

Review

Ulster County 2020 Executive Budget



To assist the county legislature in preparing
“...a written analysis and review of the
County Executive's proposed budget and
make it publicly available.”

What we look at:

- Paying for policy initiatives
- Trends in budget size
- Trends in major local revenue sources – property, sales and other
- Intergovernmental aid
- Spending – countywide and in departments
- The fund balance and its use
- Reserve funds
- Use of debt
- Capital spending and planning
- Long-term budget planning

Policy Initiatives



Policy Initiatives – Five Focal Points

- County Green New Deal
- Opioid abuse crisis
- Grow and diversify the economy
- Ensuring justice for all residents
- More responsive and responsible county government

Policy Initiatives: Our Questions

Not-

- Are the proposed initiatives good ideas?

But rather -

- Is the goal defined, with measurable outcomes?
- How much will it cost and how will the county pay for it?
- When will it start?
- Who will do it?
- How will it be done?
- How long will it take?

One Example: Tackling the Opioid Epidemic

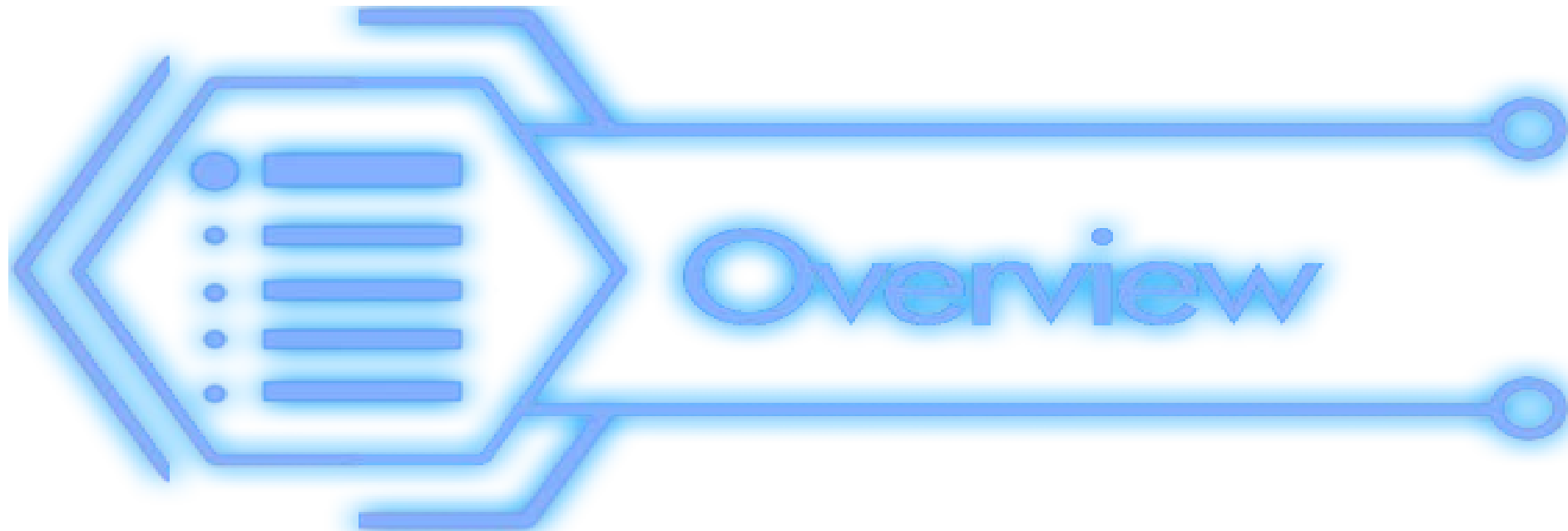
- Goal – Cut fatalities in half in two years from adoption of the plan
- How?
 - Health Department
 - Director of Opioid Prevention Strategy - Create a plan
 - Strategic Action Team - identify and work to remove barriers - continue to research best and promising practices - measure progress, recommend needed adjustments to improve outcomes.
 - Sherriff's Department
 - In the Jail
 - In the Community – Opioid response team
 - Resources
 - “Nearly \$3 million in grant funding” (Health Department \$2.5 million CHASE grant)
 - 2 newly appointed deputies
 - A mental health professional, a peer advocate, and a rehabilitation planner/specialist

Targeting the Opioid Epidemic: Strengths

- The problem is critically important in the region, state, and nation
- The goal is clear, ambitious, and measureable.
- The approach is systematic and evidence-based
- Measurement of results is built into the approach from the outset
- There has been entrepreneurial acquisition of external resources to supplement necessary local commitment

Tackling the Opioid Epidemic: Questions

- Who is in charge of the countywide effort?
- Will the program be fully integrated? Will reporting be fully integrated?
- When will the plan be finished and the program launch?
- How will resources outside the two lead agencies be identified and assigned?
- What about agencies that have contact with target populations but don't appear to be included?
- Where are the resources for this located in the county budget, and how much is available for this year's use?



