

November 4, 2011

Hon. Frederick Wadnola, Chairman, Ulster County Legislature
Hon. Richard Gerentine, Chairman, Budget and Finance Committee
Ulster County Legislature
244 Fair Street
Kingston, New York 12401

Chairman Wadnola, Chairman Gerentine and Legislators:

In accordance with the Ulster County Charter, Section C-36 and Administrative Code for the County of Ulster, Article IV, Section A4-6, please accept the accompanying review and analysis of the proposed 2012 Ulster County Executive Budget.

The analysis and report, completed by CGR Inc. (Center for Governmental Research), presents an overview of the budget proposal on a fund basis, as well as an in-depth analysis of the budget and its underlying assumptions. Our analysis includes not only a line-item review of the Executive Budget, identifying cost and/or revenue line-items where our projections indicate additional budgetary flexibility to adjust appropriations and/or resources within the context of a balanced County Budget, but also (at the Legislature's specific request) a summary review of key considerations surrounding the Executive Budget's proposal to transfer the Golden Hill Healthcare Center.

As discussed in the report's executive summary, our key findings are as follows:

- The 2012 Executive Budget as presented is balanced. It contains \$363.5 million in spending across all budgetary funds, a \$10.7 million (3.04 percent) increase over the County's 2011 adopted budget. Revenue would similarly increase \$10.7 million (3.04 percent) to \$363.5 million. Of that total, general revenues are projected up \$9.3 million (3.6 percent), with proceeds from the proposed Golden Hill Healthcare Center transfer accounting for nearly \$9.4 million – a one-shot resource that represents the single-largest year-over-year increase in general revenues. This new revenue source results in part from the Executive Budget's proposal to transfer the Center to a Local Development Corporation (LDC), which would in turn issue approximately \$8 million in bonds to bridge a projected shortfall in the Golden Hill Fund.
- Sales tax revenue is projected up \$1.6 million, approximately 2 percent over the 2011 adopted budget. Although the 2 percent assumed increase in sales tax revenue for the 2012 budget year is modest, sustained economic challenges in the region, state and nation cast uncertainty on whether sales tax growth can meet the budget target. For this reason, a conservative assumption regarding the potential growth of sales tax is warranted.
- At \$11.5 million, the proposed budget's reliance on fund balance is down slightly – \$0.9 million, or 7.0 percent – from last year. Still, the overall reliance on fund balance has

grown since the 2007 budget, wherein no fund balance reserves were drawn upon for budgetary balance.

- A line-item analysis of all proposed appropriations and revenues identified approximately \$439,000 in potential adjustments to the Executive Budget, based on a comparison of budget levels to projected levels. All of the identified adjustments are on the expenditure side of the ledger; no potential revenue adjustments were identified within the Executive Budget as proposed. Of the potential adjustments, approximately \$229,000 is attributable to a lower-than-expected projected subsidy to the Resource Recovery Agency for the 2012 fiscal year.

Golden Hill Proposal

The largest policy proposal contained within the Executive Budget – both in financial terms and the extent of restructuring it is intended to yield – is an initiative to transfer ownership of the County’s Golden Hill Health Care Center. According to the Executive Budget and accompanying documents, the proposal is in response to projected growing operating deficits in the Golden Hill Fund (C) and pending capital investment requirements that would be necessary to retain the facility’s viability.

In the context of the Golden Hill proposal, it is important to acknowledge CGR’s role in the budget review process. CGR’s responsibility as budget review consultant is to (1) evaluate the financial impact of the Golden Hill proposal *in the context of the proposed budget*, (2) assess the validity of the financial projections on which the proposal is based, and (3) determine possible alternatives – and their projected financial impact – to the Golden Hill proposal in the event the Legislature desires to explore options to transferring ownership of the facility as envisioned in the Executive Budget. In its role as budget consultant, CGR has not completed a detailed analysis of Golden Hill’s operations to determine the soundness of the initiative itself, but rather has focused on the fiscal implications of the proposal and alternatives thereto.

At the Legislature’s direction, CGR did review a series of key questions and considerations regarding the proposal, and developed a list of potential options available to the Legislature. It is important to note that there is no guarantee that the LDC would be able to complete a full sale and transfer of Golden Hill within the 2012 calendar year. In theory, the LDC could identify a buyer and finalize sale terms within 2012, but the ultimate sale would remain subject to State approval. Conservatively, this process could take an additional 12-to-18 months after a buyer is identified and sale terms are agreed to. Thus, even if a buyer is identified in the first quarter of 2012, it is likely that the County would retain some operational responsibility through its leasehold interest at least into the 2013 fiscal year. For this reason, the County should be prepared to address a Golden Hill Fund operating budget in 2013 as well.

The report summarizes a series of options available to the Legislature to the extent it desires to consider alternatives to the Golden Hill proposal. Those options include the following:

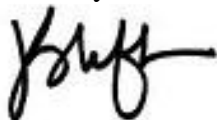
- Additional property tax revenue within the County’s remaining space under the new property tax cap;

-
- Authorizing an override of the property tax cap;
 - Reducing or eliminating other existing services in order to reappropriate funds;
 - Appropriate additional fund balance;
 - Defer or eliminate some proposed capital purchases;
 - Monetize certain assets, potentially including the Resource Recovery Agency;
 - Seek renegotiation of collective bargaining agreements to mitigate workforce cost growth;
 - Further reduce the number of budgeted vacant positions; and/or
 - Reduce the contingency line and reappropriate those dollars elsewhere in the budget.

The ultimate decision to pursue any of these strategies is *a policy decision to be made by the Legislature and Executive in balancing other competing factors*. Each offers tradeoffs that will require due consideration in the development and approval of a final budget document. CGR offers no endorsement of these strategies – nor of the Golden Hill proposal itself – but rather seeks to identify the universe of options available to the County Legislature as it completes its budgetary review process.

We look forward to meeting with the Legislature on November 9, 2011 to discuss our review and findings.

Sincerely,



Joseph Stefko, Ph.D.
Director of Public Finance

Review and Analysis of Proposed 2012 Budget

Ulster County, New York

November, 2011

Prepared for:
Ulster County Legislature

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Review and Analysis of Proposed 2012 Budget

Ulster County, New York

November, 2011

SUMMARY

Overview

In September 2011, the Ulster County Legislature engaged CGR Inc. (Center for Governmental Research) to complete a review and analysis of the proposed 2012 Executive Budget for Ulster County. This report constitutes CGR's review, completed in accordance with the Ulster County Charter, Section C-36 and Administrative Code for the County of Ulster, Article IV, Section A4-6, which requires the following, in part: "The Legislature or a committee designated by it shall prepare a written analysis and review of the County Executive's proposed budget and make it publicly available, including posting it on the County government website, no later than the second Friday of November of each year."

CGR's report on the 2012 Executive Budget is comprised of two components. First, we present an overview of the budget proposal on a fund basis, identifying major year-over-year changes and, where applicable, key proposed initiatives. Second, we offer an in-depth analysis of the budget and its underlying assumptions, including the following:

- A line-item review of the 2012 Executive Budget, identifying (where applicable) cost and/or revenue line-items where our analysis indicates additional budgetary flexibility to adjust appropriations and/or resources within the context of a balanced County Budget;
- At the Legislature's specific request, a summary of our review of key considerations surrounding the Executive Budget's proposal to transfer the Golden Hill Healthcare Center to a Local Development Corporation (LDC), and ultimately to a state-approved buyer; and
- At the Legislature's specific request, a summary review of statutorily-available alternatives to filling the Executive Budget's projected fiscal gap in the Golden Hill Healthcare Center Fund.

Key Conclusions

Our review and analysis presents the following key conclusions:

- The 2012 Executive Budget as presented is balanced. It contains \$363.5 million in spending across all budgetary funds, a \$10.7 million (3.04 percent) increase over the County's 2011 adopted budget. Revenue would similarly increase \$10.7 million (3.04 percent) to \$363.5 million. Of that total, general revenues are projected up \$9.3 million (3.6 percent), with proceeds from the proposed Golden Hill Healthcare Center transfer accounting for nearly \$9.4 million – a one-shot resource that represents the single-largest year-over-year increase in general revenues. This new revenue source results in part from the Executive Budget's proposal to transfer the Center to a Local Development Corporation (LDC), which would in turn issue approximately \$8 million in bonds to bridge a projected shortfall in the Golden Hill Fund.
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- At \$11.5 million, the proposed budget's reliance on fund balance is down slightly – \$0.9 million, or 7.0 percent – from last year. Still, the overall reliance on fund balance has grown since the 2007 budget, wherein no fund balance reserves were drawn upon for budgetary balance.
- A line-item analysis of all proposed appropriations and revenues identified approximately \$439,000 in potential adjustments to the Executive Budget, based on a comparison of budget levels to projected levels. All of the identified adjustments are on the expenditure side of the ledger; no potential revenue adjustments were identified within the Executive Budget as proposed. Of the potential adjustments, approximately \$229,000 is attributable to a lower-than-expected projected subsidy to the Resource Recovery Agency for the 2012 fiscal year.

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an initiative to transfer ownership of the County's Golden Hill Health Care Center. According to the Executive Budget and accompanying documents, the proposal is in response to projected growing operating deficits in the Golden Hill Fund (C) and pending capital investment requirements that would be necessary to retain the facility's viability.

In the context of the Golden Hill proposal, it is important to acknowledge CGR's role in the budget review process. CGR's responsibility as budget review consultant is to (1) evaluate the financial impact of the Golden Hill proposal *in the context of the proposed budget*, (2) assess the validity of the financial projections on which the proposal is based, and (3) determine possible alternatives – and their projected financial impact – to the Golden Hill proposal in the event the Legislature desires to explore options to transferring ownership of the facility as envisioned in the Executive Budget. In its role as budget consultant, CGR has not completed a detailed analysis of Golden Hill's operations to determine the soundness of the initiative itself, but rather has focused on the fiscal implications of the proposal and alternatives thereto.

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The report summarizes a series of options available to the Legislature to the extent it desires to consider alternatives to the Golden Hill proposal. Those options include the following:

- Additional property tax revenue within the County's remaining space under the new property tax cap;
- Authorizing an override of the property tax cap;
- Reducing or eliminating other existing services in order to reappropriate funds;
- Appropriate additional fund balance;

- Defer or eliminate some proposed capital purchases;
- Monetize certain assets, potentially including the Resource Recovery Agency;
- Seek renegotiation of collective bargaining agreements to mitigate workforce cost growth;
- Further reduce the number of budgeted vacant positions; and/or
- Reduce the contingency line and reappropriate those dollars elsewhere in the budget.

The ultimate decision to pursue any of these strategies is *a policy decision to be made by the Legislature and Executive in balancing other competing factors*. Each offers tradeoffs that will require due consideration in the development and approval of a final budget document. CGR offers no endorsement of these strategies – nor of the Golden Hill proposal itself – but rather seeks to identify the universe of options available to the County Legislature as it completes its budgetary review process.

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INTRODUCTION

At its most basic level, a budget is a *plan* – a plan for how (and when) spending will occur and how (and when) it will be offset by revenue. Such is the case for any budget, whether that of an individual, family or organization. And such is certainly the case for a county government. Even with the most stringent management controls, the budget plan often differs from the reality that takes place over the course of a fiscal year. Some expense categories will trend higher than budgeted, while others fall short; similarly, certain revenue items will exceed budget expectations, while others lag in amount or payment term.

A host of factors – many beyond direct control of the county – can challenge the effectiveness and resilience of any budget plan. Macroeconomic conditions, consumer spending and unforeseen-but-necessary expenditures are just a few examples. Especially in the current economic and fiscal environment, federal and state funds are other important examples. The potential variability of these and other factors makes it even more important that any budget plan be responsible, reasonable and achievable. A budget cannot *predict* the future with complete accuracy, but it can position the county in a way that best *prepares* it to address service and programmatic needs within available resources for the upcoming fiscal year.

The following in-depth review and analysis of the proposed Ulster County 2012 fiscal year budget is produced with these considerations in mind. As budget analysis consultant, CGR's role in Ulster County one of strategic information provider, helping officials "sift" through vast amounts of data on the County's financial position, performance and direction in a way that optimizes the budget review process and empowers more proactive decision making on current and anticipated challenges.

The review is completed in accordance with the Ulster County Charter, Section C-36 and Administrative Code for the County of Ulster, Article IV, Section A4-6, which requires the following, in part: *The Legislature or a committee designated by it shall prepare a written analysis and review of the County Executive's proposed budget and make it publicly available, including posting it on the County government website, no later than the second Friday of November of each year.*

Format of this Report

This report is structured to provide readers with a proper contextual understanding of the proposed 2012 County budget. Although any given year's budget is simply a point-in-time "snapshot," in reality the proposed budget is informed by recent trends at the local, regional, state and

national levels. To place the current analysis in appropriate context, the report begins with a high-level review of recent County budget trends (from 2009 through the present). The report then offers a detailed review and analysis of the proposed 2012 County budget, including consideration of the following:

- Total proposed revenues and expenditures in each of the budget's seven funds;
- Key (*i.e.* largest and/or most central) revenue and expenditure line-items in each budgetary fund, and the assumptions underlying them; and
- Where applicable, tests of the "elasticity" of budgetary assumptions which have the potential to challenge budgetary performance during the course of the fiscal year.

The report is divided into two components. The first offers a summary of the key components in the Executive Budget proposal. The second builds on that review and identifies potential and/or recommended adjustments to the Executive Budget proposal.

Where CGR's analysis identifies major revenue/expenditure centers that are less supported by recent or anticipated fiscal trends, those findings are so noted. Where applicable, the report identifies budget lines where CGR recommends additional clarification, analysis or adjustments can be completed in the interest of budgetary sustainability.

Given the importance of the budgetary process to County government *and* the community it serves, we have made an effort to make the terms, concepts, analysis and conclusions in this report accessible to public finance experts and non-experts alike.

HOW THE COUNTY BUDGET IS STRUCTURED

Ulster County's budget includes seven separate funds:

- The **General Fund** (also known as the "A" Fund), which contains the revenues and expenditures associated with most of the general, day-to-day County services;
- The **Community Development Fund** (the "B" Fund), which contains expenditures related to community development activities and the specially-designated revenues than pay for them, including block grant funds and Workforce Investment Act dollars;

- The **Golden Hill Healthcare Center Enterprise Fund** (the “C” Fund), which contains expenditures and revenues – including user charges – related to management of the County’s long-term healthcare and skilled nursing facility;
- The **County Road Fund** (the “D” Fund), which contains expenditures related to County highway maintenance activities and the specially-designated revenues that fund them;
- The **Road Machinery Fund** (the “E” Fund), which contains specially-designated revenues and expenditures related to highway maintenance equipment;
- The **Workers Compensation Fund** (the “S” Fund), an enterprise fund containing revenues and expenditures related to the County’s self-insurance of Workers Compensation; and
- The **Debt Service Fund** (the “V” Fund), which accounts for finances related to borrowing and debt payments on major County projects.

THE 2012 BUDGET IN CONTEXT: KEY TRENDS

The past several years have presented a host of fiscal challenges for governments across New York State, particularly counties. These challenges have made the annual budget process ever-more difficult, with resources under greater pressure and fewer options to offset recurring cost increases. The national economic downturn has had a number of effects on New York’s public sector, from higher unemployment¹ constraining State income tax receipts and impinging on revenue sharing with local governments, to lower rates of personal consumption driving down sales tax receipts at the county level. In the context of these challenges, and as context for analyzing the proposed 2012 County budget, the following trends are particularly noteworthy.

Restrained budgetary growth

The County’s past several approved budgets evidence strong growth control. From 2009 through 2011, the County’s all-funds budget has

¹ By way of reference, the unemployment rate in Ulster County was 8.2 percent in July 2011, identical to what it was in 2010. This compares to 7.9 percent in 2009, 5.4 percent in 2008, 4.4 percent in 2007 and 4.2 percent in 2006. Ulster County’s July 2011 rate compared to 8.0 percent statewide and 9.3 percent nationally.

grown by approximately only \$6.9 million, or 2.0 percent, below the rate of inflation. The General Fund (A) has grown by \$8.2 million, or 3.0 percent over that same period, but some of that growth was offset by decreases in the Community Development Fund (B), County Road Fund (D), Road Machinery Fund (E) and Debt Service Fund (V).

Stable property tax levy

The County's property tax levy funds approximately 22 percent of its all-funds budget (and 18 percent of its General Fund (A) budget). Ulster has managed to keep its property tax levy – the amount of money actually budgeted from property taxes – reasonably flat over the past several years. The levy only grew \$2.6 million, or 3.5 percent, from 2009 to the 2011 adopted budget. It actually remained flat year-over-year from 2010 to 2011. The General Fund (A), which receives the lion's share of County property tax revenues, has seen its reliance reduced in the past several years. In 2009, the General Fund (A) received \$54.0 million in property tax revenue, or nearly 73 percent of the County's total levy; in 2011, it received \$52.5 million, or 68 percent. The difference is largely attributable to the Golden Hill Healthcare Center Fund (C), which has seen its reliance on the levy grow substantially in the past several years.

Pressure on County sales tax revenues

As a result of economic turbulence, the natural growth of sales tax revenues has come under significant pressure in recent years. Consider that budgeted sales tax revenue in 2011 was nearly identical to the amount of sales tax actually received five years earlier, and *less than* the amount actually received in 2008. After years of dependable and sustained growth, Ulster County's sales tax revenue has ebbed and flowed in the past five years, dropping more than 8 percent in 2009.

Increased reliance on fund balances

To bridge revenue pressures elsewhere in the budget, the County's reliance on fund balance to underwrite services has grown. The adopted 2011 budget relied upon \$12.4 million in fund balance, a 77 percent increase over two years earlier. By contrast, the County did not rely on any fund balance as recently as 2007. Much of the recent growth was in the General Fund (A), where dependence on fund balance grew from \$1.9 million in 2009, to \$5.8 million in 2010 and \$12.0 million in 2011. Unlike recurring revenues such as property taxes or sales taxes, fund balance is generally considered to be a "one-time" resource, meaning that it can only be spent once. Continued reliance on fund balance to offset a growing share of the County's annual budget is not sustainable over the long-term.

Growth in Nursing Facility Fund

As noted, the Golden Hill Healthcare Center, the County's 280-bed skilled nursing facility, has claimed an increasing share of the County property

tax levy in recent years. As recently as 2009, the Golden Hill Healthcare Center Fund (C) received no property tax funds; by 2011, the Fund was allocated \$4.2 million, or more than 5 percent of the total County tax levy. In addition to claiming an additional share of the tax levy, the Fund's contribution to the General Fund (A) for IGT has declined by \$0.9 million, or roughly 31 percent, over that period.

Increase in pension, health costs

Like governments statewide, Ulster County has experienced significant growth in fringe benefit costs in recent years, despite budgeting for an 8 percent (155-position) workforce reduction since 2009. In particular, pension and health insurance costs have seen considerable increases. The County's General Fund (A) pension costs have nearly doubled in the past three years, burgeoning from \$7.5 million in 2009 (actual spent) to \$14.9 million (budgeted) in 2011. Over the same period, hospital and medical insurance costs borne by the County grew nearly 18 percent (or \$3.5 million), to \$23.0 million. Sustained increases in both pension and health insurance costs will continue to pose a significant challenge to Ulster County and other local governments.

