To impose taxes, special assessments or service charges for the support of governmental activities.

Longevity. A percentage increase to base salary that becomes effective after a certain number of years of service. The specific circumstances differ by union. PBA, as an example: 3% after 9 years, 6% after 14 years, and 9% after 18 years.

Line-Item Budget. A budget format in which departmental outlays are grouped according to the items that will be purchased, with one item or group of items on each line.

Long-Term Debt. Debt with a maturity of more than one year after the date of issuance.

Materials and Supplies. Items of expense in the Operating Budget which, after use, are consumed or show a material change in their physical condition, and which are generally of limited value and rapidly depreciate. Examples: office supplies, diesel/gasoline.

Major Fund. Funds with revenues, expenditures, assets or liabilities that make up at least 10 percent of the total for the fund category or type and at least five percent of the aggregate amount of all governmental and enterprise funds. The general fund is always considered a major fund.

Mission. The reason or purpose for the organizational unit's existence.

Net Income. Enterprise Fund in excess of operating revenues, non-operating revenues, and operating transfers-in over operating expenses, non-operating transfers-out.

Non-Major Fund. A fund in which the revenues, expenditures, assets or liabilities do not make up at least 10 percent of the total for the fund category or type and at least five percent of the aggregate amount of all governmental and enterprise funds.

Objectives. The specified end result expected and can include the time at which it will be achieved.

OPEB. Other Post-employment benefits.

Operating Expenses. Enterprise Fund expenses that are directly related to the fund's primary service activities.

Operating Income. The excess of Enterprise Fund operating revenues over operating expenses.

Operating Revenues. Enterprise Fund revenues that are directly related to the fund's primary service activities. They consist of user charges for services.

Ordinance. A formal legislative enactment having the full force and effect of the law.

Personal Services. Items of expenses in the operating budget for salaries and wages and for incidental fringe benefit costs associated with County full-time and part-time employment.

Proprietary Fund. Used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector (enterprise and internal service funds). All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business and quasi-business activities where net income and capital maintenance are measured – are accounted for through proprietary funds.

Property Tax Levy. The total amount of property tax to be assessed on taxpayers, regardless of whether actually collected.

Property Tax Rate. The rate used to determine the property tax bill of individual taxpayers. The rate is expressed as a dollar amount to be charged for each \$1,000 of assessed property value.

Revenues. Increases in governmental fund type net current assets from other than expenditure refunds and residual equity transfers.

Resolution. An order of the County Legislature requiring less legal formality than an Ordinance.

Tax Rate Limit. The maximum rate at which a government may levy a tax. Overall tax rate limits usually restrict levies for all purposes and of all governments, state or local, having jurisdiction in a given area. Taxes are levied via a Tax Levy Ordinance.

Taxes. Compulsory charges levied by a government for the purpose of financing services performed for a common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments.

Uniform Chart of Accounts. State mandated financial reporting format for governments. See “Chart of Accounts.”

User Fees. The payment of a charge for direct receipt of a public service by a party benefiting from that service.

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ACRONYMS

Acronym	Meaning
ARC	Annual Required Contribution
AICPA	Institute of Certified Public Accountants
CAFR	Comprehensive Annual Financial Report
CIP	Capital Improvement Program
FASB	Financial Accounting Standards Board
FY	Fiscal Year
FTE	Full-Time Equivalent (referring to personnel matters)
GAAP	Generally accepted accounting principles
GAAS	Generally accepted auditing standards
GAGAS	Generally accepted government auditing standards
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GML	General Municipal Law
GO	General Obligation (when referring to municipal bonds)
IGAS	Interpretation of Governmental Accounting Standards
NCGA	National Council on Governmental Accounting Q&A Implementation Guide
OPEB	Other Post-Employment Benefits
OSC	The Office of the State Comptroller
SAS	Statement on Auditing Standards
SGAC	Statement of Governmental Accounting Concepts
SGAS	Statement of Governmental Accounting Standards TB Technical Bulletin