Budget grows, fund balance level, property tax down

- \$13M (3.9%) larger than last year
- Greatest % growth in proposed budget in recent years
- 37 new benefitted positions
- Creation of a new department – Economic Development
- Full time status for heads of two departments
 - But:
- Predicts level fund balance
- Maintains record of property tax cuts



Revenues



Property Tax Levy – Down Again

Table 3—Property Tax Levy History							
	2014	2015	2016	2017	2018	2019	2020
Tax Levy (\$ Millions)	78.73	77.94	77.09	76.89	76.7	76.51	76.31
Equalized Full Taxable Value (\$ Billions)	17.97	17.88	17.92	18.01	18.2	18.69	19.48
Tax Rate \$ per 1,000	4.38	4.36	4.30	4.26	4.21	4.09	3.91

Sales Tax – A Credible Number

Table 4—Ulster County Sales Tax Projection 2020

	2015	2016	2017	2018	2019	2020
Actual	\$107,996,420	\$112,184,274	\$115,339,913	\$120,049,605	\$124,000,000	
Budgeted	\$108,002,757	\$109,966,041	\$111,672,331	\$117,631,568	\$122,435,116	\$128,561,423
Benjamin Center Projection			\$114,628,150		\$124,000,000	\$127,802,111
10 yr Average growth (3.1%)						\$127,844,000
2015-2018 Average Growth (3.8%)						\$128,712,000
2019 YTD US CS Growth (2.53%)						\$127,137,200
2020 Governor's State Estimate (5.4%)						\$130,696,000
					Polynomial	\$128,415,357
					Linear	\$127,875,790
					Logarithmic	\$123,934,432
					Average	\$127,802,111

Gaming Revenue – We Agree

Table 5—Gaming Revenue Estimate

	18-19	19-20	% Change	Estimated Change Avg. (47%)	Estimated Change Lowest (19%)
April	53,599	78,206	46%		
May	55,497	84,506	52%		
June	59,957	98,854	65%		
July	62,259	99,046	59%		
August	68,914	98,987	44%		
September	73,884	87,751	19%		
October	57,680	84,790		84,790	68,639
November	67,461	99,168		99,168	80,279
December	71,751	105,474		105,474	85,383
January	63,344	93,116		93,116	75,380
February	71,235	104,716		104,716	84,770
March	89,600	131,712		131,712	106,624
Total	795,183	1,166,327		1,168,919	946,268

Hotel Motel/Short Term Rental Revenue

- County estimate – \$2,185 000
- Benjamin Center (low) – \$2,083,339
- Benjamin Center (high) – \$2,126,097



