

2017 Budget Analysis:
The Ulster County Comptroller's Office

November 14, 2016

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OVERVIEW

An analysis was requested to assist the County Legislature and the County Executive to objectively determine funding levels for the Office of the County Comptroller in the 2017 Ulster County Budget. The analysis concluded that the taxpayer funds spent on the Comptroller's Office over the past seven years are excessive for the benefits received. Additionally, Ulster County is overstaffing and overfunding the Comptroller's office when compared to its peer group of other elected county comptrollers in New York State.

The Office of the Ulster County Comptroller was created by the adoption of the Ulster County Charter which originally established the Comptroller as the chief auditing and accounting officer of the County. For the seven years from 2009 through 2015, more than \$5.25 million in taxpayer money has been spent funding the Comptroller's Office or an average of \$755,638 annually. The appropriateness of the current level of funding is the subject of the analysis.

The Workload

The Comptroller's funding contained in the 2009 adopted budget reflected the duties assigned to that office in accordance with the designation of the Comptroller as both the chief accounting officer as well as the chief auditing officer. As a result of the Charter Revision process of 2012, the Comptroller's role as the chief accounting officer was removed and the associated duties were reallocated to the Commissioner of Finance, reducing the Comptroller's responsibilities.

During the same seven year time frame, the size of the County workforce has been reduced 32% and the County budget has decreased; the single biggest reduction resulting from the sale of the \$30 million annual nursing home operation. Due to efficiencies, such as restructuring county departments, the sale of the county-owned nursing home in 2013, and the change from self-administering Workers' Compensation claims (7,500 payments per year) to a third party administrator (TPA), the responsibilities of the Comptroller's Office decreased accordingly in proportion. Additionally in 2012, two employees who were deemed to be performing accounts payable duties were removed from the Comptroller's Office in response to his request to be relieved of accounts payable functions. Charter revision approved by the people of Ulster County in the 2012 election further reduced the Office of the Comptroller's duties. The workload and responsibilities of the Comptroller's Office are tied to the overall size and complexity of county government. The amount of work associated with claims auditing, payroll certification and the number of county departments have all decreased since 2009.

In summary, the Comptroller's workload has decreased due to:

- Reduction in the overall size of county government - budget and employees;
- Sale of the Golden Hill nursing home operation, a complex audit responsibility;

- Switch to a TPA in 2014 removed the requirement of auditing Workers' Compensation related claims; and
- Removal of the designation as chief accounting officer which was assumed by the Commissioner of Finance in 2012 as a result of Charter Revision.

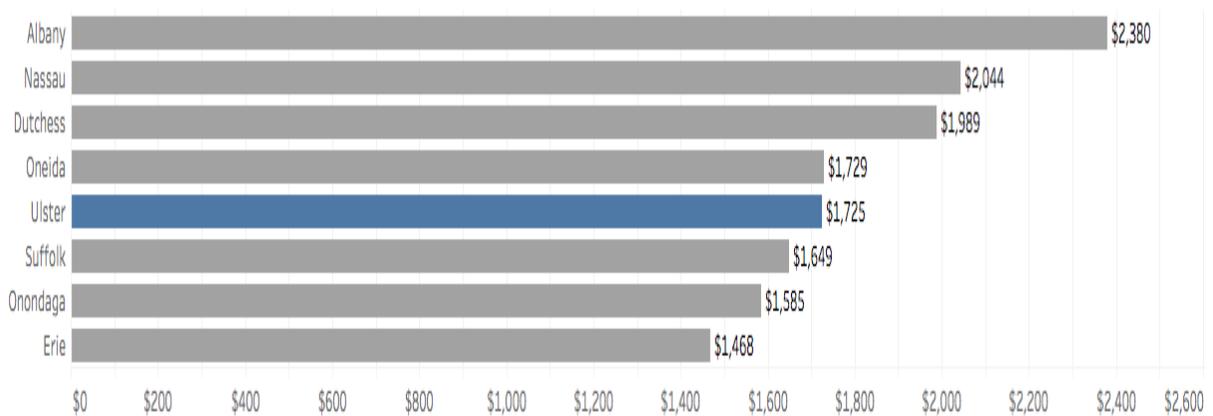
In spite of these reductions in workload, the staff of the Comptroller's Office was increased with the addition of the Director of Internal Audit and Control as well as other increases to the budget.

Comparison of Comptrollers' Duties

The analysis finds that at its current functionality, the Office of the Ulster County Comptroller is being overfunded and overstaffed. Unlike the City of Kingston Comptroller whose responsibilities include budget preparation and day to day financial management of the City, the County Comptroller is not tasked with either of those significant responsibilities. Instead, the County's Commissioner of Finance provides those functions. In contrast, as chief auditing officer, the County Comptroller is responsible for auditing claims, departments, programs, operations, and all books, records and accounts of the County, as well as issuing quarterly and annual reports, certifying the availability of funds, performing bank reconciliations, certifying payroll, and other related duties.

There are 8 elected county comptrollers in New York State, with Ulster being the smallest county in regard to both population and budget size. However, Ulster County is firmly in the middle when comptroller expenditures are compared to total county expenditures as shown in the chart below prepared by PublicSignals LLC.