Reductions in County road-related funds

The two budget funds associated with County highways – the County Road Fund (D) and Road Machinery Fund (E) – have both contracted slightly over the past three approved budgets. From 2009 through 2011, the Road Fund declined by nearly \$1.5 million, or 10 percent; the Road Machinery Fund, which is funded in large part by an inter-fund transfer from the Road Fund, dropped by nearly \$0.5 million, or 12 percent.

Available property tax capacity

The New York State Constitution imposes a legal limit on a county's authority to generate property taxes, with the limit defined as a percentage of the full valuation of taxable real property within the county. The difference between the Constitutional taxing limit and the property taxes actually levied by a county is often referred to as "margin." Ulster County has preserved substantial flexibility in its property tax margin over the past several years. In 2009, the County was utilizing 27 percent of its Constitutional taxing margin; by 2011, the figure had dropped to 25 percent.

Available debt capacity

The New York State Constitution similarly imposes a legal limit on a county's ability to incur debt obligations. Ulster County's utilization of constitutional debt capacity has fallen in the past several years. In 2009, the County was using 8.6 percent of its debt capacity; by 2011, it was using 6.9 percent.

REVIEW OF EXECUTIVE BUDGET

The 2012 Executive Budget proposal contains \$363.5 million in spending across all budgetary funds. The total represents a \$10.7 million, or 3.04 percent increase over the County's 2011 adopted budget. The General Fund (A) accounts for nearly all of the increase in the all-funds budget, increasing by nearly \$9.5 million. The Golden Hill Healthcare Center Fund (C) contains the next-largest increase in gross dollar terms, growing nearly \$1.3 million. In percentage terms, the greatest year-to-year change is found in the Community Development Fund (B), which is proposed to decline by 30.9 percent, or \$0.7 million.

As the budget proposal is balanced, the year-to-year spending changes are mirrored on the revenue side of the ledger. Revenue would increase \$10.7 million, or 3.04 percent in comparison to the 2011 adopted budget. Of that total, general revenues are projected up \$9.3 million (3.6 percent), with proceeds from the Golden Hill Healthcare Center transfer accounting for \$9.4 million – a one-shot resource that represents the single-largest year-over-year increase in general revenues. This new revenue source results in part from the Executive Budget's proposal to transfer the Center to a Local Development Corporation (LDC), which would in turn issue approximately \$8 million in bonds to bridge a projected shortfall in the Golden Hill Fund.

Another important revenue – sales tax – is projected up \$1.6 million, or approximately 2 percent over the 2011 adopted budget. The proposed budget's reliance on fund balance to achieve balance is down slightly - \$0.9 million, or 7.0 percent – from last year.

It is important to note that development of the 2012 County budget is the first to take place under the more stringent requirements of the new state property tax cap. The Executive Budget proposal contains a real property tax levy of \$78.8 million, which is approximately \$450,000 below the County's official tax cap figure for the 2012 fiscal year.

The following subsections provide a high-level summary of the 2012 Executive Budget proposal for each of the seven major funds that comprise the County spending plan, both for expenditures and revenues. They are intended to provide a quick overview of each fund, recent trends and most significant year-over-year changes. They also provide critical contextual information for the detailed analysis of projections, proposals and budgetary assumptions that follow later in the report.

General Fund (A)

The General Fund is the largest of the County budget's seven funds, representing approximately 80.9 percent of the overall proposed 2012 spending plan. The following summaries offer a high-level overview of the fund's expenditures and revenues, and identify key year-over-year changes.

Overview of Expenditures

The General Fund contains \$293.4 million in proposed spending, as well as \$750,000 in deferred property tax. The overall size of the proposed General Fund represents a 3.3 percent increase (\$9.5 million) over the 2011 adopted budget. Viewed over a longer timeframe, the General Fund proposal represents a 6.9 percent increase over *actual* expenditures two years ago (2010), and a 7.0 percent increase over *actual* expenditures three years ago (2009).

More than half of the General Fund – 56.4 percent, in fact – is allocated to just two cost centers: Social services and employee benefits. The largest component, accounting for 39.3 of the entire General Fund, involves social services expenditures. The 2012 budget proposal contains \$115.3 million in such costs, a 5.8 percent increase over the 2011 budget and 10.9 percent increase over 2010 actual spending. Social services expenditures are comprised of a variety of different categories, from medical assistance to safety net services, energy assistance, child care programming and more. The single largest components of the \$115.3 million total include the Medical Assistance MMIS program (\$39.4 million), Child Care/EIP services (\$27.9 million), general social services administration (\$21.2 million) and family assistance services (\$12.0 million).

The second-largest component, accounting for 17.3 percent of the General Fund, involves employee benefits, namely health insurance and pension costs. In total, employee benefits account for \$50.7 million, an increase of \$3.4 million (7.2 percent) from the 2011 adopted budget. Of the largest categories of employee benefits, state pension costs grow nearly \$1.9 million (12.6 percent) on a year-over-year basis, while hospital/medical insurance is up \$1.6 million (7.1 percent).

On a net basis, General Fund expenditures *other than* social services and employee benefits undergo virtually no change on year-over-year, declining \$0.2 million, or less than two-tenths of one percent. Within that category, several cost centers are proposed to change more significantly in comparison to the 2011 adopted budget, however. Among the largest increases:

- Law expenses are up nearly \$1.5 million, a 188 percent increase, primarily as a result of expenses related to the Golden Hill Healthcare Center transition, and more specifically the financing costs related to the bond sale;
- Election expenses are up \$0.6 million, a 46.6 percent increase, due in part to new voting machines and contractual expenses;
- Jail expenses are up \$0.4 million, a 3.2 percent increase;
- The *distributed* portion of sales tax² is up nearly \$0.3 million, a 2.0 percent increase to reflect baseline growth assumptions for sales tax receipts; and
- Interest on debt is up nearly \$0.3 million, a 13.3 percent increase.

Among the largest decreases:

- Mental health program expenses are down more than \$1.1 million, an 18.0 percent decrease, due primarily to a nearly \$1.0 million reduction in Kingston Clinic costs and lower reductions in the Ellenville and New Paltz lines;
- Narcotics addiction control expenses are zeroed out, a reduction of nearly \$0.8 million (although contracted narcotics addiction control programs continue to be funded);
- The contingency line is down \$0.6 million, or 32.4 percent; and
- Central data processing expenses are down \$0.4 million, or 5.4 percent, due primarily to reductions in computer and software costs.

Overview of Revenues

The General Fund contains \$293.4 million in proposed revenue (net \$750,000 in deferred property tax), balancing the proposed spending level. The County's share of sales tax is budgeted at \$85.2 million, up 2.0 percent from the 2011 budget. Sales tax represents the single-largest revenue line-item in the General Fund, accounting for 30 percent of County revenue.

² Consistent with standard accounting requirements, the portion of sales tax shared by the County with other government entities is included as an offsetting expenditure and revenue.

The real property tax, which as the second-largest revenue line-item accounts for 19 percent of General Fund resources, is budgeted at nearly \$53.3 million, approximately \$0.8 million more than the 2011 budget. As discussed in more detail later in this report, the real property tax does not flow exclusively to the General Fund; in fact, the General Fund is one of five budgetary funds (along with the Golden Hill, County Roads, Road Machinery and Debt Service funds) that are partially funded by the property tax. The General Fund does, however, make the largest claim on the property tax, with 68 percent of the entire \$78.8 million property tax levy going to underwrite General Fund spending.

As in recent years, the 2012 Executive Budget proposal includes appropriated fund reserves to balance the spending plan. A total of \$10.8 million in fund balance is included as General Fund revenue, a decline of \$1.1 million (9.6 percent) from the 2011 adopted budget. The drawing down of fund balance continues a trend that has grown over the past several years – the County budget included \$1.9 million in appropriated fund balance in 2009, growing to \$5.8 million in 2010 and \$12.0 million in 2011.

Beyond fund balance and property/sales taxes, there are several revenue lines that have noteworthy increases in comparison to the 2011 adopted budget. They include:

- Law revenues, which are up \$9.4 million to reflect the one-shot proceeds of the Golden Hill Healthcare Center transfer and bond sale;
- Family assistance revenues, which are up \$3.5 million (73.4 percent) due to additional program funding;
- Safety net program revenues, which are up nearly \$0.9 million (12.5 percent) due primarily to increased town chargebacks;
- Elections revenues, which are up nearly \$0.6 million (78.4 percent) due primarily to additional general funding in the HAVA (Help America Vote Act) division; and
- Hospital and medical insurance revenues, which are up approximately \$0.5 million (14.6 percent) due to anticipated increases in departmental reimbursements.

Similarly, several revenue lines are projected lower from the 2011 adopted budget levels. Among the most significant reductions are:

- Child care, where revenues are down nearly \$1.7 million (8.5 percent) as a result of reductions in early intervention and Medicaid funding;
- Mental health programs, down \$1.6 million (22.1 percent) due to a zeroing out of the Social Services division and reductions at Kingston, Ellenville and New Paltz;
- Narcotics addiction programs, which are zeroed out by a \$1.1 million reduction (although contracted narcotics addiction programs remain in place);
- Medical assistance MMIS, where revenues are down \$1.0 million (27.1 percent) due to a reduction in repayments; and
- Jail, down nearly \$0.7 million (40.0 percent) due to reductions in inmate boarding revenues.

Community Development Fund (B)

The Community Development Fund is the smallest of the County budget's seven funds, representing approximately one-half of one percent of the overall proposed 2012 spending plan. The following summaries offer a high-level overview of the fund's expenditures and revenues, and identify key year-over-year changes.

Overview of Expenditures

The Community Development Fund contains \$1.6 million in proposed spending for 2012, a \$0.7 million (30.9 percent) *decrease* from the 2011 adopted budget. Although the budget would continue to fund the primary functions it did in 2011, most programmatic areas would experience reductions under the proposed plan. The following points summarize the year-over-year reductions in the fund's primary program lines:

- Spending on rehabilitation loans and grants is budgeted down \$0.5 million (69.4 percent) due primarily to a reduction in the County's home ownership program line, as well as a smaller reduction in farm worker housing grants;
- Job training and related services are budgeted down almost \$0.2 million (20.8 percent) due to reductions in various contracted services; and
- The Office of Employment and Training is budgeted down more than \$0.1 million (14.9 percent) due to reductions in personnel and contracted service costs.

The other major line-item in the Community Development Fund, long-term debt related to Housing and Urban Development (HUD) loans, is actually up \$71,000 on a year-over-year basis.

Overview of Revenues

The Community Development Fund is self-funding, in the sense that it does not rely on County sales tax or property tax to underwrite the costs of its services. State and federal dollars pay for a considerable amount of the fund, supplemented by a moderate amount of community development income.

The Fund's \$1.6 million in revenues break out as follows:

- 42 percent (\$0.7 million) is underwritten by federal job training assistance for the Office of Employment and Training. That line is down \$0.1 million (14.9 percent) on a year-over-year basis.
- 39 percent (\$0.6 million) is underwritten by federal job training assistance for the County's other job training programs. That line is down nearly \$0.2 million (20.8 percent) on a year-over-year basis.
- 10 percent (nearly \$0.2 million) is underwritten by federal Community Development Act assistance for the County's home ownership program. That line is down \$0.4 million (69.7 percent) on a year-over-year basis.
- Nearly 5 percent of the fund is underwritten by community development income generated through rehabilitation loans. That line is up nearly \$77,000 year-over-year.
- The remaining 4 percent of funding comes from the following sources:
 - \$56,000 in federal Community Development Act assistance for farm worker housing, down 68.0 percent from 2011;
 - \$5,000 in federal job training assistance for program participant support, unchanged from 2011;
 - \$3,900 in interest in HUD loans, down 51.3 percent from 2011; and
 - \$400 in interest/earnings on Section 108 loans, down 73.3 percent from 2011.

Golden Hill Healthcare Enterprise Fund (C)

The Golden Hill Healthcare Enterprise Fund is the second-largest of the County budget's seven funds, at \$31.6 million. The following summaries offer a high-level overview of the fund's expenditures and revenues, and identify key year-over-year changes.

Notably, the 2012 Executive Budget is predicated on a proposal that would restructure the Golden Hill Healthcare Center as a local development corporation (LDC), effectively transferring ownership of the land, buildings and equipment from County government to a newly created non-profit LDC. Under a retained leasehold interest, the County would continue to operate the Center. According to the proposal, "This transfer would allow the LDC to undertake secured financing for the benefit of the County and to address current county operating deficits (the 'Purchase Financing')... This process requires several steps including: (i) create the LDC; (ii) authorize the Transfer of the Facility by the County to the LDC; and (iii) authorize the LDC to issue tax exempt bonds on behalf of the County, the proceeds of which would be paid to the County by the LDC as a portion of the total purchase price for the Facility."

Overview of Expenditures

Because the LDC proposal would result in the County continuing to run the Center (at least in 2012), the fund contains expenditure levels consistent with sustained operations. The largest cost centers in the \$31.6 million fund budget include nursing operations (\$9.0 million, or 28.5 percent of the entire fund); employee benefits for Center personnel (\$8.6 million, or 27.3 percent); dietary services (\$2.4 million, or 7.7 percent); a transfer to the General Fund (\$2.4 million, or 7.6 percent); and facility maintenance functions (\$1.6 million, or 5.0 percent). Together, these five categories account for more than three-quarters of all spending in the Golden Hill Healthcare Enterprise Fund.

Overall, expenditures in this fund are up nearly \$1.3 million, or 4.2 percent, in comparison to the 2011 adopted budget. The most notable increases include the following line-items:

- Employee benefits, up nearly \$0.9 million, or 11.4 percent, due to increases in health insurance and retirement costs;
- The "IGT" transfer out to the General Fund, up more than \$0.3 million (17.3 percent);
- Maintenance costs, up \$60,000 (4.0 percent); and
- Nursing personnel costs, up \$43,000 (0.5 percent).

There are few line-items in the fund that would see significant reductions on a year-over-year basis. Among the cost areas that would be reduced:

- Laundry services are down \$45,000 (5.1 percent);
- Central supplies are down \$35,000 (7.7 percent);
- Pharmacy services are down \$25,000 (5.6 percent); and
- Finance office functions are down \$20,000 (2.5 percent).

No other line-item in the fund is proposed to be reduced more than \$5,000 in comparison to the 2011 adopted budget.

Overview of Revenues

The Golden Hill Healthcare Enterprise Fund generates much of its own revenue based upon the skilled nursing services it provides. Of the \$31.6 million in expenses, approximately \$26.0 million is funded through nursing home income, patient pay and other fees for service. The remaining gap, however, requires the fund to rely on property tax revenue to achieve balance. The 2012 Executive Budget proposal assumes approximately \$5.5 million in property tax revenue for the Golden Hill Healthcare Enterprise Fund, roughly 7.0 percent of the County's entire property tax levy. The fund's dependence on property taxes to achieve balance has grown in recent years – from \$0 in the 2009 budget, to \$1.2 million in 2010 and \$4.2 million in 2010. The budget proposal would rely on property taxes for 17.6 percent of fund revenues.

Aside from property taxes, the following items comprise the fund's revenue base:

- Nursing home income from Medicaid is the single-largest revenue category, at \$13.9 million (44.1 percent of the fund budget). It is budgeted down \$0.4 million, or 3.0 percent on a year-over-year basis.
- Revenue generated from self-pay patients is the next-largest source, at \$5.5 million. It is budgeted up \$0.2 million, or 4.8 percent on a year-over-year basis.
- Intergovernmental transfers ("IGT") are budgeted at \$4.8 million, up \$0.7 million (17.3 percent);³

³ In total across all funds, the IGT nets out to approximately \$2.4 million for the County.

- Medicare Part A income is budgeted at nearly \$1.7 million, down \$0.5 million (23.9 percent); and
- Other revenues – including Medicare Ancillary income, insurance recoveries and miscellaneous food revenues – account for a combined \$83,000, down \$27,000 year-over-year.

County Road Fund (D)

The third-largest fund in the County budget (after the General Fund and Golden Hill Healthcare Fund) is the County Road Fund. The proposed County Road Fund budget for 2012 includes \$13.1 million in appropriations. The total is virtually flat to the 2011 adopted budget, representing a \$37,000 (0.3 percent) increase. This follows two consecutive years of decreases in the fund, from 2009 to 2010, and 2010 to 2011.

Overview of Expenditures

Appropriations in the County Road Fund include all costs related to the maintenance, improvement and administration of the County's road system, including employee and equipment costs. The largest cost centers within the fund involve general maintenance of roads and bridges (44.3 percent of all costs in the fund); snow removal (28.8 percent); and permanent improvements to County roads (19.4 percent). Highway administration (4.7 percent) and engineering functions (2.9 percent) round out the fund's cost categories.

As noted above, on an overall basis the County Road Fund shows little year-over-year change. There are, however, slight shifts within individual cost centers, as follows:

- The maintenance of roads/bridges line has the largest appropriation increase in the fund, up \$82,000 (1.4 percent) from the 2011 adopted budget reflecting an increase in personnel expenses (*i.e.* regular pay).
- The engineering line is reduced \$57,000 (13.2 percent), reflecting reductions in both staff costs and contractual expenses;
- The highway administration line is up \$49,000 (8.7 percent), reflecting an increase in personnel expenses; and
- The snow removal line is reduced \$33,000 (0.9 percent), the net of staff reductions and an increase in contractual costs for town highway maintenance services.

The appropriation for permanent improvements remains at approximately \$2.5 million, virtually unchanged (down 0.1 percent) from 2011.

Overview of Revenues

The primary revenue source for the County Road Fund is the property tax. Nearly \$10.3 million in property tax revenue (13.0 percent of the entire tax levy) is allocated to the fund, making the County Road Fund the second-largest consumer of the property tax levy (after the General Fund). This single revenue line accounts for 78.3 percent of all Road Fund revenue. The amount of property tax allocated to the Road Fund is essentially unchanged from the 2011 adopted budget, increasing \$40,000, or approximately four-tenths of one percent. For the second consecutive budget year, the fund would not draw down against its available fund balance.

There is virtually no change in fund revenues outside of the minimal adjustment to property tax. Snow removal revenues – including payments from other governments and departmental reimbursements – are flat year-over-year; revenues for permanent improvements (primarily state consolidated highway aid) are down nearly \$3,000, or roughly one-tenth of one percent on a base of \$2.5 million; and other general revenues for road and bridge maintenance are unchanged.

Road Machinery Fund (E)

At slightly less than \$3.4 million, the Road Machinery Fund is virtually flat to the 2011 adopted budget (down \$39,000, or 1.1 percent). As in previous fiscal years, the fund continues to be underwritten primarily by an interfund transfer-in from the County Road Fund (D). That interfund transfer accounts for \$2.8 million, or 82.7 percent of the Road Machinery Fund's budgeted revenue. The other revenue components include certain general revenues and a modest contribution from the property tax levy.

Overview of Expenditures

The fund's expenditures include two primary cost centers: the "machinery division," covering the acquisition and maintenance of road machinery and equipment (including personnel costs therefor) and the "stockpile division," covering the purchase of related supplies, primarily auto fuel for road maintenance vehicles.

On a year-over-year basis, overall expenditures between the two cost centers are down \$39,000. The reduction is contained entirely in the machinery division – within it, personnel costs are down approximately \$7,000, equipment expenses are down approximately \$10,000 and contractual expenses are down \$23,000. A slight increase in employee benefit costs partially offsets the reductions.