Other Own Source Revenue

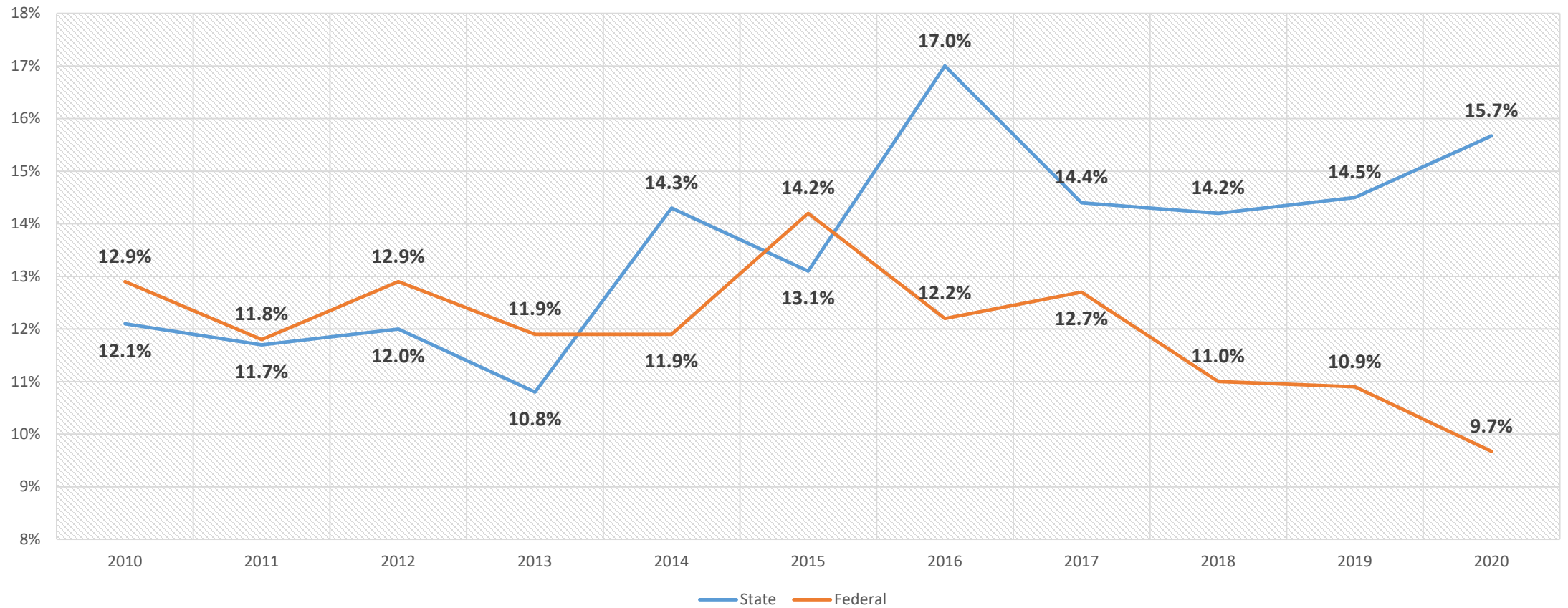
Tracks Experience

- \$4.2 million in property tax penalties and interest
- \$925,000 from the tax sale
- \$825,000 interest for deposited funds