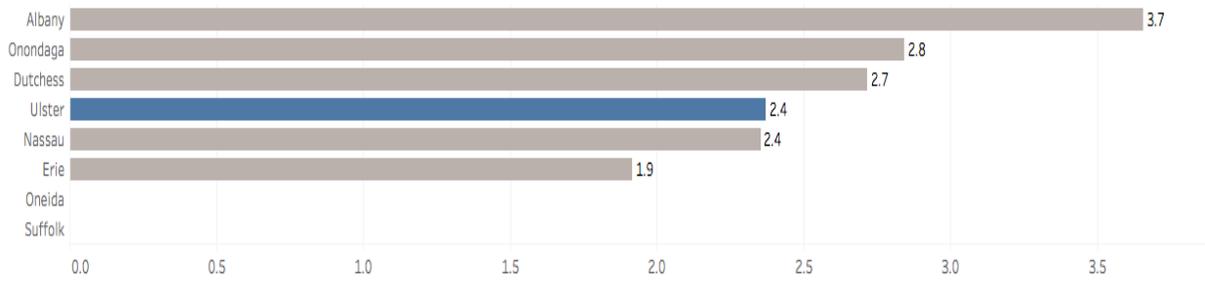
NYS Counties with Elected Comptrollers: Comptroller Expenditures per \$1 Million of Total County Expenditures, 2015



Onondaga figures include both Comptroller and Auditor expenditures as the audit function is part of the Comptroller's Office. Data source: NYS OSC

Additionally, when the number of comptroller positions is compared to total county expenditures by PublicSignals LLC, Ulster County is also in the middle as shown in the following chart:

NYS Counties with Elected Comptrollers, Number of Budgeted Comptroller Positions, 2016 per \$100 Million in County Expenditures, 2015



Oneida and Suffolk data not available.

As illustrated by the two preceding charts, the Ulster County Comptroller’s Office is comparable to the other elected comptrollers’ offices in terms of both staffing and funding. However, when the workload and responsibilities of the Ulster County Comptroller’s Office are compared to other counties by PublicSignals LLC, the results are glaringly different as the **Ulster County Comptroller’s Office has notably fewer responsibilities than its counterparts** as shown below.

Elected NYS County Comptrollers Duties



Data source: county charters and other online county documents. Note some county comptrollers may perform duties that are not explicit in their respective charters. In case of conflicts between county documents, the relevant duty is not shown here. For comparison counties, the list of duties shown may not be exhaustive.

Accounting (Teal)
Auditing (Red)

In spite of the fact that the Ulster County Comptroller is staffed and funded at levels comparable to other offices across the state, its responsibilities and workload are substantially less.

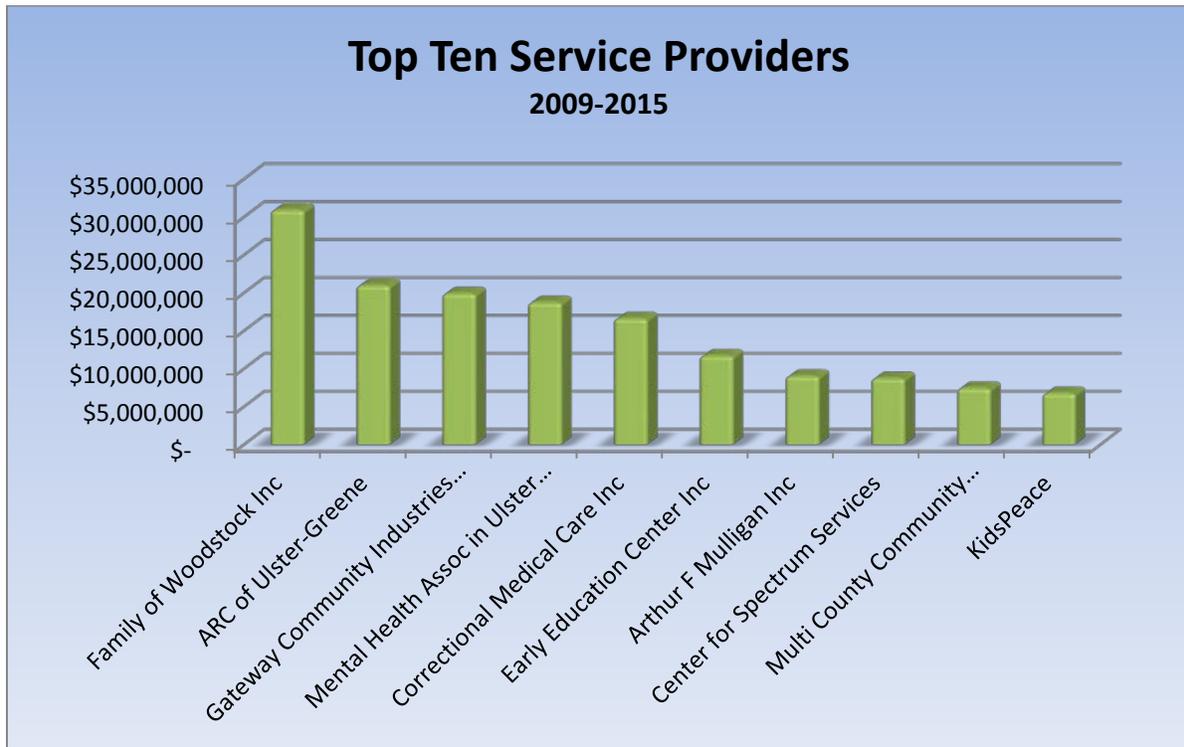
Additional Areas of Concern

The Comptroller's Office routinely did not perform some of the essential duties as outlined in the Charter, including the issuance of quarterly and annual reports, certifying all County payments, performing bank reconciliations, performing risk assessments and, perhaps most alarming the lack of program audits that go to the core function of the Comptroller's Office. In addition, based on the Comptroller's own website, an undetermined number of reports (at least 25) previously issued are no longer available on the website for undisclosed reasons.

Program Audits

Program audits are an independent examination of a program of a governmental or non-profit operation that can assess the degree to which the program is achieving its goals in serving the citizens. Accordingly, they can be invaluable to decision makers in determining future actions. For example, the County pays a fee to an outside entity, often a not for profit, to provide a certain service. A program audit of this fee for service arrangement would evaluate the service being provided, analyze if the service could be provided in a better more efficient manner, and ultimately determine if the County and its taxpayers were getting their money's worth. Legislators would then have the ability to make changes by moving away from underperforming vendors or programs. Program audits are an important tool for the Legislature, County Executive, public, service recipients and the audited agency itself as they all experience a benefit from reviewing such audit reports.