Appropriations in the stockpile division are flat to the 2011 adopted budget.

Overview of Revenues

As noted above, more than four-fifths of the fund's revenue base effectively involves an interfund transfer from the County Road Fund. Of the nearly \$2.8 million transfer, almost \$2.5 million accounts for the "rental" of equipment to the County Road Fund, while the remainder (\$0.3 million) involves stockpile "sales" to other funds (*e.g.* fuel and equipment). On a year-over-year basis, the transfer into the fund is unchanged.

General revenues are up slightly - \$60,000, or 15.2 percent – in comparison to the 2011 adopted budget. The slight increase is attributable to miscellaneous minor sales of stockpile items.

Revenue proposed for the fund also includes \$0.128 million from the property tax levy, a notable increase over the \$833 included in the 2011 adopted budget. With the increase, property tax revenues would account for 3.8 percent of the fund's total revenue base, up from less than one-tenth of one percent in 2011.

Unlike recent years, the fund would not tap any additional fund balance in the 2012 budget. In 2009, the Road Machinery Fund budget included \$400,000 from fund balance; in 2010 and 2011, the corresponding amounts were \$369,000 and \$226,000, respectively. The removal of this fund balance resource from the 2012 budget proposal results in the increased reliance on property tax revenue to balance the fund.

Self Insurance Fund (S)

The Self Insurance Fund – a self-insurance plan for workers' compensation claims – is up more than \$0.5 million, or 6.2 percent in comparison to the 2011 adopted budget. The fund does not rely on either the property tax or transfers from other funds; rather, it generates its own revenue base primarily through participant assessments and other sources.

Overview of Expenditures

Most of the appropriations in the fund are comprised by two basic cost centers – indemnity benefits (\$3.8 million, or 40.6 percent of the total fund) and medical benefits/awards (\$2.4 million, or 26.1 percent). Together, these two items account for more than two-thirds of all appropriations in the Self Insurance Fund. On a year-over-year basis, the indemnity line is unchanged; by contrast, appropriations in the medical division are up \$0.5 million (25.9 percent), accounting for virtually the entire increase in the total fund. Other medical-related costs in the fund,

including inpatient/outpatient service costs and ambulatory surgery costs, are unchanged.

Outside of these two primary cost centers, the fund's remaining appropriations (approximately \$3.1 million) cover primarily administrative expenses. Among those appropriations are the following:

- \$2.1 million in contractual expenses for services like workers' compensation insurance and safety assessments, down \$17,000 (0.8 percent) from the 2011 adopted budget;
- \$0.4 million in administrative personnel costs, up nearly \$4,000 (0.9 percent) year-over-year;
- \$0.3 million in costs related to the administrative reserve to cover legal services and medical/health-related fees, up \$25,000 (8.9 percent) year-over-year;
- \$0.2 million in employee benefits for the fund's administrative staff, up \$29,000 (13.2 percent) year-over-year; and
- A small line-item for equipment which, at \$5,000, is up slightly from the 2011 adopted budget.

Overview of Revenues

As noted above, the fund does not rely on either property tax revenues or interfund transfers to fund its operations; similarly, it does not include appropriated fund balance. Rather, the Self Insurance Fund is entirely self-funding. The single-largest revenue line-item in the fund is participant assessments, which generates nearly \$8.6 million (92.3 percent of the fund's total revenue base). That line is proposed to increase \$0.4 million (5.2 percent) in comparison to the 2011 adopted budget, accounting for nearly all of the fund's year-over-year increase.

Other minor revenue line-items are proposed to change as follows:

- Within the indemnity division, refunds of prior-year expenditures are budgeted to go from \$350,000 to zero, but are more than offset by an increase in refunds from prior-year reserves, from zero to \$400,000;
- Within the medical division, refunds of prior-year expenditures would increase \$67,000, more than doubling the amount in the 2011 adopted budget; and
- Minor changes in insurance recoveries and interest/earnings revenue would result in a net increase of \$143.

Debt Service Fund (V)

At nearly \$10.3 million, the Debt Service Fund is up slightly (\$150,000, or 1.5 percent) from the 2011 adopted budget. It is funded primarily by revenue from the property tax levy. In drawing \$9.6 million from property taxes, the fund is the third-largest consumer of the levy after the General Fund and County Road Fund.

Overview of Expenditures

All Debt Service Fund appropriations are attributable to the principal and interest costs for serial bond debt held (or anticipated to be held) by the County. The proposed appropriation for 2012 breaks out as follows:

- Debt principal costs, at \$6.4 million, are up \$0.3 million (5.1 percent) from the 2011 adopted budget; and
- Debt interest costs, at \$3.8 million, are down slightly (\$160,000, or 4.0 percent).

Overview of Revenues

Property taxes account for the overwhelming majority of revenues in the Debt Service Fund. The proposed budget would allocate nearly \$9.6 million in the tax levy (12.2 percent of the entire levy) to the fund, offsetting 93.5 percent of all principal and interest costs. The fund's reliance on the property tax levy is down approximately \$350,000 from the 2011 adopted budget, but remains roughly in the range seen over the past several fiscal years.

The next-largest revenue item for the Debt Service Fund involves appropriated fund balance. The proposed budget would draw \$650,000 in fund balance for the Debt Service Fund, up significantly (\$0.5 million, or 354 percent) over the 2011 adopted budget. Still, the reliance on fund balance would be less than that seen in the adopted budgets of 2009 (\$0.9 million) and 2010 (nearly \$3.0 million).

The remainder of the fund's revenue base involves a small (\$20,000) general revenue line-item attributable to interest and earnings. Reflecting the lower interest rate environment, the line is down slightly (by \$5,000) in comparison to the 2011 adopted budget.

KEY REVENUES

The proposed \$363.5 million budget relies on an array of revenue items to underwrite its appropriations, both in the General Fund and other funds. This section presents additional detailed information on several critical

revenue items – property taxes, sales taxes and appropriated fund balance – to provide greater context on how those revenues fit into the overall budget and the trends affecting them.

Property Taxes

The 2% Tax Cap

As noted earlier, the 2012 County budget is the first to be developed under the new state property tax cap adopted in June 2011. Under the law, “the property taxes levied by affected local governments and school districts generally cannot increase by more than 2 percent, or the rate of inflation, whichever is lower. However, the law does allow local governments and school districts to levy an additional amount for certain excludable expenditures. An override of the levy limit is also permitted.”⁴

It is important to note that while the property tax cap has generally been referred to as a “2 percent cap,” it is not a “hard” 2 percent figure *per se*. The County’s cap is subject to “an adjustment for certain tax base growth, such as new construction (*i.e.* ‘tax base growth factor’). This is driven by a ‘quantity change factor’ which is calculated by the Department of Taxation and Finance and is used in determining the tax base growth factor, if any, for each local government and school district.”⁵

When the tax base growth factor and allowable exclusions (including Payments in Lieu of Taxes and pension cost growth in excess of 2 percent) are accounted for, the County’s *true* tax levy “cap” for the 2012 budget is \$79,313,704 – that is \$2,368,744 or 3.08 percent above the property tax levy from the 2011 adopted budget.

Proposed Levy and its Distribution

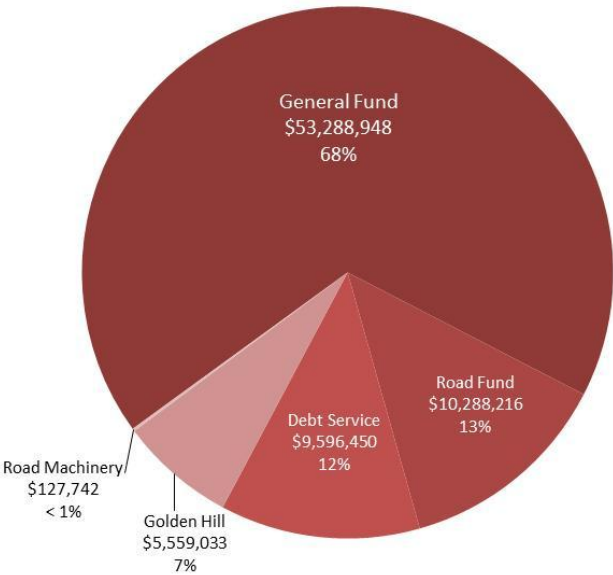
The 2012 Executive Budget contains a proposed levy of \$78,860,389, an increase of \$1,915,429 (or nearly 2.5 percent) from the 2011 adopted budget. The proposed levy is approximately \$453,000 below the official tax cap figure for the 2012 fiscal year.

⁴ See *Property Tax Cap: Summary of the Legislation*, published by the Office of the State Comptroller at <http://www.osc.state.ny.us/localgov/realprop/pdf/legislationsummary.pdf>. Additionally, note that “commencing with fiscal years that begin in 2013, the ability to carryover ‘unused’ levy limit amounts from one year to the next (is permitted). If a local government or school district levies less than the levy limit in the prior fiscal year or school year, the unused portion of the prior years’ tax levy limit, up to 1.5 percent, can be carried over into the next fiscal year.”

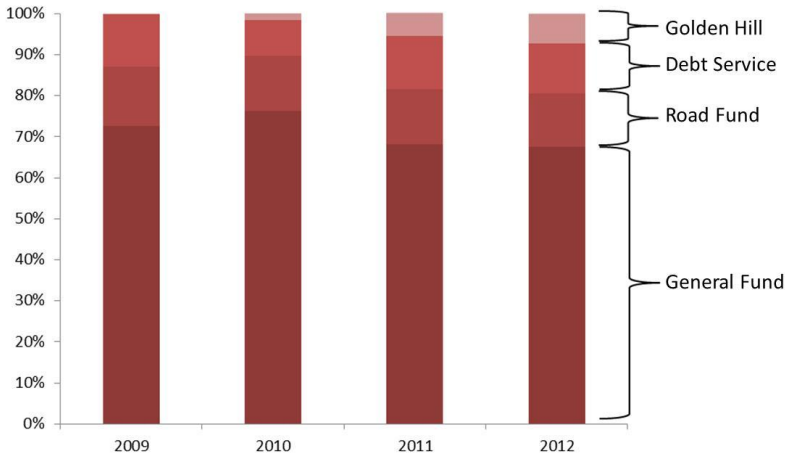
⁵ *Ibid*

Of the proposed levy for 2012, more than two-thirds (\$53.3 million, or 67.6 percent) would go to the General Fund. The County Road Fund would consume \$10.3 million (13.0 percent), and the Debt Service Fund would utilize nearly \$9.6 million (12.2 percent). The remainder would be allocated to the Golden Hill Healthcare Center (nearly \$5.6 million, or 7.0 percent) and the Road Machinery Fund (\$127,000, or 0.2 percent).

Distribution of 2012 Proposed Property Tax Levy



Share of Property Tax, by Fund (2009-12)



Statutorily speaking, the Executive Budget retains \$453,000 in additional property tax revenue capacity under the state tax cap. The tax cap law also provides a mechanism for local governments and to “override” the restrictions and raise the levy beyond the bounds of the formal cap

calculation.⁶ If the County opted to override the tax cap restrictions, it would still be subject to its constitutional taxing limit. The proposed 2012 Executive Budget utilizes approximately 25 percent of the County's constitutional taxing power.

The distribution of the property tax levy has changed somewhat over the past several years. For example, in 2009, the General Fund claimed nearly 73 percent of the levy, compared with 68 percent in the proposed 2012 budget. The Road Fund and Debt Service Fund have both seen their relative shares of the levy decrease over that period as well, from 14 to 13 percent, and 13 to 12 percent, respectively. Only the Golden Hill Fund has seen its share of the tax levy grow by a notable amount – from \$0 (0.0 percent) in 2009, to \$5.6 million (7.0 percent) in the proposed 2012 budget.

Sales Taxes

Perhaps no revenue source has been as sensitive to the recent macroeconomic shock as sales tax. Like counties across New York, Ulster relies on sales tax for a significant portion of its budget revenues. The 2012 Executive Budget contains \$85,215,842 in anticipated sales tax revenue,⁷ all of which would flow to the County's General Fund. This total represents a \$1,670,898 (2.0 percent) increase over the 2011 adopted budget.

Like many counties in the state, Ulster has experienced a turbulent few years in terms of its sales tax receipts. Due to a weakened economy and pressure on consumer spending, sales tax receipts fell significantly in 2009, after stumbling slightly in 2007. As a result, the amount of sales tax in the 2011 adopted budget was essentially equal to the actual amount of sales tax revenue generated by the County in 2006. During the last year of pre-recession "normal" sales tax growth – 2006 – the County generated approximately \$83.4 million in sales tax revenue. And from 2000-2005, the average annual increase was nearly 5 percent. To show the impact of the economic slowdown on County sales tax revenues, consider the following: *Even if County sales tax revenue had grown by a sustained annual rate of 2 percent in 2007 through today, the County would be realizing approximately \$9 million in additional annual sales tax revenues heading into the 2012 fiscal year.* This "gap," therefore, has placed additional pressure on other revenue sources.

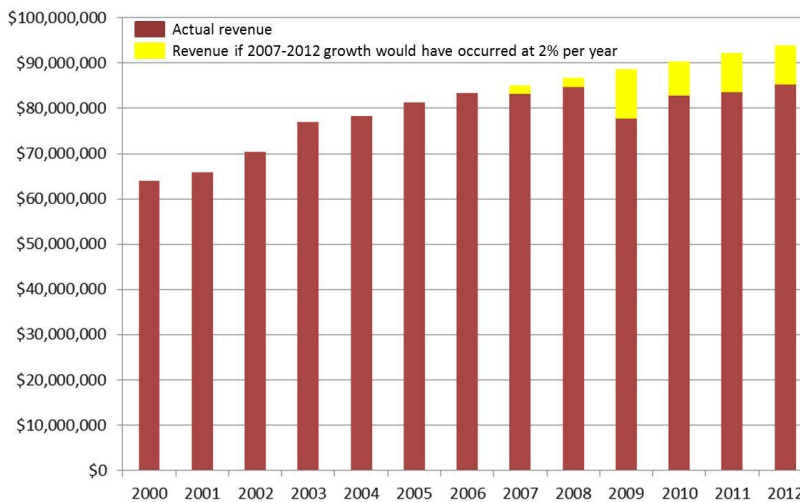
⁶ See *ibid.*

⁷ This figure represents only the *County's share* of the sales tax, exclusive of sales tax revenue shared with other local governments.

Although the 2 percent assumed increase in sales tax revenue for the 2012 budget year is modest, sustained economic challenges in the region, state and nation cast uncertainty on whether sales tax growth can meet the budget target. For this reason, a conservative assumption regarding the potential growth of sales tax is warranted. As the following table indicates, while additional sales tax growth in excess of budgetary projections would produce some revenue surplus, the downside impact of revenue contraction is even greater.

Sales Tax Elasticity	% Chg vs. 2011	Surplus/(Deficit) vs. Budget	
<i>Surplus if sales tax growth exceeds projections</i>	+3.0%	+\$835,449	
	+2.8%	+\$668,360	
	+2.6%	+\$501,270	
	+2.4%	+\$334,180	
	+2.2%	+\$167,090	
2012 Executive Budget	\$85,325,842	+2.0%	--
<i>Deficit if sales tax growth lags projections</i>	+1.8%	(\$167,090)	
	+1.6%	(\$334,180)	
	+1.4%	(\$501,270)	
	+1.2%	(\$668,360)	
	+1.0%	(\$835,449)	
	+0.5%	(\$1,253,174)	
	+0.0%	(\$1,670,898)	
	-1.0%	(\$2,506,348)	
	-2.0%	(\$3,341,798)	
-3.0%	(\$4,177,247)		

Sales Tax Revenue (County Share), 2000-12



Fund Balance

“Accountants employ the term *fund balance* to describe the net assets of governmental funds calculated in accordance with generally accepted accounting principles (GAAP). Budget professionals commonly use this same term to describe the net assets of governmental funds calculated on a government’s budgetary basis. In both cases, fund balance is intended to serve as a measure of the financial resources available in a governmental fund.”⁸ Although fund balance resources, also known as “reserves,” are used in part as a “rainy day” cushion to protect a government’s spending plan against unanticipated shocks, fund balance can be (and routinely is) used by governments to help bridge gaps between revenues and expenditures. Governments relying on fund balance in this way, however, need to be keenly aware of two important cautions:

- First, fund balance resources are “one shot” revenues, meaning that they *do not necessarily recur* and therefore should not regularly be relied upon to fund recurring costs; and
- Second, governments are advised to retain an acceptable level of fund balance reserves to protect against heretofore-mentioned “unanticipated shocks” during the course of the fiscal year. According to the Government Finance Officers Association, “The adequacy of unrestricted fund balance in the general fund should be assessed based upon a government’s own specific circumstances. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.”⁹

Since 2003, all but one Ulster County budget have relied upon some amount of available fund balance reserves to help achieve budgetary balance. The 2012 Executive Budget is no different, proposing to draw down a total of \$11.5 million in available fund balance, split across two funds: The General Fund would utilize \$10.85 million; the Debt Service fund would use \$0.65 million.

As the following table shows, the use of fund balance contemplated in the 2012 Executive Budget is slightly below the levels contained in the two

⁸ See Fund Balance “Best Practice” summary by the Government Finance Officers Association of the United States and Canada:
<http://www.gfoa.org/downloads/AppropriateLevelUnrestrictedFundBalanceGeneralFundBestPractice.pdf>

⁹ *Ibid.*

preceding fiscal years. The 2010 adopted County budget contained nearly \$12.4 million in appropriated fund balance; another \$12.4 million was included in the 2011 adopted budget. The \$11.5 million included in the 2012 Executive Budget would represent a 7.0 percent decrease on a year-over-year basis. Still, the overall reliance on fund balance has grown since the 2007 budget, wherein no fund balance reserves were drawn upon for budgetary balance.

Table 1.
Fund Balance Utilization by Budget, FY 2003-12
(Source: *Audited Financial Statements, Budgets*)

	General Fund	County Roads	Road Machinery	Golden Hill	Debt Service	Total
2003	\$15,857,414	\$490,925	\$909,500	\$1,302,080	\$379,468	\$18,939,387
2004	\$15,853,102	\$700,000	\$631,070	-	\$300,000	\$17,484,172
2005	\$13,951,164	\$594,562	\$427,036	-	-	\$14,972,762
2006	\$1,200,000	-	\$400,000	-	-	\$1,600,000
2007	-	-	-	-	-	-
2008	-	\$300,000	\$150,000	\$2,100,000	\$700,000	\$3,250,000
2009	\$1,884,252	\$800,000	\$400,000	\$2,992,835	\$900,000	\$6,977,087
2010	\$5,806,357	\$1,020,000	\$369,044	\$2,209,404	\$2,975,000	\$12,379,805
2011	\$12,000,000	-	\$226,000	-	\$143,250	\$12,369,250
2012	\$10,850,000	-	-	-	\$650,000	\$11,500,000

The appropriation of fund balance into any fiscal year's budget is done based on an estimate of how much fund balance is likely to be available at the end of the current fiscal year. For example, since the 2012 budget takes effect January 1, 2012, its development occurs during the latter stages of the 2011 fiscal year. As such, any appropriation of fund balance for 2012 is based in part on a projection of how much available fund balance will be in place *at the end of the current fiscal year* (i.e. December 31, 2011).