State and Federal Aid

Figure 2--State & Federal Aid as a Percentage of Budget





Budgeted but Not Spent

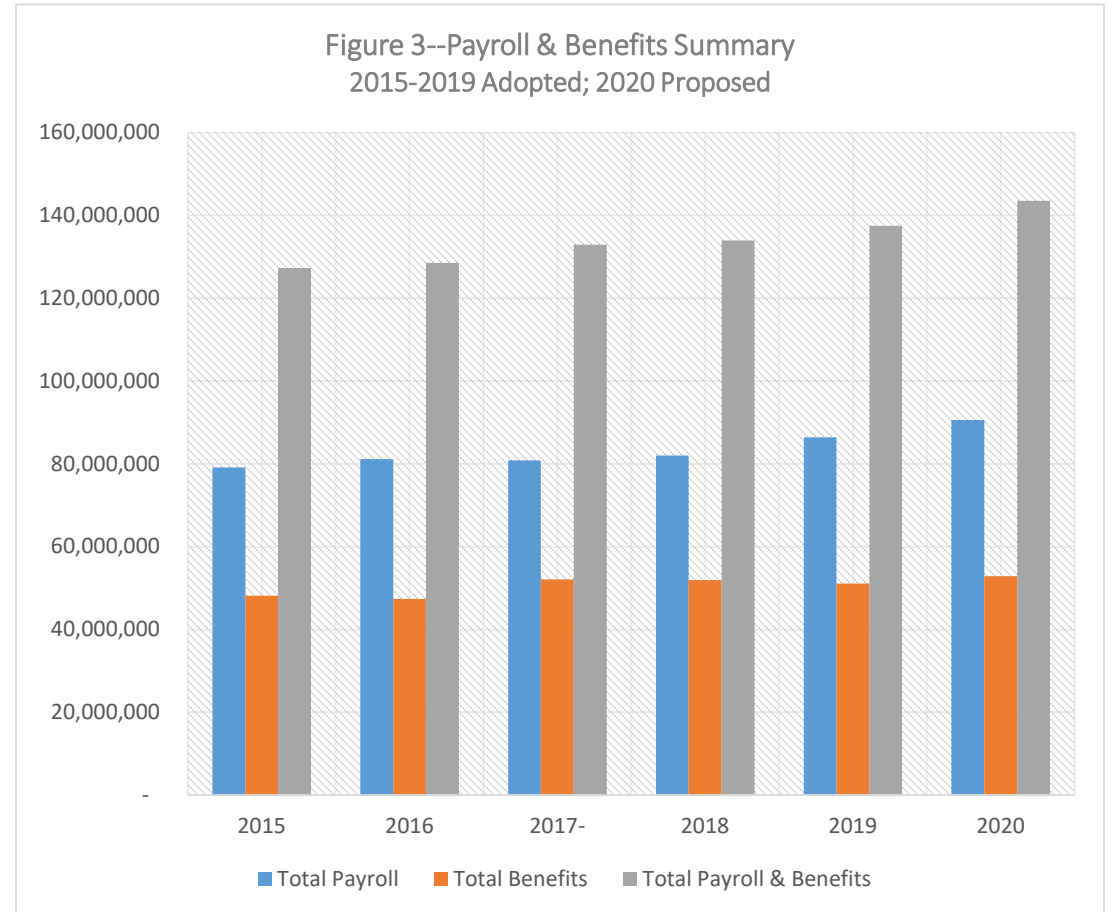
Table 6—Funds Budgeted But Not Spent

(\$ Millions)

	Adopted	Actual	Unspent
2019	329.3		
2018	323.8	319.5	4.3
2017	324.9	311.7	13.2
2016	330.4	313.4	17.0
2015	334.5	314.5	20.0
2014	336.2	310.7	25.5

Employee Pay and Benefits

- \$143.48M
 - Regular F/T Pay – up 4.6%
 - Part time pay – up 16.1%
 - Benefits – up 3.2%



Departments and Agencies

Three categories:

- Fully Funded from County Sources
- Substantially Funded from County Sources
- State Mandated Programs Requiring County Share

Example: Fully Funded - Jail Operations

- Costs increased by \$759,831.
- Expected revenue down \$1,140,000
- *Net additional cost: \$1,899,831.*



Example: Substantially Funded County Clerk

- To deal with workload, one position was added and one upgraded to full-time: Full time personnel is up by \$100,962.
- Revenues from recording fees are budgeted to drop \$100,000 from those projected for the current year amended budget, to \$1,710,000. (A total \$1,741,716 was generated from this source 2018.)
- Net local cost increase \$232,045

Example: Mandated – Pre-School

- Expenses up \$2,505,000
- Revenue up \$1,411,750
- Added county cost \$1,093,250



Debt Management

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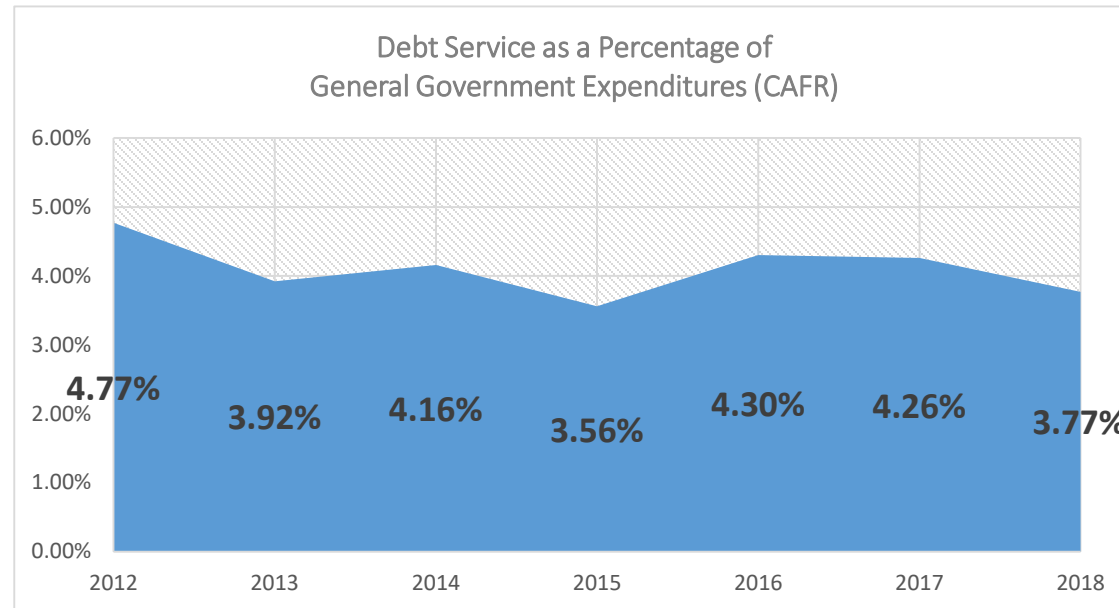
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Debt

- Persistent prudent management – AA rating continues
- No short term borrowing needed for cash flow
- Borrowing costs up \$1.67M
- *Debt service going forward may rise.*
- *Is all authorized but unissued borrowing authority needed?*