Since 2009 the Comptroller's Office has performed zero program audits. During the same period, the County has spent over \$150 million with just the top ten service providers. This is a curious statistic, especially given the Comptroller's statement "Our charge is a simple one: to ensure that every dime and every dollar is being spent wisely, that there is an effective government that results in prudent spending, that there is a government operation that is economical, efficient and effective." These service providers operate numerous programs that affect the lives of thousands of Ulster County residents. The lack of program audits does not allow the public, the County Executive or the County Legislature, to determine if any of the service goals are being met even though they have been paying substantial money for an audit operation.



Lack of Transparency

Transparency and accountability in government are essential to ensuring the public trust and allowing the public a deeper understanding of the actions of their leaders and how their tax dollars are being spent. Fiscal reports and audits are integral tools that allow both the public and other officials to evaluate government operations.

As of June 28, 2016 there were 80 reports available on the Comptroller’s website including some issued in 2009. However, it is not known how many reports the Comptroller has completed since 2009. At least 25 reports that were posted on the website previously have been removed. It appears that some of the reports no longer available were subsequently proved false or inaccurate and removed from the Comptroller’s listing on his website, even though the report was paid for by the public. The public does not have access to those reports currently, or the corrected data if any. At a minimum the proper procedure would be to list all reports and note those removed and why. Ideally the error(s) would be identified, corrected and an explanation as to its occurrence provided. Without such complete information, a person who obtained a report when it was issued might not have any idea that it contained errors and may have relied on it to make decisions about government leaders or operations.

Reliability of Reports

The principle of integrity in audit work is extremely important. On average, 1 out of 3 reports issued by the Comptroller's Office over the past 7 years have included errors, many of them substantial. For example:

- **Variance of Over \$1 Billion in Election Cost Takeover Report:** In response to a legislative directive contained in Resolution No. 404 dated November 18, 2014, the County Comptroller issued a report entitled "The Financial Impact of the County Assuming the Costs of Elections from Localities," in December 2015. The report provided inaccurate and misleading information. The Comptroller chose to highlight the Town of Wawarsing as an example to demonstrate the fiscal impacts associated with the County takeover of election costs from the towns and City of Kingston. Due to misinterpreting data, the Comptroller based his calculations on an incorrect equalized value of \$16.8 million for the town, rather than the correct value of \$1.04 billion, a variance of \$1.02 billion. This was a billion dollar mistake. Relying on the flawed methodology, the report went on to state that a Town of Wawarsing taxpayer would save \$24.38 per \$100,000 of taxable value. In reality, a Town of Wawarsing taxpayer would save \$0.04 per \$100,000 of equalized taxable value. The Comptroller reported savings over 600 times above their actual amount. To further illustrate the magnitude of this error, in order for a Town of Wawarsing homeowner to experience the tax savings in the Comptroller's example, the taxpayer's subject property would have to be worth more than \$5.6 million. To date, this report has not been corrected, remains on the Comptroller's website, and the Legislature, who asked for the report for policy evaluation purposes, is left with a highly inaccurate portrayal of the assumption of elections costs.
- **Incomplete Findings Resulting in Violation of Legislative Policy and Incomplete Recommendations:** In January 2013 the Comptroller issued a report entitled "Confidential Funds Review" in which he examined cash on hand utilized by the URGENT division of the Sheriff's Office for confidential investigations. However, the Comptroller's review failed to account for a discrepancy of over \$14,000 in cash on hand, more than double the amount authorized by the County Legislature. The report did not account for the variance and did not inform the Legislature of this violation of Legislative policy. This is a particularly alarming issue for an entity that was the victim of a \$77,000 theft by a former Kingston Police Lieutenant. The Comptroller undertook another URGENT related report, "URGENT Program: Report of Examination" in 2012 in response to a request in order to aid in the distribution of assets to the participating agencies. The examination was cursory and failed to answer the most basic question that was presented: What are the assets and expenses of URGENT? The report did not take into account a multitude of County expenses including: vehicles and attendant maintenance, insurance and fuel, location overhead, personnel costs, weapons, law enforcement equipment, radios and other electronic equipment. The Comptroller offered four ways to make disbursements to the participating municipalities but failed to identify *what* was to be dispersed. Both reports remain uncorrected on the Comptroller's website.

- **Inaccurate Report Summarizing Legislative Attendance:** In 2011, the Comptroller conducted an audit of the attendance of County Legislators. Out of the attendance records for legislators, there were numerous inaccurate findings including a reported attendance rate of 10% for Legislator Robert Parete, when the correct rate was over 95%. This report was removed from the Comptroller’s website and a corrected version was not made available. This highly inaccurate report caused undue embarrassment, distraction and forced Legislators to divert their attention away from important issues facing the County and instead refute unfounded findings. The report is not available to the public.
- **Inaccurate Hotel/Motel Tax Collection Report:** In September 2010, the Comptroller issued a report entitled “Hotel – Motel Occupancy Tax” which endeavored to examine the revenue collected from the County’s imposition of a 2% tax on lodging. On page 7 of the report, the Comptroller declares the report to not be a performance audit and explicitly disavows performing the work according to generally accepted government auditing standards. The report claimed the County received only \$964,000 of the \$3.3 million in taxes collected by lodging establishments. However, due to faulty methodology and a lack of subject matter understanding, the report was shown to be grossly inaccurate; off by approximately \$2.3 million. Included in the list of non-tax remitting businesses were exempt organizations such as the YMCA and religious groups not required to collect taxes, DBA’s that were already registered and thereby being counted twice, and establishments that were not even located in Ulster County. The report was not corrected and is not available to the public on the website.