The 2012 Executive Budget estimates that approximately \$26.2 million in fund balance will be available as of December 31, 2011, distributed across funds¹⁰ as shown in the following table. The table also displays the amount of fund balance appropriated into the 2012 Executive Budget for the General fund and Debt Service Fund, along with the corresponding net amounts that would remain.

¹⁰ Note that available fund balance is fund-specific, meaning that it can only be appropriated within its designated fund.

Table 2.
Available and Appropriated Fund Balance, FY 2012
(Source: *Budget Documents*)

	Available as of 12/31/11 (est)	Appropriated in 2012 Budget	Net Remaining
General Fund	\$22,994,338	\$10,850,000	\$12,144,338
Community Development Fund	\$667,185	-	\$667,185
Golden Hill Fund	\$0	-	\$0
County Road Fund	\$238,043	-	\$238,043
Road Machinery Fund	\$977,615	-	\$977,615
Debt Service Fund	\$1,299,454	\$650,000	\$649,454
Total	\$26,176,635	\$11,500,000	\$14,676,635

In the context of GFOA recommendations on maintaining an appropriate level of fund balance, and given the County's appropriation of fund balance in previous budgets, it is valuable to assess how the level of available fund balance has changed over the past decade. As the following table shows, the total unreserved fund balance (as audited) has ebbed and flowed since FYE December 31, 2002, from a low of \$20.1 million (at the end of 2005) to a high of \$38.9 million (in 2009). The estimate for the end of the current fiscal year – nearly \$26.2 million – represents a 25.0 percent decline from last year, and a 32.8 percent reduction over the past two years. Notably, the current-year estimate anticipates no available fund balance in the Enterprise Fund for Golden Hill.

Table 3.
Total Unreserved Fund Balance at Fiscal Year End (Audited), 2002-10
(Source: *Audited Financial Statements*)

Note: 2011 figures are unaudited estimates

	General Fund	County Roads	Road Machinery	Community Dev	Golden Hill	Debt Service	Total
2002	\$22,519,711	\$1,201,014	\$1,622,482	\$14,996	\$6,179,441	\$766,423	\$32,304,067
2003	\$27,052,385	\$848,043	\$2,007,376	\$675,755	\$5,260,940	\$983,647	\$36,828,146
2004	\$13,989,930	\$1,303,121	\$1,337,262	\$705,138	\$4,630,528	\$17,059	\$21,983,038
2005	\$13,067,459	\$1,087,554	\$1,141,547	\$704,382	\$3,889,896	\$230,408	\$20,121,246
2006	\$17,835,131	\$1,617,863	\$1,011,596	\$696,665	\$5,180,774	\$2,561,907	\$28,903,936
2007	\$21,105,960	\$2,955,620	\$1,487,349	\$706,257	\$5,028,265	\$2,745,175	\$34,028,626
2008	\$25,759,422	\$1,898,714	\$1,307,708	\$498,774	\$6,600,290	\$2,787,254	\$38,852,162
2009	\$25,535,613	\$1,443,654	\$1,227,253	\$574,547	\$6,601,751	\$3,547,313	\$38,930,131
2010	\$26,937,597	\$1,066,929	\$1,162,165	\$596,307	\$3,787,017	\$1,346,293	\$34,896,308
2011	\$22,994,338	\$238,043	\$977,615	\$667,185	\$0	\$1,299,454	\$26,176,635

PROPOSED STAFF REDUCTIONS

The 2012 Executive Budget proposes to eliminate 14 vacant positions, as well as implement 14 full-year layoffs. The staff positions would yield approximately \$1.49 million in savings in comparison to the 2011 baseline, as follows:

Table 4.
Proposed Position Reductions
(Source: *Budget Documents*)

Vacant Positions			Layoffs		
Department	Title	Salary	Department	Title	Salary
Purchasing	Expeditor	\$31,004	Mental Hlth	Cds Cl Sup	\$70,122
Health	Home Health Aide	\$12,095	Mental Hlth	Chem Dep Sp	\$62,103
Mental Hlth	Cds Unit Ld	\$75,364	Mental Hlth	Chem Dep Sp	\$59,615
Mental Hlth	Chem Dep Sp	\$63,178	Mental Hlth	Trans Typ	\$35,645
Mental Hlth	Cds Cl Sup	\$61,332	Mental Hlth	Mhs Chd Sv	\$59,615
Mental Hlth	Chem Dep Sp	\$53,038	Mental Hlth	Chem Dep Sp	\$59,615
Mental Hlth	Mhs Prog Sup	\$83,687	Mental Hlth	Chem Dep Sp	\$60,419
Mental Hlth	Account Clerk	\$27,222	Mental Hlth	Chem Dep Sp	\$57,506
Mental Hlth	MH Spec	\$53,038	Highway	Eng Aide	\$40,841
Mental Hlth	MH Spec	\$53,038	Highway	ROW Tech	\$41,635
Mental Hlth	MH Spec	\$53,038	Highway	Machinist	\$41,796
Mental Hlth	MH Spec	\$53,038	Cons. Affairs	Dir Cons Aff	\$62,410
Mental Hlth	Psych III	\$79,679	Cons. Affairs	Sr Cons Adv	\$54,993
Empl/Train	Admin Aid	\$39,810	Cons. Affairs	Consum Adv	\$43,235
Total	14 positions	\$738,561	Total	14 positions	\$749,550

The position cuts in Mental Health are partially related to the proposed closure of outpatient chemical dependency clinics in Kingston, Ellenville and Highland by December 31 of this year.

The reductions in Consumer Affairs are related to the transfer of consumer complaint responsibility from the County to the State Attorney General's Office.

ANALYSIS OF EXECUTIVE BUDGET

Building on the baseline review of the proposed Executive Budget, this section presents CGR's analysis of the Executive Budget. The analysis is broken into the following components:

- First, we present a summary of CGR's line-item review of the 2012 Executive Budget, identifying (where applicable) cost and/or revenue line-items where our analysis indicates additional budgetary flexibility to adjust appropriations and/or resources within the context of a balanced County Budget;
- Second, at the Legislature's specific request, we present a summary of CGR's review of key considerations surrounding the Executive Budget's proposal to transfer the Golden Hill Healthcare Center to a Local Development Corporation (LDC), and ultimately to a state-approved buyer; and
- Finally, at the Legislature's specific request, we also present a summary of CGR's review of statutorily-available alternatives to filling the Executive Budget's projected fiscal gap in the Golden Hill Healthcare Center Fund.

It should be noted that the objective of this section is *not* to render an opinion on the relative fiscal/operational merits of making any adjustments or budget modifications discussed, but rather *to inform the Legislature's consideration of the Executive Budget and all of the proposals contained therein*. Ultimately, the decision to pursue any proposal in the budget – regarding Golden Hill or within any other Fund – is a *policy decision* to be made by the County's elected stakeholders. As budget consultant, CGR's role is to inform those decisions by offering objective analysis and information.

Line-Item Analysis of Executive Budget

In order to identify any potential or recommended adjustments to the 2012 Executive Budget, CGR completed a line-item review of all appropriations and revenues in each of the budget's seven funds. In general, the analysis scrutinized each line-item in two key respects:

- CGR reviewed each line-item to evaluate consistency with our own projections and what recent historical experience would suggest is an appropriate level of appropriation/revenue (*e.g.* How do sales tax projections conform to what our analysis suggests is likely to occur?); and

- Where applicable, CGR evaluated budgetary assumptions behind line-items to determine their “reasonableness” (*e.g.* Are the assumptions for unit costs of gasoline and utilities appropriate? Are pension cost projections reasonable?)

CGR obtained additional information beyond the 2012 Executive Budget to supplement/inform its line-item analysis. Information provided by – and meetings held with – the County Executive’s budget office, finance office and County Comptroller’s office were essential to ensuring CGR’s comprehensive understanding of the budget and the line-items contained therein.

Although CGR’s analysis covered each line-item in the Executive Budget, this section presents those items wherein we believe there may be additional flexibility to adjust appropriations and/or revenues. In certain cases (*e.g.* state retirement, debt, health insurance), additional detail is presented even though potential adjustments may not be warranted at this time, given the sheer size of those line-items and their overall impact on the budget.

General Fund (A)

Potential Adjustments - Expenditures

Finance

Line Item: 1310-1077-425-4368, Assigned Counsel Services

Potential Adjustment: Reduce by as much as \$40,000

Detail: The proposed budget has this line-item at \$1,175,000, a figure higher than the actual amounts spent in 2009 (\$1,118,271) and 2010 (\$1,031,427), as well as the amount expended and encumbered thus far in 2011 (\$1,003,275).

Clerk

Line Item: 1410-1134-430-4467, Pers Svc Agencies/Temp

Potential Adjustment: Increase by at least \$15,000

Detail: The proposed budget has this line-item at \$50,000, which is a lower figure than the actual amounts spent in 2009 (\$66,545) and 2010 (\$110,245), and below the amount already expended and encumbered in 2011 (\$63,063).

Elections

Line Item: 1450-1177-424-4400, Other Fees for Prof Service

Potential Adjustment: Reduce by as much as \$5,000

Detail: The proposed budget has this line-item at \$72,150, a figure higher than the actual amounts spent in 2009 (\$0) and 2010 (\$17,900), as well as the amount expended and encumbered thus far in 2011 (\$5,000).

Line Item: 1450-1177-438-4668, Outside Printing Services

Potential Adjustment: Reduce by as much as \$25,000

Detail: The proposed budget has this line-item at \$233,300, a figure higher than the actual amounts spent in 2009 (\$0) and 2010 (\$1,007), as well as the amount expended and encumbered thus far in 2011 (\$93,589). Although 2012 election costs will likely require an increase over previous years, our projections indicate a potential reduction is possible.

Buildings

Line Item: 1620-1196-418-4290, Electricity/Gas

Potential Adjustment: Increase by at least \$5,000

Detail: The proposed budget has this line-item at \$72,000, a figure lower than the actual amounts spent in 2009 (\$94,005) and 2010 (\$77,190). It is, however, more in line with the amount expended and encumbered thus far in 2011 (\$44,047).

Line Item: 1620-1198-418-4336, Other Bldg Maint/Repair

Potential Adjustment: Increase by at least \$10,000

Detail: There may be potential to increase the expenditure in this line by at least \$10,000, based on actual amounts spent during the last two completed FYs and amounts expended/encumbered thus far in 2011.

Jail

Line Items: 3150-1856-418-4336, Other Bldg Maintenance/Repair, 3150-1856-424-4374, Laboratory Services, 3150-1856-428-4460, Other Leases/Rentals

Potential Adjustment: Reduce by as much as \$17,000

Detail: There may be potential to collectively reduce the expenditure in these lines. The proposed budget includes modest appropriations in each, although no expense was incurred in 2009 or 2010, or in 2010 year-to-date.

Public Health

Line Item: 4010-2205-424-4342, Advertising Services

Potential Adjustment: Reduce by as much as \$10,000

Detail: The proposed budget has this line-item at \$36,000, a figure higher than the actual amounts spent in 2009 (\$24,797) and 2010 (\$16,463), as well as the amount expended and encumbered thus far in 2011 (\$2,549).

Line Item: 4010-2219-424-4374, Laboratory Fees

Potential Adjustment: Reduce by as much as \$2,500

Detail: The proposed budget has this line-item at \$12,500, a figure higher than the actual amounts spent in 2009 (\$7,700) and 2010 (\$9,580), as well as the amount expended and encumbered thus far in 2011 (\$9,110).

Line Item: 4010-2219-432-4492, Non-Tax Travel Related

Potential Adjustment: Reduce by as much as \$2,000

Detail: The proposed budget has this line-item at \$12,000, a figure higher than the actual amounts spent in 2009 (\$417) and 2010 (\$9,607), as well as the amount expended and encumbered thus far in 2011 (\$4,093).

Line Item: 4010-2219-438-4604, Auto Fuel

Potential Adjustment: Reduce by as much as \$3,000

Detail: The proposed budget has this line-item at \$12,000, a figure higher than the actual amounts spent in 2009 (\$6,542) and 2010 (\$8,775), as well as the amount expended and encumbered thus far in 2011 (\$6,212).

Mental Health Administration

Line Item: 4310-2290-424-4348, Education/Training Svcs

Potential Adjustment: Reduce by as much as \$18,000

Detail: The proposed budget includes an \$18,000 appropriation (identical to 2011), despite no expenditure occurring in 2009, 2010 or 2011 year-to-date.

Mental Health Programs

Line Item: 4320-2298-468-4791, Client Transportation

Potential Adjustment: Reduce by as much as \$5,000

Detail: The proposed budget has this line-item at \$15,000, a figure higher than the actual amounts spent in 2009 (\$704) and 2010 (\$2,463), as well as the amount expended and encumbered thus far in 2011 (\$7,001).

Line Item: 4320-2304-401-4016, Medical Supplies

Potential Adjustment: Reduce by as much as \$40,000

Detail: The proposed budget has this line-item at \$56,000, a figure higher than the actual amounts spent in 2009 (\$10,939) and 2010 (\$13,344), as well as the amount expended and encumbered thus far in 2011 (\$6,107).

Line Item: 4320-2304-43204493, Non-Taxable Mileage

Potential Adjustment: Reduce by as much as \$4,000

Detail: The proposed budget has this line-item at \$6,000, a figure higher than the actual amounts spent in 2009 (\$1,637) and 2010 (\$0), as well as the amount expended and encumbered thus far in 2011 (\$0).

Bus Operations

Line Item: 5630-5901-415-4254, Tires and Batteries

Potential Adjustment: Reduce by as much as \$10,000

Detail: The proposed budget has this line-item at \$47,980, a figure higher than the actual amounts spent in 2009 (\$29,156) and 2010 (\$26,730), as well as the amount expended and encumbered thus far in 2011 (\$3,109). Note that this accounts for the shift of these appropriations from division 5903 (UC Area Transit Grants Division) to division 5901 (UC Area Transit Division) in the 2012 fiscal year.

Line Item: 5630-5901-432-4492, Uniforms

Potential Adjustment: Reduce by as much as \$8,000

Detail: The proposed budget has this line-item at \$24,000, a figure higher than the actual amounts spent in 2009 (\$15,961) and 2010 (\$13,732), as well as the amount expended and encumbered thus far in 2011 (\$10,304). Note that this accounts for the shift of these appropriations from division 5903 (UC Area Transit Grants Division) to division 5901 (UC Area Transit Division) in the 2012 fiscal year.

Line Item: 5630-5901-438-4604, Auto Fuel

Potential Adjustment: Reduce by as much as \$40,000

Detail: The proposed budget has this line-item at \$550,000, a figure higher than the actual amounts spent in 2009 (\$242,215) and 2010 (\$337,105), as well as the amount expended and encumbered thus far in 2011 (\$314,924). Note that this accounts for the shift of these appropriations from division 5903 (UC Area Transit Grants Division) to division 5901 (UC Area Transit Division) in the 2012 fiscal year.

Line Item: 5630-5912-401-4008, Auto Parts and Supplies

Potential Adjustment: Reduce by as much as \$5,000

Detail: The proposed budget has this line-item at \$115,000, a figure higher than the actual amounts spent in 2009 (\$94,840) and 2010 (\$90,000), as well as the amount expended and encumbered thus far in 2011 (\$74,127).

Social Services Administration

Line Item: 6010-2630-438-4605, Telephone Services

Potential Adjustment: Reduce by as much as \$15,000

Detail: The proposed budget has this line-item at \$175,000, a figure higher than the actual amounts spent in 2009 (\$160,823) and 2010 (\$157,531), as well as the amount expended and encumbered thus far in 2011 (\$93,079).

Line Item: 6010-2632-430-4466, Periodicals/Subscriptions

Potential Adjustment: Reduce by as much as \$4,000

Detail: The proposed budget has this line-item at \$21,000, a figure higher than the actual amounts spent in 2009 (\$17,021) and 2010 (\$15,711), as well as the amount expended and encumbered thus far in 2011 (\$0).

Line Item: 6010-2634-424-4360, Legal Services

Potential Adjustment: Increase by at least \$5,000

Detail: The proposed budget has this line-item at \$15,000, a figure lower than the actual amount spent in 2010 (\$27,269) and year-to-date in 2011 (\$18,701).

Veterans Services

Line Item: 6510-2820-438-4604, Auto Fuel

Potential Adjustment: Reduce by as much as \$3,000

Detail: The proposed budget has this line-item at \$18,000, a figure higher than the actual amounts spent in 2009 (\$10,727) and 2010 (\$13,740), as well as the amount expended and encumbered thus far in 2011 (\$11,607).

Parks

Line Item: 7110-3000-418-4290, Electricity/Gas

Potential Adjustment: Reduce by as much as \$2,500

Detail: The proposed budget has this line-item at \$7,000, a figure higher than the actual amounts spent in 2009 (\$3,577) and 2010 (\$2,052), as well as the amount expended and encumbered thus far in 2011 (\$954).

Line Item: 7110-3001-418-4316, Fairgrounds Maintenance

Potential Adjustment: Increase by at least \$20,000

Detail: The proposed budget has this line-item at \$20,000, a figure lower than the actual amount spent in 2008 (\$53,505), 2009 (\$47,189) and 2010 (\$46,390) and year-to-date in 2011 (\$39,317).

Resource Recovery Agency

Line Item: 8160-3701-470-4654 (Solid Waste Management Program)

Potential Adjustment: Reduce by \$229,151

Detail: The 2012 Executive Budget as submitted contained \$1,595,304 in contractual expenses (*i.e.* net service fee) for the Ulster County Resource Recovery Agency. This appropriation was based on the RRA's initial draft budget. Subsequent to the submission of the Executive Budget proposal, the RRA approved its 2012 spending plan which actually cut the fee by \$229,151 from the initial estimate provided to the County.

** State Retirement*

Line Item: 9010-3800-800-8001, State Retirement

Discussion: Our analysis finds that the appropriation in the 2012 Executive Budget for state retirement costs (\$16,755,382) is reasonable and does not warrant adjustment at this time. The figure is calculated based on projected cost guidance from the Office of the State Comptroller as recently as September 2011. Because of the non-synchronous nature of the County's fiscal year with that of the pension system, the budgeted figure is derived using $\frac{1}{4}$ (one-quarter) of the County's 2011 estimated pension bill (*i.e.* \$14,386,807) and $\frac{3}{4}$ (three-quarters) of its 2012 estimated pension bill (*i.e.* \$17,544,907). Although the maintenance of vacant positions during the course of the fiscal year will reduce the County's "pensionable base" and lower its pension cost requirements, the appropriation included in the budget is a conservative approach to ensuring adequate resources are available to make the County's required payment at year-end.

** Unemployment Insurance*

Line Item: 9050-3900-800-8004, Unemployment Insurance Division

Discussion: Our analysis concludes that the appropriation in the 2012 Executive Budget for unemployment insurance costs (\$552,825) is reasonable and does not warrant adjustment at this time. The figure assumes that federal law providing extended unemployment benefits (up to 99-weeks) will expire as scheduled on December 31, 2011. If the extension program is reauthorized before or during the County's 2012 fiscal year, this appropriation level may need to be revisited.