Reserves & Fund Balance



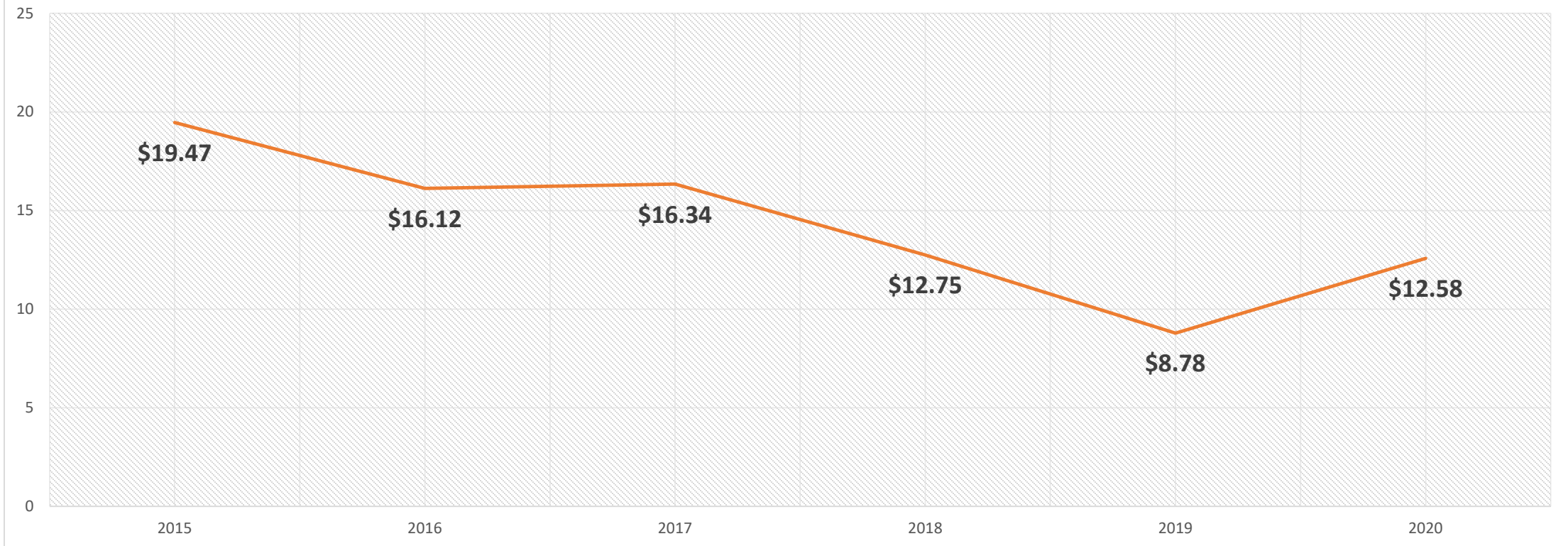
Tax Stabilization Reserve Fund

- Now totals \$2,547,827
- Use limited to mitigating property tax levy increase $>2.5\%$
- Can also be used for contingencies (unanticipated revenue loss, expenses), or transferred to pension reserve fund
- Good to have Reserves & Avails, but consider in relationship to:
 - Contingency Account
 - Annual appropriation of fund balance
 - General conservatism in budgets



Use of Fund Balance

Figure 3--Appropriated Fund Balance (All Funds)
2015-2020



Available Fund Balance (GF)

Adequate: trend has been good, but increased use in 2020 has impact

Table 8—Available Fund Balance at Year End					
(General Fund, \$ Millions)					
Year	2015	2016	2017	2018	2019
Fund Balance	\$21.0	\$25.5	\$27.0	\$34.5	\$31.5
% of GF Spending	7.3%	9.4%	10.0%	12.6%	11.0%
Source: Audited figures for available, unrestricted/unassigned fund balance 2015-2018; 2019 estimate reflects restricted/assigned estimates from the Ulster County finance office and the impact of executive budget's appropriated use of fund balance.					