Reports routinely contained critical factual errors that resulted in inaccurate, misleading and incomplete findings. Accordingly, it is difficult to justify confidence by the Legislature, County Executive or most importantly, the general public, in the accuracy of Comptroller’s reports issued to date or future reports. It is apparent that had the Legislature relied on these erroneous reports or others, it could have made decisions that could have had severe detrimental effects on the County’s financial condition. Further, the County lacks appropriate audits and reviews that are critically necessary to conduct fiscal and programmatic evaluations and reforms. Due to the failure by the Comptroller’s Office to conduct these reviews and issue reports in a consistently reliable manner, the County is better served to either go without the inaccurate reports or hire outside consulting firms to perform these reviews.

External Audits

Ulster County has a long tradition of professionally responding to audits and continually moving towards best practices. The County has had more than 250 audits and reviews that have been conducted by state and federal agencies in the last 7 years. Additionally, auditing services are readily available from independent certified public accounting firms with the expertise to provide detailed accurate analyses which would allow county decision-makers, such as Legislators, to make informed decisions regarding County finances and the resultant effect on taxpayers. In fact, the County already regularly employs such firms for the annual financial statement audit, budget analysis, Medicare/Medicaid compliance and

the mandated annual audit of federal expenditures. These firms have provided a valuable work product that County leaders and others have come to rely on and trust.

Conclusion

In conclusion, the County Comptroller's Office is being overfunded. The responsibilities and workload of the office have significantly decreased while county costs associated with the Office have increased. The Comptroller's Office is tasked with significantly less duties than its counterparts in the state but enjoys a comparable funding level. The select duties the County Charter does impose on the Office of the Comptroller are minimally being met. Based on the full analysis, continued taxpayer funding of the Comptroller's Office at the current levels is excessive for the benefits received.

SUMMARY

The elected County Comptroller assumed the duties of his office on January 1, 2009 as a result of the adoption of Ulster County Charter. The Comptroller is the chief auditing officer of the County. In addition to creating the Office of the Comptroller, the Charter established an elected County Executive and as a result, changed the duties and responsibilities of the County Legislature in administering the daily affairs of county government. Among other duties, the County Executive is charged with the annual submission of a tentative operating budget for the coming year to the Legislature for their consideration and ultimate adoption. This review has been prepared by the Accountability, Compliance and Efficiency Division of the Department of Finance in response to a request from the leaderships of the Legislature and Ways and Means Committee, and the County Executive to help inform the 2017 Ulster County budget preparation.

An essential part of the budgeting process is examination of the responsibilities and an evaluation of the resources necessary to best meet those responsibilities. The provision of resources to meet the responsibilities of the Office of the Comptroller is of importance to the operations and governance of Ulster County. The purpose of the review is to evaluate the appropriate level of funding for this office, created by the Charter, in terms of value added for the taxpayers, residents and those charged with the governance of Ulster County for funding purposes. The Comptroller's work should not only provide independent internal assessment, but also vital information for use by legislators, the County Executive and others for decision making affecting thousands of people's lives in terms of services and money. An essential part of the budgeting process is examination of the responsibilities of an operation and an evaluation of the resources necessary to best meet those responsibilities.

The Office of the Comptroller has been functioning for more than seven years with a 7 year cost of more than \$5.25 million, which is about 2 ½ times what the County spent on claims auditing prior to the establishment of the Office. The Comptroller has had 7 years to establish the procedures and workings of his office. An increase in spending was expected as the responsibility and authority were expanded with the establishment of the Comptroller's Office. The appropriateness of the current level of funding is under consideration.

Ulster County has a long and proud tradition of embracing external audits and reviews as opportunities to improve operations and make any adjustments needed to further the service to taxpayers and residents. Contracting for annual financial statement audits, rating agency reviews, and annual review of the tentative budget are just a few examples of the County inviting review. In addition, the County is audited by the NYS Comptroller and other NYS and Federal agencies in their oversight roles. There have been more than 250 such audits and reviews since the Charter became effective in 2009.

As far as internal audit activities, Ulster County employed a County Auditor prior to Charter implementation that was responsible for claims auditing in accordance with state law, and certain related accounts payable functions. The authority of the County Auditor was limited to claims and, due to appointment by the Legislature, was structurally subject to political pressures, potentially undermining the independent performance of the claims audit function. The Charter expanded the authority of the Comptroller to include payroll certification and bank reconciliations. The Charter also removed the ability for either the executive or legislative branches of County government to control that office by filling the position of Comptroller with an individual elected by the people of Ulster County. The establishment of an independent elected office creates an autonomous position, free from

potential partisan influence. In addition to routine duties such as claims audit, payroll certification and bank reconciliation, the Comptroller is tasked with the chief auditing officer role for the County and given authority to exercise power to access records and people in fulfilling this audit role.

By far the most significant change for Ulster County governance and opportunity for value-added is found in the audit and reporting authority of the Comptroller as outlined in the Charter. The Comptroller is charged with examining, auditing and verifying all books, records and accounts kept by the County, its officials and agencies and, in addition, with auditing the records of appropriations, encumbrances and expenditures. The Comptroller is also explicitly given the authority in the Charter to audit any department, program or function to assess the degree to which its operation is economical, efficient and/or effective (performance audits); and to conduct studies and investigations as he or she deems necessary or appropriate in furthering the chief auditor role. This gives the Comptroller a great deal of discretion in how his or her resources will be deployed for conducting these performance-type audits, studies and investigations. In addition, the Comptroller may be tasked with performing other related duties as required by the County Executive or County Legislature. As part of the audit role, the Comptroller is required by the Charter to issue audit reports and make them publicly available.