** Hospital and Medical Insurance*

Line Item(s): 9060-4000-All

Discussion: Our analysis finds that the appropriation in the 2012 Executive Budget for hospital and medical insurance costs is reasonable and does not warrant adjustment at this time. The total figure (\$24,569,656) includes appropriations for health insurance (\$17,803,058); prescription drug coverage (\$4,654,263); dental coverage (\$1,164,321); vision coverage (\$238,781); and Empire Premier/Medicare costs (\$709,197). The County will be entering its second year of self-insurance on medical insurance (and third year for prescription drugs), meaning that it pays a "premium equivalent" figure based on utilization rates and enrollment. Thus, the 2012 appropriation is an estimate based on the County's utilization experience to-date. Basing the 2012 budget estimates

on nearly a year's worth of actual utilization experience should lend more precision to the budget figure.

Potential Adjustments - Revenues

CGR's review of revenue lines in the 2012 Executive Budget does not find any potential adjustments.

Community Development Fund (B)

Potential Adjustments - Expenditures

CGR's review of appropriation line-items in the 2012 Executive Budget does not find any potential adjustments.

Potential Adjustments - Revenues

CGR's review of revenue lines in the 2012 Executive Budget does not find any potential adjustments.

Golden Hill Healthcare Enterprise Fund (C)

Potential Adjustments - Expenditures

Line Item: 6020-7330-405-4068, Therapists and Other Fees

Potential Adjustment: Reduce by as much as \$10,000

Detail: The proposed budget has this line-item at \$30,600, a figure higher than the actual amounts spent in 2009 (\$16,203) and 2010 (\$6,491), as well as the amount expended and encumbered thus far in 2011 (\$0).

Line Item: 6020-7350-405-4068, Therapists and Other Fees

Potential Adjustment: Increase by at least \$3,000

Detail: The proposed budget has this line-item at \$25,000, which may not be adequate given the sustained growth experienced by this cost center through 2009 (\$24,101), 2010 (\$26,682) and 2011 year-to-date (\$27,487).

Potential Adjustments - Revenues

CGR's review of revenue lines in the 2012 Executive Budget does not find any potential adjustments.

County Road Fund (D)

Potential Adjustments - Expenditures

CGR's review of appropriation line-items in the 2012 Executive Budget does not find any potential adjustments.

Potential Adjustments - Revenues

CGR's review of revenue lines in the 2012 Executive Budget does not find any potential adjustments.

Road Machinery Fund (E)

Potential Adjustments - Expenditures

CGR's review of appropriation line-items in the 2012 Executive Budget does not find any potential adjustments.

Potential Adjustments - Revenues

CGR's review of revenue lines in the 2012 Executive Budget does not find any potential adjustments.

Self Insurance Fund (S)

Potential Adjustments - Expenditures

CGR's review of appropriation line-items in the 2012 Executive Budget does not find any potential adjustments.

Potential Adjustments - Revenues

CGR's review of revenue lines in the 2012 Executive Budget does not find any potential adjustments.

Debt Service Fund (V)

Potential Adjustments - Expenditures

CGR's review of appropriation line-items in the 2012 Executive Budget does not find any potential adjustments. Additional information is provided below.

Line Item(s): 9710-4450-All

Discussion: Our analysis finds that the appropriation in the 2012 Executive Budget for debt service costs is reasonable and does not warrant adjustment at this time. The total figure of \$10,266,450 includes anticipated principal costs of \$6,420,000 and interest costs of \$3,846,450. CGR's review of payment schedules for currently outstanding serial debt finds a total 2012 obligation of \$9,916,450 (*i.e.* \$6,195,000 in principal and \$3,721,450 in interest). The differential between the debt schedule requirements and the Executive Budget appropriation (*i.e.* \$225,000 in

principal and \$125,000 in interest) is intended to cover anticipated new serial debt to be sold in 2012. Ulster County's experience selling debt in a similar low-rate environment over the past several years indicates that these additional sums are conservative and should adequately cover newly incurred serial debt.

Potential Adjustments - Revenues

CGR's review of revenue lines in the 2012 Executive Budget does not find any potential adjustments.

Table 5.
Summary of Potential Budgetary Adjustments
 (Source: *CGR Budget Analysis and 2012 Projections*)

	----- Expenditures -----		----- Revenues -----		Net Potential Adjustments
	Potential (Reductions)	Potential Increases	Potential (Reductions)	Potential Increases	
GENERAL FUND					
1310 – Finance (Assigned Counsel)	(\$40,000)				(\$40,000)
1410 – Clerk (Pers Svc Agencies/Temp)		\$15,000			\$15,000
1450 – Elections (Other Fees for Prof Svc)	(\$5,000)				(\$5,000)
1450 – Elections (Outside Printing Svcs)	(\$25,000)				(\$25,000)
1620 – Buildings (Electricity/Gas)		\$5,000			\$5,000
1620 – Buildings (Other Bldg Maint/Rep)		\$10,000			\$10,000
3150 – Jail (Various)	(\$17,000)				(\$17,000)
4010 – Public Health (Advertising Svcs)	(\$10,000)				(\$10,000)
4010 – Public Health (Laboratory Fees)	(\$2,000)				(\$2,000)
4010 – Public Health (Non-Tax Travel)	(\$2,000)				(\$2,000)
4010 – Public Health (Auto Fuel)	(\$3,000)				(\$3,000)
4310 – Mental Health Admin (Edu/Train)	(\$18,000)				(\$18,000)
4320 – Mental Health Prog (Transport)	(\$5,000)				(\$5,000)
4320 – Mental Health Prog (Med Supplies)	(\$40,000)				(\$40,000)
4320 – Mental Health Prog (N/T Mileage)	(\$4,000)				(\$4,000)
5630 – Bus Operations (Tires/Batteries)	(\$10,000)				(\$10,000)
5630 – Bus Operations (Uniforms)	(\$8,000)				(\$8,000)
5630 – Bus Operations (Auto Fuel)	(\$40,000)				(\$40,000)
5630 – Bus Operations (Auto Parts/Supp)	(\$5,000)				(\$5,000)
6010 – Social Svc Admin (Telephone)	(\$15,000)				(\$15,000)
6010 – Social Svc Admin (Subscriptions)	(\$4,000)				(\$4,000)
6010 – Social Svc Admin (Legal Svcs)		\$5,000			\$5,000
6510 – Veterans Svcs (Auto Fuel)	(\$3,000)				(\$3,000)
7110 – Parks (Electricity/Gas)	(\$2,500)				(\$2,500)
7110 – Parks (Fairgrounds Maintenance)		\$20,000			\$20,000
8160 – RRA (Solid Waste Program)	(\$229,151)				(\$229,151)
General Fund Subtotal					(\$432,651)
GOLDEN HILL ENTERPRISE FUND					
6020 – GHHCC (Therapists and Fees)	(\$10,000)				(\$10,000)
6020 – GHHCC (Therapists and Fees)		\$3,000			\$3,000
Golden Hill Enterprise Fund Subtotal					(\$7,000)
SUMMARY					
(A) Fund					(\$432,651)
(B) Fund					-
(C) Fund					(\$7,000)
(D) Fund					-
(E) Fund					-
(S) Fund					-
(V) Fund					-
ALL FUNDS TOTAL					(\$439,651)

Golden Hill Healthcare Center Proposal: Review of Key Considerations

The largest policy proposal contained within the Executive Budget – both in financial terms and the extent of restructuring it is intended to yield over time – is an initiative to transfer ownership of the County’s Golden Hill Health Care Center. According to the Executive Budget and accompanying documents, the proposal is in response to projected growing operating deficits in the Golden Hill Fund (C) and pending capital investment requirements that would be necessary to retain the facility’s viability.

Note: In the context of the Golden Hill proposal, it is important to acknowledge CGR’s role in the budget review process. CGR’s responsibility as budget review consultant is to (1) evaluate the financial impact of the Golden Hill proposal in the context of the proposed budget, (2) assess the validity of the financial projections on which the proposal is based, and (3) determine possible alternatives – and their projected financial impact – to the Golden Hill proposal in the event the Legislature desires to explore options to transferring ownership of the facility as envisioned in the Executive Budget. In its role as budget consultant, CGR has not completed a detailed analysis of Golden Hill’s operations.¹¹

The Proposal and Process

The Executive Budget’s proposal for Golden Hill contains a series of process steps:

1. The County would create a Local Development Corporation (pursuant to Section 1411 of the Not-for-Profit Corporation Law of the State of New York);
2. The County Legislature would, by resolution, transfer Golden Hill to the newly-created Local Development Corporation without a formal appraisal or public bidding process;

¹¹ It should be noted that in 2009-10, CGR’s Director of Human Services Analysis Donald Pryor, Ph.D. was engaged by Ulster County to produce a “white paper” review of all options for addressing Golden Hill, and deliver an accompanying on-site presentation to the Golden Hill Healthcare Center Task Force. The summary report and presentation did not offer any conclusions, but rather were intended to inform the Task Force’s discussions regarding *all* potential options – including retaining a *status quo* approach to County ownership/operation of the facility.

3. With the facility transferred, the County would retain a leasehold interest in Golden Hill, continuing to operate it as a County function with County employees;
4. The Local Development Corporation would issue bonds in 2012 with net proceeds of approximately \$8 million, to be paid to the County as a portion of the total purchase price (with the funding being utilized to offset projected operational deficits);
5. The Local Development Corporation would, in 2012, seek to identify a State-approved buyer for Golden Hill; and
6. Following sale of the facility from the Local Development Corporation to the purchaser, the Local Development Corporation would be dissolved.

The proposal as it is currently structured cannot be unilaterally imposed by the County Executive, but rather would require approval from the County Legislature. As referenced in Executive Budget documents, two formal steps could not proceed absent legislative action:

- First, the transfer of Golden Hill to the Local Development Corporation cannot occur absent legislative action; and
- Second, the County's leasehold agreement for the transferred facility (whereby the County would continue to operate Golden Hill after transfer to the LDC) cannot occur absent legislative action.

It should be noted that the proposal utilizes the Local Development Corporation mechanism because, according to Executive Budget documents, the approach enables a faster implementation timeframe: “(The plan) overcomes one of the biggest challenges associated with transitioning out of a government-run facility: the 20 to 24-month State licensing process. This financial vehicle is one of the only tools available that allows County government to protect our taxpayers now and realize the savings associated with a multi-year plan.” As discussed in below, although the LDC framework *may* enable quicker implementation, there is no guarantee the plan would be completed in a shorter timeframe since it is contingent on certain factors out of the County's direct control, such as identifying a buyer with the financial capacity to purchase the facility, as well as acquiring State approval for the purchaser once identified (if not already acquired).

The Golden Hill Fund in Detail

The Executive Budget's proposal regarding Golden Hill is predicated on current and forecasted operating deficits in the C Fund. As the following

table shows, costs in the Golden Hill fund have risen almost 30 percent since 2006, although overall growth has been considerably higher in some years than in others.

Table 6.
Expenditures in Golden Hill Fund, 2006-12
(Source: *Budget Documents*)

	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Budget	2012 Budget
Total	\$24.228m	\$26.715m	\$27.737m	\$30.418m	\$30.236m	\$30.440m	\$31.598m
Y-t-Y	--	+10.3%	+3.8%	+9.7%	-0.6%	+0.7%	+3.8%

To offset this growth, the County's property tax levy has contributed an increasing amount of money to the C Fund's revenue base over the past several years. Each year since 2009 (when no property tax subsidy was provided to the Golden Hill Fund), the County's budgeted contribution has grown: \$1.2 million in 2010, nearly \$4.3 million in 2011 and nearly \$5.6 million in the 2012 Executive Budget. It is important to note the role of the property tax levy in helping to subsidize cost increases in the C Fund for at least one key reason: Of all significant revenue lines in the Golden Hill Fund, the property tax contribution is the one over which the County yields the most direct control (by contrast with Medicare and Medicaid income, which is driven by reimbursement formulae).

The Golden Hill Fund also budgeted to draw down nearly \$3.0 million in fund balance in 2009, followed by \$2.2 million in 2010. Projections from the County's Department of Finance indicate an anticipated zero balance in available fund balance at the end of the current year.

The following table details how each of the C Fund's cost centers has changed over the past six years, comparing the actual dollars spent in 2006 to the proposed 2012 Executive Budget. In pure dollars, the largest growth items include employee benefits (up \$2.8 million, or 37 percent) and nursing employee salary/wage costs (up \$1.1 million, or 14 percent).

Table 7.
Change in Golden Hill Fund Cost Centers, 2006-12
(Source: *Budget Documents*)

	2012 Exec Budget	% Change 2006-12	\$ Change 2006-12
6020 Nursing	\$8,995,881	14%	\$1,142,280
8460 Employee Benefits	\$8,615,636	37%	\$2,847,901
8212 Dietary	\$2,418,443	14%	\$306,255
8600 Transfer IGT	\$2,405,793	--	--
8220 Maintenance	\$1,579,595	23%	\$306,722
8240 Housekeeping	\$1,319,199	24%	\$271,067
6010 Nursing Administration	\$1,098,413	13%	\$135,336
8250 Laundry	\$845,806	12%	\$96,387
8310 Fiscal Office	\$813,585	37%	\$230,207
7260 Activities	\$656,314	25%	\$132,474
8350 Administration	\$483,461	22%	\$95,009
7270 Pharmacy	\$422,120	(3%)	(\$13,352)
7200 Central Supply	\$420,133	(4%)	(\$17,468)
7380 Social Services	\$305,620	46%	\$98,919
7340 Occupational Therapy	\$240,646	54%	\$87,070
7330 Physical Therapy	\$233,703	26%	\$42,149
8260 Security	\$136,122	21%	\$23,568
8430 Insurance	\$130,551	(201%)	(\$199,832)
6000 / 8450 Debt	\$100,522	88%	\$46,074
7390 Medical Records	\$82,623	16%	\$11,869
7410 Medical Staff	\$65,950	4%	\$2,716
7290 Dental	\$62,100	31%	\$18,715
8476 Barber and Beauty	\$52,008	39%	\$12,251
6012 Staff Development	\$34,899	136%	\$20,682
8225 Grounds	\$31,900	380%	\$25,682
7350 Speech Therapy	\$26,000	43%	\$8,570
8270 Transportation	\$21,018	33%	\$14,593
8410 Depreciation	--	--	(\$781,867)
TOTAL	\$31,598,052	28%	\$7,369,770

Over the same 2006 to 2012 period, the Golden Hill Fund's single-largest revenue category – nursing home income from Medicaid reimbursement – has declined approximately \$1.0 million, from \$14.9 million to \$13.9 million (6.8 percent). This increase has been offset by increases in other revenue categories. For example, self-pay patient income grew \$1.9 million (52.3 percent) over the period. As noted above, so too did the property tax contribution.

The following graph displays baseline expenditures and revenues for the C Fund over the period 2006 through 2012 (with 2011 figures from the adopted budget, and 2012 figures from the Executive Budget). *To better illustrate the relationship between "natural" revenues and expenses, the property tax contribution has been removed from the revenue figures in 2010, 2011 and 2012.* In particular, the growing difference between

expenditures and revenues since 2009 has been the result of several factors:

- IGT revenue, sporadic in nature, has declined roughly a million dollars since 2009;
- Medicare income is down nearly a million since its 2009 peak, while Medicaid income is down more than a million since 2009; and
- County contributions for costs related to Other Post-Employment Benefits (OPEB), made in 2008, 2009 and 2010, were not included as revenue in the 2011 adopted budget or 2012 Executive Budget, depressing the overall revenue picture. In all, then, revenues have remained essentially flat in nominal terms since 2006, while expenditures have continued to grow. The property tax was relied upon to bridge the difference in 2010 and 2011, as well as in the 2012 Executive Budget proposal.

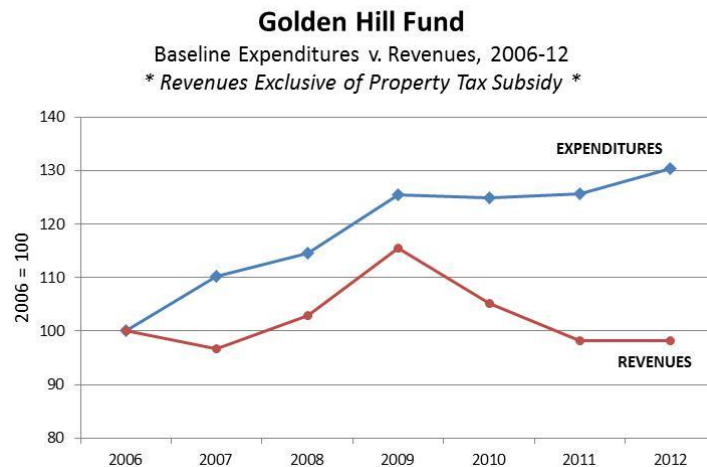
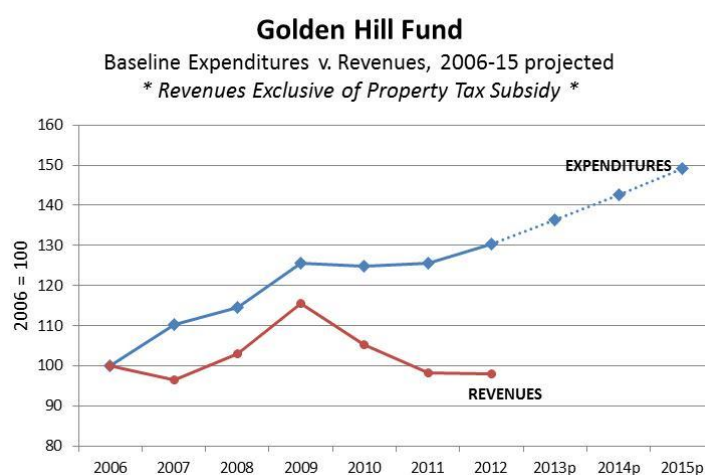


Table 8.
Revenues in Golden Hill Fund, 2006-12
(Source: *Budget Documents*)

	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Budget	2012 Budget
Medicaid	\$14,945,788	\$14,252,511	\$16,123,553	\$15,076,913	\$14,798,745	\$14,366,636	\$13,928,853
Self-Pay	\$3,639,052	\$4,048,232	\$4,677,811	\$4,542,897	\$4,620,701	\$5,288,297	\$5,541,040
IGT	\$188,116	-	-	\$5,985,669	\$4,299,943	\$4,100,550	\$4,811,586
Medicare	\$1,591,399	\$1,655,034	\$2,029,835	\$2,719,046	\$2,110,086	\$2,286,384	\$1,736,033
County OPEB	-	-	\$1,975,068	\$2,291,063	\$2,077,546	-	-
Interfund Trans	\$5,766,375	\$5,087,895	\$1,944,116	-	-	-	-
Property Tax	-	-	-	-	\$1,200,000	\$4,257,342	\$5,559,033
All Other	\$406,920	\$597,431	\$561,669	\$38,958	\$23,876	\$23,809	\$21,507

To provide additional frame of reference for what the Golden Hill Fund would look like *in the event existing trends are sustained*, CGR projected cost centers through 2015. Projections were determined by extrapolating the *mean annual change* in each cost center (from 2006-12) to 2013, 2014 and 2015 in compounded fashion. This provides an “all other things being equal” trend line for each line-item based on the guidance of recent history. Even assuming no further reduction in the Medicare and Medicaid income lines, the difference between baseline expenditures and revenues (absent additional property tax revenue) would continue to grow. A simple continuation of existing trends (exclusive of any additional capital costs) would grow the difference by an additional \$4.5 million between 2012 and 2015.



Process and Related Questions

During the course of CGR’s analysis, which included a meeting with members of the County Legislature, a series of questions were raised about the Golden Hill transfer proposal as included in the 2012 Executive Budget. This section identifies those questions and seeks to provide responses that inform the Legislature’s consideration of the initiative.