Fund Balance & Fund Balance Policy

- Ulster Target = 5% - 10% of operating costs
- ESTIMATED 2019 General Fund = 11%
- Best practice – GFOA
 - 2 months of GF Operating Revenues (16.7%)
 - Other sources usually recommend 10-15%
- Policy issues
 - Target %
 - Should cover conditions for when to use fund balance, preferred uses
 - Replenishment policy
 - Transparency



Long Term Capital Planning

- *Ulster county's capital improvement plan is probably better than that in many other jurisdictions*
- *But it does not meet all of the best practices described by the NYS Comptroller's Office.*
 - capital assets inventory, needs assessment, & prioritization
 - Plan must fully estimated costs, including
 - debt service,
 - year-by-year budgetary impacts, itemized
 - ***A capital plan without a financial plan does not allow a locality to truly weigh the costs of its capital aspirations.***

Multiyear Financial Planning

- NYS Comptroller's Model
- Best if integral to budgeting
 - Offsets popular pressures for short-term results
 - Early identification of risks – extends available reaction time
 - Integrates “gap elimination” timely in budget process
 - Helps discipline spending
- Demonstrates sensitivity to revenues, other changes
- Allows testing of multiple scenarios

Table 9—Multiyear Financial Projection (2021 - 2023)

	Ulster County - General Fund								
		Adopted Budget	Executive Budget	Projection Years			Projected % Change		
		2019	2020	2021	2022	2023	2021	2022	2023
Revenues									
	Real Property Taxes	56,383,308	56,100,137	56,100,137	56,100,137	56,100,137	0.0%	0.0%	0.0%
	Sales and Use Tax	126,226,458	132,751,423	136,733,966	140,835,985	145,061,064	3.0%	3.0%	3.0%
	Departmental Income	10,388,551	10,319,225	10,319,225	10,319,225	10,319,225	0.0%	0.0%	0.0%
	Intergovernmental Charges	2,451,476	1,492,368	1,500,000	1,500,000	1,500,000	0.5%	0.0%	0.0%
	Use of Money and Property	1,330,470	1,700,789	1,700,000	1,700,000	1,700,000	0.0%	0.0%	0.0%
	Fines and Forfeitures	493,968	548,894	500,000	500,000	500,000	-8.9%	0.0%	0.0%
	Sale of Property/Compensation for Loss	1,390,500	1,130,250	1,300,000	1,300,000	1,300,000	15.0%	0.0%	0.0%
	Miscellaneous Local Sources	402,100	419,400	420,000	420,000	420,000	0.1%	0.0%	0.0%
	Interfund Revenues	1,948,617	2,021,432	2,000,000	2,000,000	2,000,000	-1.1%	0.0%	0.0%
	State Aid	43,643,381	49,628,968	48,000,000	48,000,000	48,000,000	-3.3%	0.0%	0.0%
	Federal Aid	34,679,734	31,263,312	32,000,000	32,000,000	32,000,000	2.4%	0.0%	0.0%
	Use of Fund Balance & Reserves	7,360,561	10,010,242	10,010,242	10,010,242	10,010,242			
	Interfund Transfers	-	-	-	-	-			
	Total Revenues	286,699,124	297,386,440	300,583,570	304,685,589	308,910,668	1.1%	1.4%	1.4%
Expenditures									
	Personal Services	78,452,747	82,591,396	85,069,138	87,621,212	90,249,848	3.0%	3.0%	3.0%
	Equipment and Capital Outlay	2,159,549	2,806,499	2,862,629	2,919,882	2,978,279	2.0%	2.0%	2.0%
	Contractual	158,399,050	162,485,867	165,394,364	168,354,923	171,368,476	1.8%	1.8%	1.8%
	Debt Service (Principal and Interest)	950,000	950,000	1,000,000	1,050,000	1,100,000	5.3%	5.0%	4.8%
	Interfund Transfers	-	-	-	-	-			
	Employee Benefits	46,737,778	48,552,678	49,523,732	50,514,206	51,524,490	2.0%	2.0%	2.0%
	Total Expenditures	286,699,124	297,386,440	303,849,862	310,460,223	317,221,094	2.2%	2.2%	2.2%
Surplus (Deficit)		-	-	(3,266,293)	(5,774,634)	(8,310,426)			
Fund Balance									
	Total Fund Balance, Beg. of Year	57,990,008	57,990,008	57,990,008	54,723,715	48,949,081			
	Total Fund Balance, End of Year	57,990,008	57,990,008	54,723,715	48,949,081	40,638,655			
	Less:								
	Restricted and Assigned	17,013,188	17,013,188	17,013,188	17,013,188	17,013,188			
	Use of Fund Balance	9,431,507	9,431,507	9,431,507	9,431,507	9,431,507			
	Available Fund Balance	31,545,313	31,545,313	28,279,020	23,504,386	14,193,960			
	% of Expenditures	11.0%	10.6%	9.3%	7.2%	4.5%			

Questions?

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