Auditing is critically important in the public sector due to the fact that government officials are acting on behalf of the public, in terms of both services and money. Auditors' independence, objectivity and reliability give audits and other reports their value. The US Government Accounting Office (GAO), who sets the government auditing standards known as generally accepted government auditing standards (GAGAS), states that "Legislators, oversight bodies, those charged with governance, and the public need to know whether (1) management and officials manage government resources and use their authority properly and in compliance with laws and regulations; (2) government programs are achieving their objectives and desired outcomes; and (3) government services are provided effectively, efficiently, economically, ethically, and equitably". The Charter provides for this in tasking the Comptroller. The core mission of the Comptroller is to audit, and the role has been described as one of traditional fiscal assessment and furthermore to act as a driver for efficient, effective performance of county government.

There are several risks associated with the operation of the Office of the Comptroller and the audit function. These include the risk that the auditors' will get it wrong, professionally known as "audit risk" and the risk that the Comptroller will not use his/her discretion to cover audits of areas critical to governance decision making and public accountability.

Pursuant to the Charter, the Office of the Ulster County Comptroller has a focus – to audit, and to investigate and study in the furtherance of the chief auditing officer role. There may be misunderstanding over the role and authority of the Comptroller in Ulster County government. The Comptroller is neither the chief fiscal officer nor the chief accounting officer, and has no role in the financial management of the County or its budget process. The title of Comptroller is given to positions which vary greatly in terms of the duties and responsibilities across NYS. In some NYS counties and municipalities, Comptrollers are charged with the duties and responsibilities of the chief fiscal officer (here handled by Ulster County's Commissioner of Finance pursuant to the Charter) in addition to auditing. While the Ulster County Comptroller does not perform these other duties, competency with government finance and accounting are necessary in order to perform the audit function. The elected County Comptrollers in NYS also vary widely in their duties and responsibilities, with several serving as the chief fiscal officer in addition to the audit role. The Ulster County Comptroller has the smallest number of duties of any Comptrollers based on information provided by PublicSignals LLC.

The duties of the Comptroller are detailed in §C-57 of Article IX of the Ulster County Charter in paragraphs A. – J. Based on reports available on the Comptroller's website on June 28, 2016, the following were noted when evaluating fulfillment of the Charter duties: annual reports are available for only 2 of the 7 years; risk assessment is addressed for 2 of 7 years; no evidence that all books and records have been examined, audited or verified; no mention of bond and note registers in 7 years; no mention of trust accounts in 7 years; no mention of audit of accrual of revenue in 7 years; successful reconciliation of bank accounts for 2 of 7 years; no mention of audits of records of appropriations, encumbrances and expenditures in 7 years; no evidence that all claims paid by the County have been audited and certified for payment including the tens of millions paid annually through the NYS Welfare Management System (WMS) and wire transfers which are a County expense; quarterly reports are available for 19 of 30 quarters and which range from an analysis of a single revenue source to annual reports of reports issued and other work completed; and reports previously issued that are no longer available on the website for undisclosed reasons (at least 25 reports).

A number of the audits and other reports which remain on the Comptroller's website suffer from unreliable data, with 1 in 3 containing errors, many of which are substantial, and about half containing unsupported findings and conclusions.

For instance, the report on Board of Elections costs taken over by the County prepared at the request of the Legislature in December of 2015 is an example of one with substantial errors and presents a risk to decision makers and the public if they rely upon it (see Attachment A). In addition, some of the reports which are no longer available on the website are known to have contained significant errors such as the Legislative attendance report from 2011 and the hotel/motel occupancy report from 2010. Compliance with professional standards such as GAGAS should have reduced the likelihood of substantial errors to an acceptable level. Only 6 of 32 Audits & Reports state that they were conducted in accordance with professional standards. Requirements for quality assurance are part of those standards in addition to guidance on how to handle reports subsequently found to contain errors. The guidance is not being followed. A reader of these reports has no way of knowing what level of work has been performed in their preparation and may be at risk if they rely upon them. Based on his available quarterly reports, the Comptroller acknowledges the standards and their importance. However, only a few of the Office's reports state they are in compliance with these standards. Decision makers and the public are left questioning which part of professional standards has the Office of the Comptroller ignored or failed to address and why.

Ulster County's expenditures for its internal audit function increased substantially with Charter implementation. For evaluation purposes, spending has been adjusted to provide a reasonable comparison between pre and post Charter expenses by eliminating the cost of the 2 staff deemed to be performing accounts payable functions from all years included; adding employee benefits for all years presented; and removal of the annual financial statement audit which was paid by the Comptroller for one year only (2010).