Can a sale of the facility realistically occur in 2012?

According to Executive Budget documents, the proposal utilizes the LDC mechanism in an attempt to “overcome one of the biggest challenges associated with transitioning out of a government-run facility: the 20 to 24-month State licensing process.” However, there is no guarantee that the LDC would be able to complete a full sale and transfer of Golden Hill within the 2012 calendar year. In theory, the LDC could identify a buyer and finalize sale terms within 2012, but the ultimate sale would remain subject to State approval. Conservatively, this process could take an additional 12-to-18 months after a buyer is identified and sale terms are agreed to. Thus, even if a buyer is identified in the first quarter of 2012, it

is likely that the County would retain some operational responsibility through its leasehold interest *at least* into the 2013 fiscal year. For this reason, the County should be prepared to address a Golden Hill Fund budget in 2013 as well.

What if a sale is not completed in 2012?

As suggested above, if a sale is not completed (including State approval) in 2012, the County would almost certainly retain operational responsibility through its leasehold interest. This would mean continuing to fund Golden Hill operations in the 2013 budget. Depending on the status of the sale approval process, the County may end up funding the entire 2013 fiscal year's operations, or, if the sale process is projected to be completed during the 2013 fiscal year, a portion thereof. Moreover, to the extent the sale process was not completed by the end of 2013, similar budgetary considerations would remain in 2014.

What happens if a sale does not occur?

The Golden Hill proposal is predicated on the assumption that the LDC will ultimately identify an approved buyer and sell the facility outright, at which point the LDC would be dissolved. In theory, there could be a scenario in which the LDC is unable to find a buyer for the facility. In that case, the County would still retain its leasehold interest in the same way envisioned for the 2012 fiscal year, if/until such point as it decides to pursue other alternatives.

What impact would the facility transfer to the LDC have on the Medicaid reimbursement rate?

Reimbursement rates are not likely to change as a result of Golden Hill being transferred to an LDC. Rates are generally driven by case mix and service levels/intensity within individual facilities. To the extent that Golden Hill would likely retain its current "mix" of cases and services during the period covered by the transfer proposal, there is at this time no reason to believe that the proposal would impact reimbursement rates. It should be noted, however, that reimbursement rates continue to be subject to changes based on discussions happening at both the State and federal levels, irrespective of the specific proposal regarding Golden Hill.

What authority would the County Legislature retain over the ultimate sale from the LDC to a buyer?

Following creation of an LDC, the Legislature would have limited direct authority over the selection of a buyer, negotiation of a sale price, and related terms of sale. Those decisions would be made primarily by the Board of the LDC itself, absent a robust LDC governance structure that ensures the Legislature a continued voice and/or role in the process.

If the County retained ownership of Golden Hill and invested in new capital construction, what level of State reimbursement can be expected?

Currently, State policy would provide Ulster County with some reimbursement opportunity under the CAPS program.¹² CAPS funding levels identify the maximum project cost per bed allowed for the purposes of Medicaid capital reimbursement, and are applicable only to new construction/major renovation/expansion where beds are located within the construction.

The CAP is the maximum the State will reimburse a facility for capital cost *associated with the building and startup of a facility, based on historical facility cost*. At present, the CAP figure for RHCF facilities in the Hudson Valley (which includes Ulster County) is \$320,000 per bed. However, it is important to note two key points regarding funding:

- First, any reimbursement to which a County RHCF facility may be entitled is paid over the *estimated useful life* of the facility, including initial costs of the building, any associated construction financing, fixed equipment, and other eligible cost outlays;
- Second, the maximum CAP figure applies when the facility has 100 percent utilization *and* that utilization is 100 percent Medicaid. As either utilization levels *or* Medicaid-specific utilization levels decline, so too does the eligible Medicaid capital reimbursement (*i.e.* the CAP).

Of course, even under full eligibility criteria, capital costs at a County facility can only be reimbursed up to the CAP level. Outlays above the CAP are not eligible, nor is unused CAP funding if total outlays are below the CAP.

Based on 2011 statistics for Golden Hill, it appears likely that any reimbursement for capital costs at Golden Hill would be below the established CAP figure for two reasons. First, recent experience¹³ indicates an overall bed utilization rate of approximately 96 percent (full CAP reimbursement is available with a 100 percent utilization rate). Second, recent experience also indicates a client mix of approximately 75 percent Medicaid, with the remainder split roughly two-thirds / one-third between

¹² See Department of Health guidelines here: http://www.health.ny.gov/facilities/long_term_care/reimbursement/docs/residential_health_care_facility_bed_caps.pdf

¹³ Based on CGR's review of budget assumptions for both 2010 and 2011.

self-pay and Medicare residents, respectively (full CAP reimbursement is available with a 100 percent Medicaid client base).

As such, although Ulster County would likely be eligible for some amount of Medicaid capital reimbursement for a newly reconstructed facility, it would likely not be at the CAP funding level and would be financed over the useful life the facility rather than in lump-sum fashion. The amount of potential reimbursement would be determined based on capital costs, utilization and proportion of Medicaid client base at the time of construction.

What is the status of the proposed legislation calling for a State takeover of Medicaid costs?

There is no immediately pending legislative change that would result in a State takeover of local Medicaid costs. Although a proposal has been submitted in both the Assembly and Senate to initiate such a takeover, the Governor has indicated as recently as October 2011 that the State is not in a fiscal position to do so.

Golden Hill Healthcare Center Proposal: Alternatives Available to the Legislature

The Legislature has expressly asked CGR to include in its analysis of the Executive Budget a review of budgetary alternatives available to transferring Golden Hill as proposed. This section presents a series of general options that are technically available to the Legislature. They should be considered in the context of at least two budgetary points of reference: First, the \$5.6 million in property tax contribution the County would make to the Golden Hill Fund under the 2012 Executive Budget, and second, the approximately \$8.0 million dollars the Golden Hill transfer proposal would entail in bonded revenues.

It is also important to point out that, as the Legislature considers budgetary options to the Golden Hill proposal, it bear in mind that the options go beyond just the Golden Hill (C) Fund. Because the Golden Hill Fund draws on the property tax levy, it has an inherent fiscal connection to any other budgetary fund that also utilizes property tax revenue. Consider, for example, reallocating resources across funds. *Ceteris paribus*, an additional dollar saved (or generated) in the General Fund could theoretically “free up” a dollar to be reallocated to the Golden Hill Fund, because both rely on the property tax levy. For this reason, the Legislature’s options transcend just the Golden Hill Fund.

It is important to note that the ultimate decision to pursue any of the following strategies is a policy decision to be made by the Legislature and Executive in balancing other competing factors. CGR renders no

endorsement of any of these strategies, but rather seeks to identify the universe of options available.

Additional property tax revenue within remaining cap space

The 2012 Executive Budget proposes to utilize a portion of the real property tax levy increase available to Ulster County. The statutory cap is \$79,313,704; the proposed budget anticipates utilizing \$78,860,389. The differential – \$453,315 – would still technically be available to the County within the parameters of the tax cap law, without the need for an override. Absent other action, however, accessing any of this additional revenue would require a property tax increase.

Additional property tax revenue through override of tax cap

Notwithstanding the imposition of the State’s new property tax cap, local governments retain the right to “override” the cap. The statutory process requires the enacting of a local law by a super-majority (*i.e.* 60 percent) of the total voting power of the governing board. Beyond the property tax cap, the next limit to a county’s property tax capacity is the constitutional taxing limit as enumerated in the State Constitution. The Constitution limits taxing power of counties to 1.5 percent of their five-year average full valuation, a limit which can be further modified by local law. The 2012 Executive Budget anticipates utilizing approximately 24.99 percent of Ulster County’s constitutional taxing capacity, leaving approximately \$236 million in unused capacity. Absent other action, however, accessing any of this additional revenue would require a property tax increase. An \$8 million adjustment to the levy would result in a roughly 10.1 percent increase in the proposed property tax *levy*; the actual tax *rate* implications would differ by municipality because of their varying State equalization rates.¹⁴

Reduce or eliminate existing services

Within the proposed revenue base (or even in combination with other revenue enhancements), certain existing services could be reduced or eliminated to offset a portion of the \$8 million differential. Service reduction/elimination could address the differential in at least two ways:

¹⁴ In 2011, equalization rates among Ulster County’s municipalities ranged from 1.65 percent to 100 percent.

- Because of the fund-specific nature of the proposal, services could be reduced and/or eliminated within the Golden Hill Enterprise Fund; or
- Services could be reduced and/or eliminated in the General Fund (or other funds, particularly those reliant on the property tax levy) in a way that frees up existing real property tax resources to be redirected to the Golden Hill Enterprise Fund.

The decision on whether and which services to reduce or eliminate is a policy decision to be made by elected officials, and after considered study of options and their implications. However, at the Legislature's express request, CGR reviewed at a high level the County's Social Services program/service offerings menu to determine whether Ulster County is presently providing services that are outside the "norm" for other New York counties. That review found the following:

- Ulster's social services menu of offerings is not generally dissimilar to those of peer counties in New York State;
- Many social service programming costs are directly connected to State and/or federal revenue/grant sources, so any effort to reduce programming costs would need to be sensitive to the potential for corresponding reductions in revenues;
- Outside of social services, many counties in New York have increasingly turned to outsourcing solutions in areas like Mental Health and Transportation (Note: The Executive Budget proposes to outsource the County's Chemical Dependency Unit in 2012); and
- Counties in New York have increasingly begun exploring "blended" approaches to delivering social services, public health, mental health and related programs, through a consolidation of intake mechanisms and eligibility processes, and similar administrative efficiencies. Similar opportunities may exist in Ulster County, but would require detailed study to identify and develop formal implementation plans.

Appropriate additional fund balance

Although the Executive Budget projects a zero fund balance in the Golden Hill Enterprise Fund at the end of the current year, it would technically be possible to draw additional fund balance in funds with a balance (*e.g.* General Fund) in a way that frees up existing real property tax resources to be redirected to the Golden Hill Fund.

Note: For additional detail on projected fund balance levels by fund, as well as guidance on what is generally considered an “acceptable” level of fund balance, see the Fund Balance section of this report in the discussion of Key Revenues.

Defer or eliminate certain proposed capital purchases

The Executive Budget proposes the purchase/replacement of capital items across many departments. Although cutting back on certain capital replacement appropriations can create deferred maintenance challenges going forward, there remains the option to reduce them. Specific examples include the following:

- \$689,410 in automobile/vehicle purchase costs;
- \$117,399 in office equipment and furniture costs; and
- \$598,287 in general office supply costs.

Monetize assets

Monetizing County assets – *i.e.* selling County-owned property (real or other) in an outright or sale-leaseback fashion – may also provide an opportunity to enable “one-shot” cash infusions for the County’s budget. At the Legislature’s express request, CGR also completed a summary review of the County’s assets to determine what opportunities may exist. The following table summarizes the most significant (in dollar terms) building assets currently owned by the County. All data are drawn directly from a comprehensive asset listing provided by the County Finance Department, with values as of October 21, 2011. Properties are ranked by installed cost, from highest-to-lowest, for those properties with installed costs in excess of \$100,000.

Table 9.
Largest County-Owned Assets, Buildings over \$100,000
Excluding Land, Renovations and Building Improvements
 (Source: Finance Department)

	Depreciation Status	Installed Cost	LTD Depreciation
Law Enforcement Center	Active	\$90,433,286	\$9,043,328
UCAT Transit Facility	Active	\$6,972,485	\$1,394,497
County Jail	Active	\$3,677,065	\$2,451,376
Probation Building, 731 Broadway	Active	\$3,308,723	\$882,326
County Office Building	Fully Deprec	\$1,732,215	\$1,732,215
Annex, 285 Wall	Active	\$1,582,368	\$1,582,368
Main Building, 285 Wall	Active	\$1,524,618	\$1,524,618
Trudy Resnick Center	Active	\$1,347,703	\$1,168,009
Annex/Lobby, 285 Wall	Fully Deprec	\$1,212,764	\$1,212,764
County Office Complex	Fully Deprec	\$992,000	\$992,000
Salt Storage/Substation, New Paltz	Active	\$778,495	\$25,949
CCP Building	Active	\$778,000	\$518,666
Public Works Admin Building	Fully Deprec	\$713,527	\$713,527
DA Office, 285 Wall	Active	\$698,783	\$698,783
Office Space, Fair Street	Active	\$589,487	\$589,487
Records Storage, Foxhall Ave	Active	\$443,700	\$443,700
Information Services, 25 S. Manor	Active	\$343,956	\$343,956
Olive-Boiceville Substation	Fully Deprec	\$262,000	\$262,000
Main Health Building, Flatbush Ave	Active	\$168,786	\$168,786
4-H Building	Active	\$131,000	\$65,500
Shawangunk Substation	Fully Deprec	\$117,000	\$117,000
Wash Bay Building, Quarry	Active	\$107,202	\$107,202
Shandanken Substation Salt Storage	Active	\$104,000	\$38,133

Beyond assets that take the form of buildings, the County also owns a series of land assets including the following:

- 1 Brinks Lane, Hurley (\$235,981)
- 11 Brinks Lane, Hurley (\$210,927)
- 12 Marvin Lane, Ulster (\$196,480)
- 1001 Orlando Street, Ulster (\$180,928)
- 932 Orlando Street, Ulster (\$120,783)
- 48 Buckley Street, Ulster (\$226,830)
- 283 Route 28A, Ulster (\$176,803)
- 28 Sandy Road, Ulster (\$261,236)
- 31 Sandy Road, Ulster (\$215,400)
- Ulster-Delaware Railroad (\$1,274,976)
- Pool (\$304,844)

Explore selling assets of the Resource Recovery Agency (RRA)

The Ulster County Resource Recovery Agency (RRA) is a Public Benefit Corporation formed to administer the development, financing and implementation of a County-wide solid waste management program. The Agency administers two regional transfer stations (where contractors and businesses can drop waste and/or recyclables); rentals and transportation services for construction and related debris within the County; and recycling drop-off services. Some members of the Legislature have suggested potentially selling the RRA in order to cut the need for a sustained County subsidy.

Although the RRA has an associated revenue stream based on its own fee-based structure for tipping fees and disposal charges paid by users, the County's subsidy has grown somewhat in recent years. For example, the actual amount spent by the County in 2008 was \$1.249 million; in 2012, that figure will be \$1,366,153 (\$116,770, or 9.3 percent higher).

Seek renegotiation of collective bargaining agreements

Like any general purpose local government, workforce costs comprise a substantial portion of Ulster County's budget. The County retains the ability to negotiate/renegotiate existing or expired collective bargaining agreements governing these costs in an effort to mitigate increases in areas like wages and health insurance. The County cannot unilaterally impose those reductions under State law, but is free to seek to negotiate them with covered employees. One example involves employee health insurance. At present, the County has approximately 1,400 employees enrolled (both labor and management) in various benefit plans. The average rate of employee contribution is approximately 10 percent, with contributions ranging from as low as 0.84 percent to as high as 15.00 percent. Negotiating an increase in the rate of all active employees to a minimum of 15.00 percent would generate approximately \$73,000 in County savings.

Further reduce number of vacant positions

At the Legislature's express request, CGR reviewed the number of funded vacant positions in the Executive Budget to determine whether/where opportunities may exist to reduce staff costs. The following table summarizes positions identified as vacant in the Executive Budget Personnel Listing, by department. The list of vacant titles covers 144 positions and \$3.9 million in direct salary/wage costs. Of those, 69 positions (and \$1.9 million) are within the Golden Hill Fund. According to the Budget Office, the higher rate of vacancies in the Golden Hill Fund

relative to other budgetary funds is the result of a historically higher rate of staff turnover.¹⁵

In reviewing these titles, note that only the *salary/wage* costs are listed. Any benefit costs (*e.g.* pension, health insurance, etc.) would be additional and budgeted in fringe benefit lines.

¹⁵ To test this assumption, CGR reviewed staff turnover data for the Golden Hill Fund for the most recently-completed fiscal year (2010). In that twelve-month period, there were 83 “staff status events” (*i.e.* hires, resignations, terminations, retirements), meaning that nearly one-fifth of all budgeted positions in Golden Hill experienced some staff turnover during the year. Of all events, 58 were resignations, retirements or terminations that produced vacancies of various lengths of time. As of October 2011, the Personnel Department reports 44 budgeted vacancies at Golden Hill (*i.e.* 1 Supervisory Nurse, 2 head nurses, 3 RPNs, 6 LPNs, 10 CNAs, 5 FSHs, 2 house aides, 1 ward clerk, 1 physical therapist, 1 dietary technician, 1 cook, 1 accountant, 1 receptionist, 1 administrative assistant and 1 nurse assistant).