Spending Trend Pre- and Post-Charter



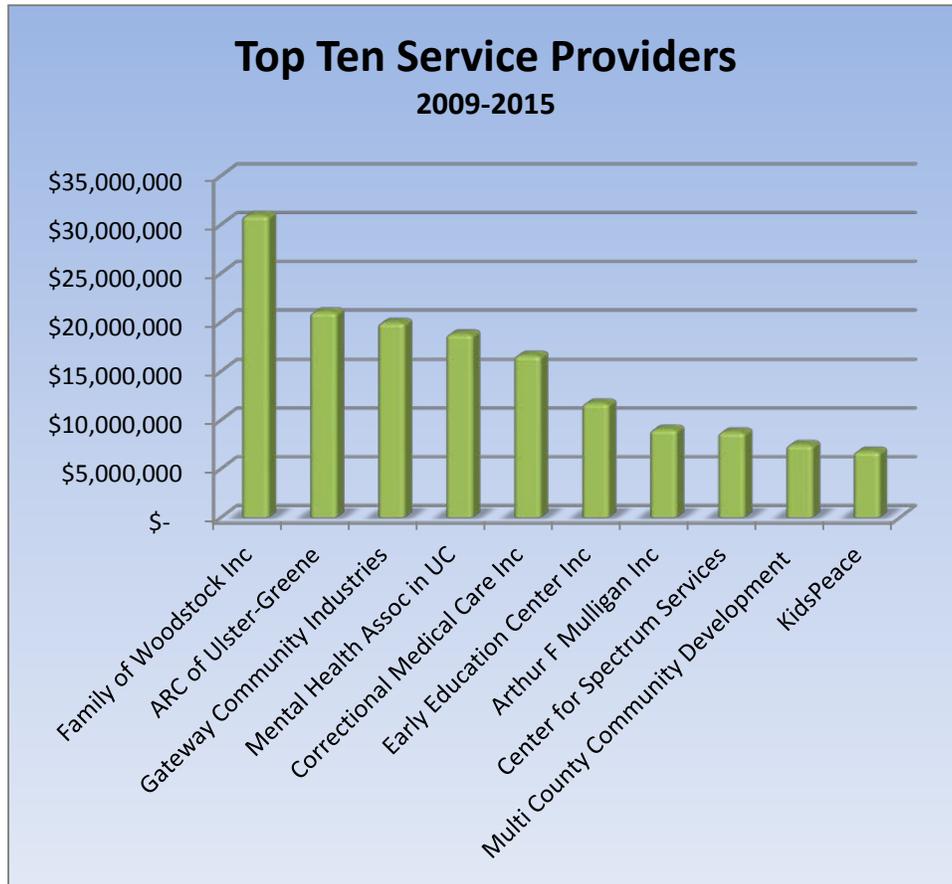
County operational costs have been reduced since 2009 with a 32% reduction in the benefited employee count, reductions in annual spending of about \$30 million due to the sale of the nursing home (2013), and a reduction of in-house processing of 7,500 payments per year for workers' compensation related payments due to using a third party administrator for our self-insurance pool (2014). These reductions have the largest direct impact on the workload of the Office of the Comptroller. In 2014, the County Executive implemented a new financial management system. This implementation has significantly transformed county operations. Transaction approvals are accessible in real time, on-line as well as accessibility to all of the documents that support the claims, contract documents etc. County-wide financial reporting as well as minute detail drill-down are available in a matter of clicks of a mouse. This new financial system provides better, more complete and accessible information more timely for use by the Office of the Comptroller and others. Efficiency and effectiveness of the County financial operations and reporting abilities have been markedly increased during the 7 years. The Comptroller's resources to review them have continued to rise at the same time.

The first Office of the Comptroller's budget as a result of the Charter increased the full time benefited employee count of the County by 3 positions. In 2011, the work hours for staff in the Office of the Comptroller were increased by the Comptroller to 40 hours per week from 35. In 2012, 2 employees who were deemed to be performing accounts payable duties were removed from the Comptroller's office, in response to the Comptroller's request to be relieved of accounts payable duties, and transferred to the Finance Department along with the responsibility. Charter revision approved by the people of Ulster County in the 2012 election further reduced the Office of the Comptroller's duties. In 2013, the position of Director of Internal and Audit Control was created, bringing the total staff to today's 7 employees plus the Comptroller himself. The Office of the Comptroller's current staffing consists of 8 positions; 4 are Civil Service/CSEA and 4 are management/confidential including the Comptroller.

During the past 7 years, the Comptroller has invested resources in sending staff, most of which are no longer employed by the County, around the US for training (\$77,000); in contracted legal services & costs (\$96,000); and in branding, website and letterhead design, college interns, and memberships not related to the responsibilities of the Office (\$46,000). In addition, funds were spent on contracted services and expenses for accounting, auditing and other professional expenses related to auditing and/or government accounting and finance (\$105,000). Spending on these contractual-type expenses (non-employee salary and benefits, non-equipment) was \$357,248 for the 7 year period.

The Office of the Comptroller is not performing claims audit work on a significant amount of annual expenditures. The amount audited for 2015 differed by more than \$100 million from the expenditures as reported on January 31, 2016. Apparently, payments through the state WMS system and wire transfers were not included in the claims audit. The Comptroller was aware of these payments since June 2009 based on correspondence he wrote to the then Commissioner of Finance.

The Office of the Comptroller has not performed any audits on the many service providers for Ulster County. The County spent \$150 million on just the top ten service providers since the Comptroller’s office was established.



There have been no program or contract compliance audits in 7 years. Major spending areas of County government have also been excluded from any audits by the Comptroller including elected officials operations. The information and feedback that would be available from such independent audits is not accessible to county legislators and the County Executive for consideration in decision making about programs, service delivery, and contractors. As a result, funding decisions are also necessarily made without the benefit of reliable independent assessments. Thousands of citizens are affected by the delivery of services by the County each day. Funding for the internal audit function has more than doubled, ideally the investment would result in information that those charged with the governance of the County could use in decision making.

County resources have been used by the Office of the Comptroller to issue general reports on topics such as clothing donation bins, property foreclosure, gas tax and not-for-profits as well as many others which do not include the level of research and documentation that an audit would. While these reports may be of interest,

they are being prepared at the expense of the core audit functions of the Office of the Comptroller as the chief auditing officer.

The current funding and structure for the Office of the Comptroller do not deliver corresponding results for the additional investment of taxpayer money. While the workload of the Comptroller over the 7 years has decreased, the expenses of the Comptroller have increased. Based on comparisons with other elected NYS Comptrollers, Ulster County's Comptroller has the fewest duties yet spends amounts equivalent to elected Comptrollers with significantly more responsibility. The Comptroller has used his discretion to spend resources on items which do not accomplish or further the required duties of the Office of the Comptroller. The taxpayer funds being spent on the Comptroller's Office are excessive for the benefits received. For these reasons, a spending reduction is recommended in an effort to provide the appropriate level of resources for accomplishing the responsibilities and objectives of the internal audit function for Ulster County and the duties in the Charter at a reasonable cost.

CONTENTS

1) Introduction

This review of the effectiveness of the Office of the Comptroller has been prepared by the Accountability, Compliance and Efficiency Division of the Department of Finance in response to a request from the leaderships of the Legislature and Ways and Means Committee, and the County Executive to help inform the 2017 Ulster County budget preparation. The purpose of the review is to evaluate the appropriate level of funding for this office, created by the Charter, in terms of value added for the taxpayers, residents and those charged with the governance of Ulster County. There is also an intention to evaluate whether the resources invested to date have produced corresponding results.