Table 10.
Positions Identified as “Vacant” in Executive Budget
(Source: 2012 Executive Budget Personnel Listing)

	Primary Department	Associated Cost
Sec Attend	Court Security	\$2,955
Sec Attend	Court Security	\$2,955
Sec Attend	Court Security	\$2,955
Sec Attend	Court Security	\$2,955
Sec Attend	Court Security	\$2,955
Sec Attend	Court Security	\$2,955
Sec Attend	Court Security	\$2,955
Sec Attend	Court Security	\$2,955
Sec Attend	Court Security	\$2,955
Sec Attend	Court Security	\$2,955
Sec Attend	Court Security	\$2,955
Sec Attend	Court Security	\$2,955
Sec Attend	Court Security	\$2,955
Sec Attend	Court Security	\$2,955
Sec Attend	Court Security	\$2,955
Asst PD	Public Defender	\$31,373
Assistant Fis Mg	Finance	\$40,011
Pr Rec Mgt	County Clerk	\$42,441
Clerk	County Clerk	\$12,431
Clerk	County Clerk	\$12,431
Em Sr D1	Emergency Comm	\$37,250
DS Detect	Sheriff	\$41,739
Dep Sher	Sheriff	\$39,943
Clerk	Sheriff	\$13,497
Trans Typ	Probation	\$12,370
Db Clk/Typ	Jail	\$26,930
Corr Sgt	Jail	\$45,957
Corr Off	Jail	\$39,484
Corr Off	Jail	\$39,484
Clerk	Arson Task Force	\$2,750
Dep Ch Fir	Arson Task Force	\$1,750
Dep Ch Fir	Arson Task Force	\$1,750
Fire Inv	Arson Task Force	\$1,250
PH Nurse	Public Health	\$47,246
RN Health	Public Health	\$43,994
Physician	Public Health	\$5,550
Sr PH San	Public Health	\$49,201
Sr PH San	Public Health	\$49,201
MHS Prg Su	Mental Health Admin	\$83,687
Acc Clk/T	Mental Health Admin	\$27,222
Psych Int	Mental Health Programs	\$9,076
Psych Int	Mental Health Programs	\$9,076
Psych Int	Mental Health Programs	\$9,076
Psych Int	Mental Health Programs	\$9,076
Stf Psych	Mental Health Programs	\$56,932
Stf Psych	Mental Health Programs	\$5,362
Stf Psych	Mental Health Programs	\$87,986

Acc Clk/T	UC Area Transit	\$38,294
Sr Acc Clk	Social Services Admin	\$31,004
Cld Sup SP	Social Services Admin	\$32,374
SWE	Social Services Admin	\$31,004
SWE	Social Services Admin	\$31,004
SWE	Social Services Admin	\$31,004
SWE	Social Services Admin	\$31,004
SWE	Social Services Admin	\$31,004
SS Atty	Social Services Admin	\$62,136
Caseworker	Social Services Admin	\$40,011
Caseworker	Social Services Admin	\$40,011
Caseworker	Social Services Admin	\$20,618
Caseworker	Social Services Admin	\$40,011
Caseworker	Social Services Admin	\$40,011
Vet Bn Rep	Veterans Services	\$32,374
Park Supv	Parks	\$8,850
Prk Cr Ldr	Parks	\$7,375
Lifeguard	Parks	\$38,500
Rec Attend	Parks	\$32,600
Park Supv	Parks	\$6,855
Prk Cr Ldr	Parks	\$11,750
Lifeguard	Parks	\$75,095
Rec Attend	Parks	\$40,320
Adm Ast	Youth Programs	\$17,003
Pr Trs Pl	Planning	\$72,349
Yth Worker	Environment	\$5,000
Supv Nurse	Golden Hill	\$57,984
Sr Clerk	Golden Hill	\$28,264
Supv Nurse	Golden Hill	\$32,001
Supv Nurse	Golden Hill	\$32,001
Supv Nurse	Golden Hill	\$32,001
HD Nurse	Golden Hill	\$53,996
HD Nurse	Golden Hill	\$53,996
HD Nurse	Golden Hill	\$53,996
RPN	Golden Hill	\$50,279
RPN	Golden Hill	\$50,279
RPN	Golden Hill	\$50,279
LPN	Golden Hill	\$41,363
LPN	Golden Hill	\$41,363
LPN	Golden Hill	\$41,363
LPN	Golden Hill	\$41,363
LPN	Golden Hill	\$41,363
CNA	Golden Hill	\$28,773
CNA	Golden Hill	\$28,773
CNA	Golden Hill	\$28,773
CNA	Golden Hill	\$28,773
CNA	Golden Hill	\$28,773
CNA	Golden Hill	\$28,773
CNA	Golden Hill	\$25,895
CNA	Golden Hill	\$28,773
CNA	Golden Hill	\$28,773
CNA	Golden Hill	\$28,773
CNA	Golden Hill	\$28,773

CNA	Golden Hill	\$28,773
CNA	Golden Hill	\$28,773
CNA	Golden Hill	\$28,773
CNA	Golden Hill	\$28,773
CNA	Golden Hill	\$28,773
CNA	Golden Hill	\$28,773
CNA	Golden Hill	\$25,895
Ward Clk	Golden Hill	\$27,186
CNA	Golden Hill	\$22,662
CNA	Golden Hill	\$22,662
Laund Wkr	Golden Hill	\$11,846
Lt Act Aid	Golden Hill	\$12,386
Lt Act Aid	Golden Hill	\$12,386
Lt Act Aid	Golden Hill	\$12,386
Lt Act Aid	Golden Hill	\$12,386
Laund Wkr	Golden Hill	\$11,846
Phys Ther	Golden Hill	\$53,038
FSH	Golden Hill	\$21,404
FSH	Golden Hill	\$21,404
Diet Tech	Golden Hill	\$37,250
Cook	Golden Hill	\$29,483
FSH	Golden Hill	\$23,782
FSH	Golden Hill	\$23,782
FSH	Golden Hill	\$21,404
FSH	Golden Hill	\$21,404
FSH	Golden Hill	\$21,404
FSH	Golden Hill	\$21,404
FSH	Golden Hill	\$11,846
FSH	Golden Hill	\$11,846
FSH	Golden Hill	\$11,846
FSH	Golden Hill	\$11,846
FSH	Golden Hill	\$11,846
BI Mt W1	Golden Hill	\$27,186
House Aide	Golden Hill	\$24,325
House Aide	Golden Hill	\$24,325
House Aide	Golden Hill	\$24,325
House Aide	Golden Hill	\$12,116
House Aide	Golden Hill	\$12,116
Laund Wkr	Golden Hill	\$23,782
Laund Wkr	Golden Hill	\$21,404
Accountant	Golden Hill	\$45,693
Acc Clerk	Golden Hill	\$27,222
Receipt	Golden Hill	\$25,468
Clerk	Golden Hill	\$12,403
CEO 1	Roads/Bridges	\$33,742
MEO	Roads/Bridges	\$31,404
Rd Mtc Ltr	Roads/Bridges	\$35,955
Sign Maker	Machinery	\$33,742

Reduce contingency line

The contingency line in the 2012 Executive Budget is \$1,315,000, which represents a roughly \$0.6 million (32.4 percent) reduction from the 2011

adopted budget. One alternative would be to further reduce the contingency line and reappropriate those dollars. Based on information provided by the Budget Office, the proposed contingency amount breaks down as follows:

- \$925,000 in base contingency;
- \$150,000 in project-dependent financial system expenses;
- \$150,000 in benefit adjustments;
- \$75,000 in payroll adjustments; and
- \$15,000 for facility cleaning contract adjustments.

Reducing the contingency is not without risk however, as it is intended to guard against budgetary “shocks” that may possibly occur during the course of the fiscal year.

BUDGETARY AND FINANCIAL PLANNING RECOMMENDATIONS

Based on CGR's review and analysis of the 2012 Executive Budget proposal for Ulster County, we offer the following observations and recommendations regarding the *structural format* of the budget process. These suggestions are offered independent of our budget analysis, and are made in the interest of enhancing key stakeholders' level of understanding in the development and modification of future County budgets.

Multi-Year Financial Planning

An effective budget document is a critical tool for ensuring any government's financial health during the course of a fiscal year. But it is imperative to keep in mind that a budget is, in many ways, a "snap-shot" point-in-time planning document that charts only the next twelve months of the inflow/outflow of money. The budget development process represents an opportunity to develop a multi-year approach to identifying potential fiscal challenges and opportunities, and begin the dialogue among key stakeholders on how to address/leverage them.

In recent years, New York State (through its Aid and Incentives to Municipalities program) has encouraged local governments to develop and implement multi-year financial plans, wherein the *next* fiscal year represents year-one of the multi-year plan. Ulster County would benefit from implementing such a multi-year approach as part of its budget development process. Better yet, the County might consider developing its tentative multi-year plan *in advance* of the budget process (*e.g.* in mid-to-late summer), such that key stakeholders enter the budget development process with a better sense of both immediate and longer-range challenges and opportunities. This practice will result in a richer budget development process, wherein stakeholders have a greater appreciation for not only the subsequent fiscal year, but how "out years" of the financial plan should impact decision-making today.

Performance-Based Budgeting Approach

Adopting a more performance-based approach to budgeting is another strategy for building greater contextual understanding into the budget and financial planning process. At the most basic level, this can involve integrating operational information within the budget document itself, indicating in each department's respective section of the budget what that department's key responsibilities entail, how it is structured, what revenues it generates and, where applicable, trend data on workload volume (*e.g.* permits issued, audited completed, inspections performed,

Stop-DWI checkpoints administered, etc.). With the development of reliable trend data over several years, this contextual information can be leveraged to become an important source of data for the budget development process, allowing key stakeholders to evaluate appropriations in the context of service outputs/outcomes. To some degree, certain County departments are likely already compiling/publishing this information in the form of an annual report, which would help to streamline the transition to a performance-based budget framework.

Fund Balance Policy

The County's reliance on available fund balance reserves in the 2012 Executive Budget is slightly less than in the 2011 adopted budget. Still, in light of the County's inclusion of fund balance to help bridge budgets over the past several years, it is important that officials ensure an adequate and formal fund balance policy is in place. A fund balance policy governs the utilization of fund balance, delineating the cases in which (and process *by* which) reserves can be utilized. Typically, it also identifies the "target" levels of reserves the government desires to maintain, contributing to a longer-range and more strategic approach to building and appropriating fund balance. Particularly given the ongoing tight economic and fiscal environment for local governments across New York State and nationally, an effective fund balance policy is an important component of a comprehensive and strategic fiscal policy.

APPENDIX

The following pages present summary tables on expenditures and revenues in each major fund area of the County budget. For each item, the following information is displayed:

- 2010 actual figures
- 2011 adopted budget figures
- 2012 proposed Executive Budget figures
- Change from 2011 to 2012, gross dollar terms
- Change from 2011 to 2012, percentage terms

BUDGET INCREASES AND (DECREASES), YEAR OVER YEAR
EXPENDITURES BY DEPARTMENT

	2010 Actual Costs	2011 Adopted Budget	2012 Executive Budget	2011 v 2012 Increase/ (Decrease)	2011 v 2012 Increase/ (Decrease)
GENERAL FUND					
1010 Legislative Board	\$362,840	\$371,223	\$268,223	(\$103,000)	-27.7%
1040 Clerk of Legislative Board	\$463,141	\$667,577	\$579,469	(\$88,108)	-13.2%
1110 Municipal Court	\$36,815	\$53,190	\$65,010	\$11,820	22.2%
1162 Unified Court	\$14,712	\$10,000	\$11,000	\$1,000	10.0%
1165 District Attorney	\$2,130,984	\$2,349,085	\$2,383,559	\$34,474	1.5%
1170 Public Defender	\$1,228,896	\$1,279,936	\$1,284,733	\$4,797	0.4%
1185 Med Examiner	\$279,205	\$278,781	\$289,257	\$10,476	3.8%
1230 County Executive	\$868,763	\$795,424	\$789,382	(\$6,042)	-0.8%
1310 Finance	\$2,603,335	\$2,809,312	\$2,953,640	\$144,328	5.1%
1315 Comptroller	\$686,965	\$646,050	\$672,436	\$26,386	4.1%
1340 Budget	\$223,715	\$246,262	\$246,189	(\$73)	0.0%
1345 Purchasing	\$1,082,037	\$1,136,946	\$1,107,308	(\$29,638)	-2.6%
1355 Assessment	\$437,327	\$414,569	\$416,923	\$2,354	0.6%
1410 Clerk	\$2,625,957	\$2,598,518	\$2,587,522	(\$10,996)	-0.4%
1420 Law	\$665,258	\$785,629	\$2,260,317	\$1,474,688	187.7%
1430 Personnel	\$1,012,798	\$970,592	\$960,497	(\$10,095)	-1.0%
1450 Elections	\$1,006,031	\$1,352,403	\$1,982,572	\$630,169	46.6%
1490 Public Works Admin	\$475,069	\$449,861	\$452,576	\$2,715	0.6%
1620 Buildings	\$6,632,526	\$6,768,135	\$6,600,987	(\$167,148)	-2.5%
1680 Central Data Processing	\$6,147,239	\$7,815,319	\$7,392,407	(\$422,912)	-5.4%
1910 Unallocated Insurance	\$3,533,828	\$3,727,266	\$3,968,564	\$241,298	6.5%
1920 Municipal Association Dues	\$30,287	\$30,793	\$31,313	\$520	1.7%
1985 Distribution of Sales Tax	\$14,034,598	\$14,168,440	\$14,451,810	\$283,370	2.0%
1990 Contingency	\$0	\$1,946,195	\$1,315,000	(\$631,195)	-32.4%
2490 Community College Tuition	\$3,144,947	\$3,300,000	\$3,300,000	\$0	0.0%
2495 Contribution to Community College	\$6,280,863	\$6,280,863	\$6,280,863	\$0	0.0%
2989 Other Education	\$9,922	\$10,000	\$10,000	\$0	0.0%
3020 Public Safety Communication 911	\$2,483,279	\$3,026,768	\$3,148,929	\$122,161	4.0%
3110 Sheriff	\$6,245,687	\$6,037,016	\$5,997,238	(\$39,778)	-0.7%
3140 Probation	\$3,496,514	\$3,561,302	\$3,699,012	\$137,710	3.9%
3150 Jail	\$13,596,345	\$14,289,080	\$14,746,607	\$457,527	3.2%
3155 Rehabilitation Services	\$270,903	\$170,061	\$102,278	(\$67,783)	-39.9%
3189 Drug Investigations	\$91,639	\$233,874	\$239,570	\$5,696	2.4%
3310 Traffic Control	\$23,565	\$30,201	\$26,228	(\$3,973)	-13.2%
3315 Special Traffic DWI Programs	\$484,790	\$545,134	\$558,707	\$13,573	2.5%
3410 Fire Fighting	\$44,709	\$76,451	\$79,338	\$2,887	3.8%
3411 Arson Task Force	\$45,444	\$62,700	\$63,410	\$710	1.1%
3620 Safety Inspection	\$261,273	\$279,328	\$280,999	\$1,671	0.6%
4010 Public Health	\$4,721,495	\$4,142,083	\$4,340,935	\$198,852	4.8%
4082 WIC Program	\$407,168	\$435,759	\$483,412	\$47,653	10.9%
4220 Narcotics Addiction Control	\$748,160	\$751,460	\$0	(\$751,460)	-100.0%
4230 Contracted Narcotics Addiction Control Services	\$1,442,922	\$1,296,893	\$1,065,182	(\$231,711)	-17.9%
4310 Mental Health Admin	\$2,297,576	\$2,277,925	\$2,154,766	(\$123,159)	-5.4%
4320 Mental Health Programs	\$6,728,507	\$6,374,039	\$5,226,701	(\$1,147,338)	-18.0%
4322 Contracted Mental Health Services	\$5,426,045	\$5,783,762	\$5,710,634	(\$73,128)	-1.3%
4390 Psychiatric Expenditures - Criminal Actions	\$62,065	\$100,000	\$100,000	\$0	0.0%
5630 Bus Operations	\$6,620,186	\$6,155,549	\$5,980,987	(\$174,562)	-2.8%
5650 Off Street Parking	\$49,110	\$72,316	\$57,653	(\$14,663)	-20.3%
6010 Social Services Administration	\$21,923,400	\$20,654,275	\$21,213,203	\$558,928	2.7%
6055 Day Care	\$3,286,538	\$3,232,688	\$3,200,000	(\$32,688)	-1.0%
6070 Services for Recipients	\$1,268,826	\$1,200,000	\$1,325,000	\$125,000	10.4%
6101 Medical Assistance	\$1,069,074	\$1,800,000	\$400,000	(\$1,400,000)	-77.8%
6102 Medical Assistance - MMIS	\$30,796,014	\$35,087,896	\$39,378,385	\$4,290,489	12.2%
6106 Special Needs Program	\$0	\$2,500	\$2,500	\$0	0.0%
6109 Family Assistance	\$11,391,157	\$11,500,000	\$12,000,000	\$500,000	4.3%
6119 Child Care	\$25,999,521	\$26,855,572	\$27,950,000	\$1,094,428	4.1%
6123 Juvenile Delinquent	\$366,657	\$600,000	\$400,000	(\$200,000)	-33.3%
6129 State Training School	\$616,282	\$400,000	\$400,000	\$0	0.0%
6140 Safety Net	\$6,919,136	\$7,295,774	\$8,700,000	\$1,404,226	19.2%
6141 Home Energy Assistance	\$152,785	\$190,000	\$165,000	(\$25,000)	-13.2%
6142 Emergency Aid for Adults	\$121,533	\$180,000	\$180,000	\$0	0.0%
6410 Tourism	\$708,183	\$797,722	\$849,849	\$52,127	6.5%

6420 Promotion of Industry	\$348,925	\$557,500	\$400,000	(\$157,500)	-28.3%
6510 Veterans Services	\$401,657	\$446,972	\$448,392	\$1,420	0.3%
6610 Weights and Measures	\$115,806	\$117,951	\$118,773	\$822	0.7%
6620 Consumer Affairs	\$155,401	\$160,569	\$0	(\$160,569)	-100.0%
6772 Programs for the Aging	\$2,407,783	\$2,442,860	\$2,503,933	\$61,073	2.5%
6989 Other Econ Opp and Development	\$11,250	\$11,250	\$11,250	\$0	0.0%
7110 Parks	\$287,064	\$335,079	\$357,933	\$22,854	6.8%
7310 Youth Programs	\$435,574	\$481,509	\$314,225	(\$167,284)	-34.7%
7410 Libraries	\$67,500	\$67,500	\$67,500	\$0	0.0%
7510 Historian	\$113	\$5,000	\$5,000	\$0	0.0%
7560 Other Performing arts	\$60,000	\$60,000	\$18,750	(\$41,250)	-68.8%
8020 Planning	\$797,913	\$1,132,008	\$999,485	(\$132,523)	-11.7%
8040 Human Rights Commission	\$42,814	\$18,716	\$18,724	\$8	0.0%
8090 Environmental Control	\$139,394	\$160,619	\$157,679	(\$2,940)	-1.8%
8160 Solid Waste Management	\$1,382,894	\$1,382,894	\$1,595,304	\$212,410	15.4%
8710 Conservation	\$371,556	\$345,975	\$391,975	\$46,000	13.3%
8989 Other Home and Community Services	\$30,000	\$30,000	\$30,000	\$0	0.0%
9010 State Retirement	\$10,254,822	\$14,879,649	\$16,755,382	\$1,875,733	12.6%
9030 Social Security	\$5,396,560	\$5,436,646	\$5,389,418	(\$47,228)	-0.9%
9050 Unemployment Insurance	\$267,551	\$458,055	\$552,825	\$94,770	20.7%
9055 Disability Insurance	\$191,483	\$218,400	\$218,400	\$0	0.0%
9060 Hospital and Medical Insurance	\$22,224,628	\$23,029,121	\$24,674,129	\$1,645,008	7.1%
9089 Other Employee Benefits	\$3,026,358	\$3,328,795	\$3,154,350	(\$174,445)	-5.2%
9730 BAN Interest	\$2,140,017	\$2,075,000	\$2,350,000	\$275,000	13.3%
9901 Transfers	\$7,867,163	-	-	-	-
9950 Transfer to Capital Project Fund	\$4,802	-	-	-	-

FUND (A) SUBTOTAL	\$274,613,574	\$283,942,565	\$293,421,507	\$9,478,942	3.3%
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COMMUNITY DEVELOPMENT FUND

6290 Ofc of Employment and Training	\$725,923	\$816,029	\$694,505	(\$121,524)	-14.9%
6291 Participant Support	\$11,472	\$5,000	\$5,000	\$0	0.0%
6292 Job Training and Services	\$776,148	\$804,124	\$637,084	(\$167,040)	-20.8%
8668 Rehab Loans and Grants	\$639,764	\$751,900	\$230,400	(\$521,500)	-69.4%
9789 L/T Debt HUD Loans	\$36,822	\$8,000	\$81,000	\$73,000	912.5%

FUND (B) SUBTOTAL	\$2,190,129	\$2,385,053	\$1,647,989	(\$737,064)	-30.9%
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GOLDEN HILL ENTERPRISE FUND