Under the Charter, the Comptroller is the chief auditing officer of Ulster County and charged with specific duties and responsibilities for the benefit of county taxpayers, residents and those charged with its governance. The Office of the Comptroller has been functioning for more than 7 years at a cost of more than \$5.25 million. The Comptroller has had seven years to establish the procedures and workings of his office. Funding beyond that for the claims audit function was expected as there is an increase in audit authority and duties.

The provision of resources to meet the responsibilities of the Office of the Comptroller is of importance to the operations and governance of Ulster County. The Comptroller's work should provide not only independent internal assessment, but also vital information for use by legislators, the County Executive and others for decision making affecting thousands of people's lives in terms of services and money. An essential part of the budgeting process is examination of the responsibilities of an operation and an evaluation of the resources necessary to best meet those responsibilities.

2) Background – Audits in Ulster County

External Audits

Ulster County has a long and proud tradition of embracing external audits as opportunities to improve operations and make any adjustments needed to further the service to taxpayers and residents.

For decades, the County has engaged independent certified public accountants to conduct audits of the annual financial statements. The purpose of these audits is to express an opinion on whether or not the financial statements fairly present the financial condition and results of operations in accordance with generally accepted accounting principles (GAAP). Advice and recommendations are received as a by-product of this work which is considered for improving operations. While not technically audits, the County also engages independent ratings agencies which review financial and operational information in assessing credit worthiness. The County Legislature engages certified public accountants to review the County Executive's proposed budget annually which includes a detailed review of the document and underlying assumptions. The New York State Office of the Comptroller keeps watch over the financial condition of the County through the use of its Fiscal Stress Monitoring System.

Ulster County has received positive evaluations from all of these independent professionals. In addition to these overall assessments, Ulster County has been and continues to be audited by the New York State Comptroller and various other NYS and federal agencies charged with oversight responsibilities which often include grant specific compliance and/or program/function specific focuses.

Ulster County departments and offices have been the subject of more than 250 such audits and reviews since January of 2009 according to Ulster County Budget Office records. Ninety-five percent of these were performed by NYS oversight agencies with the remainder conducted by the federal government.

Internal Audit

From an internal audit standpoint, Ulster County engaged only in claims auditing prior to the adoption of the Charter. Prior to the Charter, the County historically appointed an internal County Auditor who, along with staff, performed the claims auditing function as required by NY County Law §369, in addition to some accounts payable and related functions. The authority of the County Auditor was limited to claims and, due to appointment by the Legislature, was structurally subject to political pressures, potentially undermining the independent performance of the claims audit function. The Charter successfully expanded the authority of the Comptroller to include payroll certification and bank reconciliations. The Charter also removed the ability for either the executive or legislative branches of County government to control that office by filling the position of Comptroller with an individual elected by the people of Ulster County. The establishment of an independent elected office creates an autonomous position, free from potential partisan influence. In addition to routine duties such as claims audit, payroll certification and bank reconciliation, the Comptroller is tasked with the chief auditing officer role for the County and given authority to exercise power to access records and people in fulfilling this broad audit role. As part of that audit role, the Comptroller is required by the Charter to issue audit reports and make them publicly available in addition to performing other related duties as required by the County Executive or County Legislature.

The goal for claims auditing is to evaluate the claim against the County prior to disbursement. The Charter duties and NYS guidance are designed to ensure disbursements of funds are proper prior to issuance, rather than attempting to recover improper disbursements after the fact, commonly known as the ‘pay and chase’ model. Claims auditing occurs on a daily basis as all disbursements of funds requested by departments and offices under the County’s control are required to be audited individually. This is a detailed and thoughtful evaluation of the supporting documentation for each request that funds be disbursed and includes compliance with the contracts in effect. This is the activity that has always been performed in the County, previously by the County Auditor, in accordance with NYS law.

3) The Charter – Other Ulster County Comptroller Duties

The Charter articulates duties for the Comptroller which exceed those of the predecessor County Auditor including payroll certification, bank reconciliations, audit, studies, investigations and reporting requirements.

Payroll Certification

The goal for payroll certification is also to evaluate the claim against the County prior to disbursement. Payroll certification is performed regularly because the County processes payrolls each week, and involves

checking calculations and supporting documentation. It is also intended to prevent 'pay and chase' situations by verification of amounts prior to payment.

Bank Reconciliations

Bank reconciliations were prepared by the Treasurer's Office prior to the Charter as part of the chief fiscal officer's duties in keeping the books and records of the County. The Charter transferred the responsibility for monthly bank reconciliation from the chief fiscal officer to the Comptroller. This transfer provides a much stronger internal control activity for the County by having someone not involved in keeping the books and records or processing transactions check to see whether the County's books agree with an outside party's (the bank's) records of the same cash receipt and disbursement transactions. It is one of the most basic and important internal control activities in any organization because it looks at cash; the most inherently risky asset any organization has. It also looks at the reporting of financial activity on the organization's books and records. The point of an internal bank reconciliation process is to identify the differences, also known as reconciling items, to the penny so an adequate assessment of those differences can be made. Some differences are due to the timing of transactions. For example, a check is cut and recorded on the County's books as a disbursement but the payee waits two weeks before depositing it, resulting in the bank not recording that disbursement until at least two weeks later than the County. There is nothing wrong with either the County's or the bank's records, but you would need to specifically identify that check so you know exactly why the records differ. Outstanding checks and deposits in transit are the two most common types of timing differences. Other differences may be due to what are known as permanent differences where either the County's books reflect a transaction incorrectly or the bank's records reflect a transaction incorrectly. For example, the bank may have paid a check for a wrong amount, paid a check against the County's account which was issued by another customer and not by the County, or incorrectly charged a bank fee. For all of these examples, the bank and/or the County would have to make some change on their books as a result of identifying these differences. The bank reconciliation can also expose frauds and other illegal acts. Bank accounts with many transactions such as the County's payroll, pooled disbursement and pooled receipt accounts often have multiple reconciling items. It is critical that all bank accounts be reconciled to the penny and that those reconciliations are timely to ensure appropriate actions are taken. This bank reconciliation responsibility is and has been expressly the Office of the Comptroller's from the time the Charter was adopted.