6000 Debt Principal	-	\$56,235	\$58,512	\$2,277	4.0%
6010 Nursing Admin	\$1,081,767	\$1,087,492	\$1,098,413	\$10,921	1.0%
6012 Staff Dev	\$10,278	\$29,974	\$34,899	\$4,925	16.4%
6020 SNF Nursing	\$8,722,879	\$8,952,303	\$8,995,881	\$43,578	0.5%
7200 Central Supply	\$412,923	\$455,320	\$420,133	(\$35,187)	-7.7%
7260 Activities	\$608,488	\$654,782	\$656,314	\$1,532	0.2%
7270 Pharmacy	\$417,958	\$447,270	\$422,120	(\$25,150)	-5.6%
7290 Dental	\$57,815	\$62,600	\$62,100	(\$500)	-0.8%
7330 Phys Therapy	\$174,563	\$237,669	\$233,703	(\$3,966)	-1.7%
7340 Occupational Therapy	\$219,076	\$227,709	\$240,646	\$12,937	5.7%
7350 Speech Therapy	\$26,682	\$25,000	\$26,000	\$1,000	4.0%
7380 SNF Social Services	\$301,687	\$305,177	\$305,620	\$443	0.1%
7390 Medical Records	\$82,219	\$82,623	\$82,623	\$0	0.0%
7410 Med Staff	\$64,645	\$65,950	\$65,950	\$0	0.0%
8212 Dietary	\$2,279,555	\$2,423,185	\$2,418,443	(\$4,742)	-0.2%
8220 Maintenance	\$1,449,835	\$1,519,270	\$1,579,595	\$60,325	4.0%
8225 Grounds	\$6,477	\$30,900	\$31,900	\$1,000	3.2%
8240 Housekeeping	\$1,253,338	\$1,312,741	\$1,319,199	\$6,458	0.5%
8250 Laundry	\$749,040	\$891,573	\$845,806	(\$45,767)	-5.1%
8260 SNF Security	\$123,024	\$130,835	\$136,122	\$5,287	4.0%
8270 Transportation	\$30,980	\$18,496	\$21,018	\$2,522	13.6%
8310 Fiscal Office	\$510,774	\$834,234	\$813,585	(\$20,649)	-2.5%
8350 SNF Admin	\$442,558	\$470,831	\$483,461	\$12,630	2.7%
8410 Depreciation	\$726,305	-	-	-	-
8430 Insurance	\$148,985	\$121,014	\$130,551	\$9,537	7.9%
8450 Debt Interest	\$46,578	\$44,411	\$42,021	(\$2,390)	-5.4%
8460 SNF Employee Benefits	\$8,530,482	\$7,733,141	\$8,615,636	\$882,495	11.4%
8476 Barber and Beauty	\$43,848	\$52,008	\$52,008	\$0	0.0%
8600 Transfer to Gen Fund	\$1,713,654	\$2,050,275	\$2,405,793	\$355,518	17.3%

FUND (C) SUBTOTAL	\$30,236,413	\$30,323,018	\$31,598,052	\$1,275,034	4.2%
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COUNTY ROAD FUND

5010 Highway Administration	\$573,891	\$564,671	\$613,649	\$48,978	8.7%
5020 Engineering	\$380,780	\$437,201	\$379,671	(\$57,530)	-13.2%
5110 Maintenance of Roads and Bridges	\$7,166,170	\$5,731,637	\$5,814,154	\$82,517	1.4%
5112 Permanent Improvements	\$2,193,224	\$2,556,100	\$2,553,261	(\$2,839)	-0.1%
5142 Snow Removal	\$3,618,050	\$3,811,846	\$3,778,242	(\$33,604)	-0.9%
FUND (D) SUBTOTAL	\$13,932,115	\$13,101,455	\$13,138,977	\$37,522	0.3%
ROAD MACHINERY FUND					
5130 Machinery	\$2,629,598	\$2,733,333	\$2,694,242	(\$39,091)	-1.4%
5190 Stockpile	\$515,761	\$670,000	\$670,000	\$0	0.0%
FUND (E) SUBTOTAL	\$3,145,359	\$3,403,333	\$3,364,242	(\$39,091)	-1.1%
WORKERS COMPENSATION FUND					
1332 Personnel	\$424,900	\$427,188	\$430,986	\$3,798	0.9%
1332 Equipment	\$2,459	\$4,000	\$5,000	\$1,000	25.0%
1332 Contractual	\$1,900,582	\$2,107,711	\$2,090,320	(\$17,391)	-0.8%
1332 Empl Benefits	\$94,880	\$223,008	\$252,433	\$29,425	13.2%
1333 Admin Reserve Div	\$161,776	\$281,500	\$306,500	\$25,000	8.9%
1351 Indemnity / Awards	\$1,826,895	\$3,775,000	\$3,775,000	\$0	0.0%
1352 Medical Div	\$1,503,435	\$1,926,000	\$2,426,000	\$500,000	26.0%
FUND (S) SUBTOTAL	\$5,914,927	\$8,744,407	\$9,286,239	\$541,832	6.2%
DEBT SERVICE FUND					
6001 Principal	\$5,590,434	\$6,110,000	\$6,420,000	\$310,000	5.1%
7001 Interest	\$4,102,071	\$4,006,859	\$3,846,450	(\$160,409)	-4.0%
FUND (V) SUBTOTAL	\$9,692,505	\$10,116,859	\$10,266,450	\$149,591	1.5%
FUND TOTALS					
General Fund (A)	\$274,613,574	\$283,942,565	\$293,421,507	\$9,478,942	3.3%
Community Development Fund (B)	\$2,190,129	\$2,385,053	\$1,647,989	(\$737,064)	-30.9%
Golden Hill Enterprise Fund (C)	\$30,236,413	\$30,323,018	\$31,598,052	\$1,275,034	4.2%
County Road Fund (D)	\$13,932,115	\$13,101,455	\$13,138,977	\$37,522	0.3%
Road Machinery Fund (E)	\$3,145,359	\$3,403,333	\$3,364,242	(\$39,091)	-1.1%
Workers Compensation Fund (S)	\$5,914,927	\$8,744,407	\$9,286,239	\$541,832	6.2%
Debt Service Fund (V)	\$9,692,505	\$10,116,859	\$10,266,450	\$149,591	1.5%
SUBTOTAL ALL FUNDS (net deferred property tax)	\$339,725,022	\$352,016,690	\$362,723,456	\$10,706,766	3.0%
Deferred Property Tax	\$750,000	\$750,000	\$750,000	\$0	0.0%
TOTAL ALL FUNDS	\$340,475,022	\$352,766,690	\$363,473,456	\$10,706,766	3.0%

COUNTY OF ULSTER, NY

BUDGET INCREASES AND (DECREASES), YEAR OVER YEAR
REVENUES BY DEPARTMENT



	2010 Actual Revenues	2011 Adopted Budget	2012 Executive Budget	2011 v 2012 Increase/ (Decrease)	2011 v 2012 Increase/ (Decrease)
GENERAL FUND					
1010 Real Property Tax	\$64,797,524	\$52,490,321	\$53,288,948	\$798,627	1.5%
1010 Sales Tax	\$82,764,473	\$83,544,944	\$85,215,842	\$1,670,898	2.0%
1010 OTB Tax	\$313,456	\$350,000	\$350,000	\$0	0.0%
1010 Attrition/Reduction Savings	-	\$450,000	\$530,000	\$80,000	17.8%
1110 Muni Court	\$48,641	\$53,190	\$65,010	\$11,820	22.2%
1165 District Attorney	\$372,253	\$529,803	\$441,253	(\$88,550)	-16.7%
1170 Public Defender	\$23,969	\$30,085	\$15,400	(\$14,685)	-48.8%
1185 Medical Examiner	\$97,098	\$103,417	\$5,000	(\$98,417)	-95.2%
1230 Municipal Executive	\$144,945	-	-	-	-
1310 Finance	\$7,545,800	\$6,584,000	\$6,749,543	\$165,543	2.5%
1345 Purchasing	\$194,263	\$146,340	\$123,000	(\$23,340)	-15.9%
1355 Assessment	\$87,612	\$77,500	\$16,500	(\$61,000)	-78.7%
1410 Clerk	\$3,074,655	\$3,183,700	\$2,828,803	(\$354,897)	-11.1%
1420 Law	\$29,982	\$0	\$9,445,000	\$9,445,000	n/a
1430 Personnel	\$31,948	\$41,000	\$43,600	\$2,600	6.3%
1450 Elections	\$477,952	\$728,004	\$1,298,501	\$570,497	78.4%
1620 Buildings	\$1,192,798	\$1,252,424	\$1,173,845	(\$78,579)	-6.3%
1680 Central Data Processing	\$1,013,572	\$1,002,964	\$964,500	(\$38,464)	-3.8%
1910 Unallocated Insurance	\$1,576,781	\$1,093,825	\$1,100,100	\$6,275	0.6%
1930 Interest and Earnings	\$1,316	-	-	-	-
1985 Distribution of Sales Tax	\$14,034,598	\$14,168,440	\$14,451,810	\$283,370	2.0%
2490 Community College Tuition	137,883	\$55,000	\$55,000	\$0	0.0%
2989 Other Education	10,225	\$10,000	\$10,000	\$0	0.0%
3020 Public Safety Communication 911	\$1,898,598	\$2,669,977	\$2,833,243	\$163,266	6.1%
3110 Sheriff	\$1,078,076	\$1,045,061	\$978,982	(\$66,079)	-6.3%
3140 Probation	\$1,307,976	\$1,232,232	\$1,154,942	(\$77,290)	-6.3%
3150 Jail	\$1,764,684	\$1,681,000	\$1,008,550	(\$672,450)	-40.0%
3155 Rehabilitation Services	\$47,404	\$69,840	\$63,372	(\$6,468)	-9.3%
3157 Prisoner Release Counseling	\$65,500	-	-	-	-
3189 Drug Investigations	\$323,503	\$193,119	\$338,665	\$145,546	75.4%
3310 Traffic Control	\$353	\$1,500	\$1,500	\$0	0.0%
3315 Special Traffic Programs DWI	\$457,096	\$545,134	\$558,707	\$13,573	2.5%
3620 Safety Inspection	\$6,412	\$8,000	\$8,000	\$0	0.0%
4010 Public Health	\$3,620,368	\$2,897,699	\$3,081,007	\$183,308	6.3%
4082 WIC Program	\$510,222	\$588,760	\$671,079	\$82,319	14.0%
4220 Narcotics Addition Control	\$1,022,674	\$1,145,238	\$0	(\$1,145,238)	-100.0%
4230 Contracted Narcotic Addition Control Services	\$985,868	\$1,030,414	\$905,542	(\$124,872)	-12.1%
4310 Mental Health Administration	\$283,758	\$326,788	\$292,362	(\$34,426)	-10.5%
4320 Mental Health Programs	\$5,449,745	\$7,226,413	\$5,629,551	(\$1,596,862)	-22.1%
4322 Contracted Mental Health Services	\$4,588,265	\$5,268,445	\$5,195,317	(\$73,128)	-1.4%
5630 Bus Operations	\$5,500,186	\$5,621,159	\$5,396,521	(\$224,638)	-4.0%
5650 Off Street Parking	\$46,315	\$45,000	\$47,000	\$2,000	4.4%
6010 Social Services Administration	\$25,151,669	\$24,694,563	\$24,354,324	(\$340,239)	-1.4%
6055 Day Care	\$3,161,798	\$3,034,332	\$2,991,644	(\$42,688)	-1.4%
6070 Services for Recipients	\$1,224,796	\$1,089,338	\$1,086,712	(\$2,626)	-0.2%
6102 Medical Assistance MMIS	\$5,131,734	\$3,850,275	\$2,805,793	(\$1,044,482)	-27.1%
6106 Special Needs Program	-	\$2,500	\$2,500	\$0	0.0%
6109 Family Assistance	\$6,323,716	\$4,806,566	\$8,336,246	\$3,529,680	73.4%
6119 Child Care	\$15,331,085	\$19,902,204	\$18,218,202	(\$1,684,002)	-8.5%
6123 Juvenile Delinquent	\$86,940	\$138,000	\$82,500	(\$55,500)	-40.2%
6140 Safety Net	\$6,542,765	\$6,994,893	\$7,872,407	\$877,514	12.5%
6141 Home Energy Assistance	\$28,678	\$190,000	\$165,000	(\$25,000)	-13.2%
6142 Emergency Aid for Adults	\$60,812	\$90,000	\$90,000	\$0	0.0%
6140 Tourism	\$7,375	\$63,998	\$77,196	\$13,198	20.6%
6510 Veterans Services	\$26,932	\$12,982	\$12,982	\$0	0.0%
6610 Sealer Weights and Measures	\$81,922	\$117,960	\$104,810	(\$13,150)	-11.1%
6772 Programs for the Aging	\$2,015,396	\$1,950,278	\$1,919,510	(\$30,768)	-1.6%
7110 Parks	\$129,525	\$108,225	\$108,225	\$0	0.0%
7310 Youth Programs	\$283,322	\$308,480	\$168,392	(\$140,088)	-45.4%
8020 Planning	\$504,792	\$628,700	\$497,878	(\$130,822)	-20.8%
8090 Environmental Control	\$24,000	\$14,977	\$0	(\$14,977)	-100.0%
9010 State Retirement	\$2,136,278	\$3,257,026	\$3,597,481	\$340,455	10.5%

9030 Social Security	\$9,566	\$17,661	\$8,474	(\$9,187)	-52.0%
9050 Unemployment Insurance	\$53,452	\$559	\$0	(\$559)	-100.0%
9055 Disability Insurance	\$110,916	\$113,229	\$113,000	(\$229)	-0.2%
9060 Hospital and Medical Insurance	\$3,485,102	\$3,815,083	\$4,372,236	\$557,153	14.6%
9730 BAN Interest	\$141,069	-	-	-	-
*** Fund Balance Appropriated	-	\$12,000,000	\$10,850,000	(\$1,150,000)	-9.6%
FUND (A) SUBTOTAL	\$278,982,387	\$284,692,565	\$294,171,507	\$9,478,942	3.3%
COMMUNITY DEVELOPMENT FUND					
6290 OET, FA Job Training	\$749,468	\$816,029	\$694,505	(\$121,524)	-14.9%
6291 Participant Support, FA Job Training	\$5,150	\$5,000	\$5,000	\$0	0.0%
6292 Job Training, FA Job training	\$783,533	\$804,124	\$637,084	(\$167,040)	-20.8%
8668 Rehab Loans Grants, Comm Dev Income	\$200	\$400	\$77,100	\$76,700	19175.0%
8668 Rehab Loans Grants, Interest/Earnings Sect 108	\$1,519	\$1,500	\$400	(\$1,100)	-73.3%
8668 Rehab Loans Grants, HUD Loans Interest	\$6,076	\$8,000	\$3,900	(\$4,100)	-51.3%
8668 Rehab Loans Grants, Farm Worker FA Comm Dev	\$639,265	\$175,000	\$56,000	(\$119,000)	-68.0%
8668 Rehab Loans Grants, UC Home Ownership	-	\$575,000	\$174,000	(\$401,000)	-69.7%
FUND (B) SUBTOTAL	\$2,185,211	\$2,385,053	\$1,647,989	(\$737,064)	-30.9%
GOLDEN HILL ENTERPRISE FUND					
6020 NH Income, Medicare Part A	\$2,044,821	\$2,199,925	\$1,674,161	(\$525,764)	-23.9%
6020 NH Income, Medicare Ancillary	\$65,265	\$86,459	\$61,872	(\$24,587)	-28.4%
6020 NH Income, Medicaid	\$14,798,745	\$14,366,636	\$13,928,853	(\$437,783)	-3.0%
6020 Intergov Transfer	\$4,299,943	\$4,100,550	\$4,811,586	\$711,036	17.3%
6020 Self-Pay Patients SNF	\$4,620,701	\$5,288,297	\$5,541,040	\$252,743	4.8%
6020 Insurance Recoveries	\$20,605	\$22,027	\$19,600	(\$2,427)	-11.0%
6020 Unclassified Revenue	\$1,364	-	-	-	-
6020 Guest Meals	\$1,772	\$1,557	\$1,772	\$215	13.8%
6020 Vending Machine Income	\$135	\$225	\$135	(\$90)	-40.0%
6020 County OPEB Contribution	\$2,077,546	-	-	-	-
6020 Real Property Tax	\$1,200,000	\$4,257,342	\$5,559,033	\$1,301,691	30.6%
FUND (C) SUBTOTAL	\$29,130,897	\$30,323,018	\$31,598,052	\$1,275,034	4.2%
COUNTY ROAD FUND					
5110 Maintenance of Roads and Bridges	\$1,425,190	\$37,500	\$37,500	\$0	0.0%
5110 Real Property Tax	\$10,403,374	\$10,247,855	\$10,288,216	\$40,361	0.4%
5112 Permanent Improvements	\$1,625,907	\$2,556,100	\$2,553,261	(\$2,839)	-0.1%
5142 Snow Removal	\$149,899	\$260,000	\$260,000	\$0	0.0%
FUND (D) SUBTOTAL	\$13,604,370	\$13,101,455	\$13,138,977	\$37,522	0.3%
ROAD MACHINERY FUND					
5130 Machinery Misc	\$67,739	\$23,500	\$23,500	\$0	0.0%
5130 Real Property Tax	\$0	\$833	\$127,742	\$126,909	15235.2%
5130 Machinery	\$2,331,851	\$2,483,000	\$2,483,000	\$0	0.0%
5190 Stockpile	\$760,803	\$670,000	\$730,000	\$60,000	9.0%
*** Fund Balance Appropriated	-	\$226,000	\$0	(\$226,000)	-100.0%
FUND (E) SUBTOTAL	\$3,160,393	\$3,403,333	\$3,364,242	(\$39,091)	-1.1%
WORKERS COMPENSATION FUND					
1332 Insurance Recoveries	\$887	\$500	\$1,000	\$500	100.0%
1332 County OPEB Contribution	\$48,623	-	-	-	-
1333 Refund of PY Expends	-	\$350,000	\$0	(\$350,000)	-100.0%
1351 Refund of PY Reserves	\$530,587	\$0	\$400,000	\$400,000	n/a
1352 Assessments	\$5,055,841	\$8,148,907	\$8,573,456	\$424,549	5.2%
1352 Interest/Earnings	\$172,133	\$195,000	\$194,643	(\$357)	-0.2%
1352 Refund of PY Expends	\$231,930	\$50,000	\$117,140	\$67,140	134.3%
FUND (S) SUBTOTAL	\$6,040,001	\$8,744,407	\$9,286,239	\$541,832	6.2%
DEBT SERVICE FUND					
4450 Interest/Earnings	\$32,460	\$25,000	\$20,000	(\$5,000)	-20.0%
4450 Real Property Tax	-	\$9,948,609	\$9,596,450	(\$352,159)	-3.5%
4450 Other	\$7,459,023	-	-	-	-
*** Fund Balance Appropriated	-	\$143,250	\$650,000	\$506,750	353.8%
FUND (V) SUBTOTAL	\$7,491,483	\$10,116,859	\$10,266,450	\$149,591	1.5%

FUND TOTALS					
General Fund (A)	\$278,982,387	\$284,692,565	\$294,171,507	\$9,478,942	3.3%
Community Development Fund (B)	\$2,185,211	\$2,385,053	\$1,647,989	(\$737,064)	-30.9%
Golden Hill Enterprise Fund (C)	\$29,130,897	\$30,323,018	\$31,598,052	\$1,275,034	4.2%
County Road Fund (D)	\$13,604,370	\$13,101,455	\$13,138,977	\$37,522	0.3%
Road Machinery Fund (E)	\$3,160,393	\$3,403,333	\$3,364,242	(\$39,091)	-1.1%
Workers Compensation Fund (S)	\$6,040,001	\$8,744,407	\$9,286,239	\$541,832	6.2%
Debt Service Fund (V)	\$7,491,483	\$10,116,859	\$10,266,450	\$149,591	1.5%
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TOTAL ALL FUNDS	\$340,594,742	\$352,766,690	\$363,473,456	\$10,706,766	3.0%