The Office of the Comptroller is charged in the Charter with the responsibility of reconciling the County's bank accounts which is a critically important element of every organization's internal control system as discussed previously. Hundreds of millions of dollars of taxpayer funds flow through the County's bank accounts every year. The Comptroller has consistently attempted to transfer this responsibility to the Commissioner of Finance effectively undermining the internal controls created by the Charter. The banks' records must be reconciled to the county's official books and records each month to the penny in order to identify any errors or irregularities in the records. Cash is the most inherently risky asset any organization has and is therefore subject to all sorts of fraud, theft, borrowing etc. The Government Accounting Standards Board (GASB) sets the standards for US state and local governments that follow GAAP. They set uniform standards so investors and other stakeholders can rely on the ability for comparability of local governments because they use the same methods and disclosures. Ulster County follows GAAP. Bank reconciliations have to do with internal controls and help provide for fairly presented financial statements. They are not directly related to accounting methods. This is a serious matter for Ulster County as evidenced by correspondence within the

past year from the NYS Department of Labor financial oversight unit. The situation is straight forward; the Office of the Comptroller must reconcile the accounts to the penny. If there are unidentified variances, by definition they are not reconciled. The County is at risk in multiple ways by this failure on the part of the Comptroller to perform his duty of bank reconciliation. If there were errors or irregularities, the Comptroller's attempt at tasking the Commissioner of Finance with finding them is in direct conflict with having someone other than the keeper of the cash and records performing the reconciliations. Under the Charter, the Office of the Comptroller is solely responsible for reconciling bank accounts to the penny. The Comptroller does not have the authority to delegate the responsibility of reconciling the County's accounts with the bank records to the Commissioner of Finance or anyone else. The duty belongs to the Comptroller under the Charter.

Audits, Studies and Investigations

The Comptroller is charged with examining, auditing and verifying all books, records and accounts kept by the County, its officials and agencies and, in addition, with auditing the records of appropriations, encumbrances and expenditures. The Comptroller is also explicitly given the authority in the Charter to audit any department, program or function to assess the degree to which its operation is economical, efficient and/or effective (performance audits); and to conduct studies and investigations as he or she deem necessary or appropriate in furthering the chief auditor role. This gives the Comptroller a great deal of discretion in how his or her resources will be deployed for conducting these performance-type audits, studies and investigations. It provides the ability to look at use of resources to assess if they are accomplishing program responsibilities, for instance, using program-type performance audits. One focus for audit work is the financial and internal control system elements with an eye toward evaluating the legality of a claim by checking documents, math, procedures, accounting records etc. Another focus for audit work as authorized in the Charter is evaluating departments, programs or functions for their effectiveness, that is; (1) whether a contract's or program's performance measures have been met; (2) whether the people we intended to help by operating a program, whether run in-house or contracted out, have actually received the intended benefits; and (3) whether it occurred in the most economical and efficient manner. Each year the Legislature authorizes hundreds of contracts for a variety of services and programs representing tens of millions of taxpayer dollars. The County Executive and the other elected officials of the County operate hundreds of programs with the sole intention to serve the public. The Office of the Comptroller is uniquely positioned to provide benefit to these officials and the public by making objective, reliable, in-depth evaluations through the audit process and reporting those results. The work of the Office of the Comptroller should inform the decision making process in addition to exposing areas of risk, fraud, waste and abuses in County government.

Reports

The Comptroller is required by the Charter to submit financial condition and economy, efficiency and effectiveness reports to the County Legislature and County Executive at least quarterly and post them on the County website as well as annual reporting.

4) Evaluation

Risk

Along with all of the benefit that is available with an Office of the County Comptroller, there are some areas of risk which must be considered. There is a concept known as “audit risk”. As we have seen on a national level over the past decade, sometimes auditors get it wrong. The US Government Accounting Office which issues the professional standards commonly referred to as GAGAS (generally accepted government auditing standards) defines audit risk as “the possibility that the auditors’ findings, conclusions, recommendations, or assurance may be improper or incomplete, as a result of factors such as evidence that is not sufficient and/or appropriate, an inadequate audit process, or intentional omissions or misleading information due to misrepresentation or fraud.” Mitigation of this risk is outlined in the professional standards.

Comptrollers – the Differences

The County Comptroller has a focus – to audit, and to investigate and study in the furtherance of the chief auditing officer role. There may be misunderstanding over the role and authority of the Comptroller in Ulster County government. The Comptroller is neither the chief fiscal officer nor the chief accounting officer, and has no role in the financial management of the County or its budget process. The public may be unaware of these facts because the title of Comptroller in other governments can include widely different duties and authority. In the City of Kingston, for instance, the Comptroller serves as the chief fiscal officer, prepares and monitors the City budget, manages the City’s debt and cash flow, collects taxes and enforces tax liens, maintains the City’s books and records, handles payroll and purchasing, and generally manages the City’s day to day financial operations. These duties are in stark contrast to those of the County Comptroller, as substantially all of those duties in Ulster County government are borne by the Commissioner of Finance. The Commissioner is charged in the Charter with the administration of all the financial affairs of the County. Similarly, the County Comptrollers around New York State also vary widely in their duties and responsibilities. The following chart, supplied by PublicSignals LLC, of elected NYS County Comptroller’s duties shows some of the variations:

Elected NYS County Comptrollers Duties



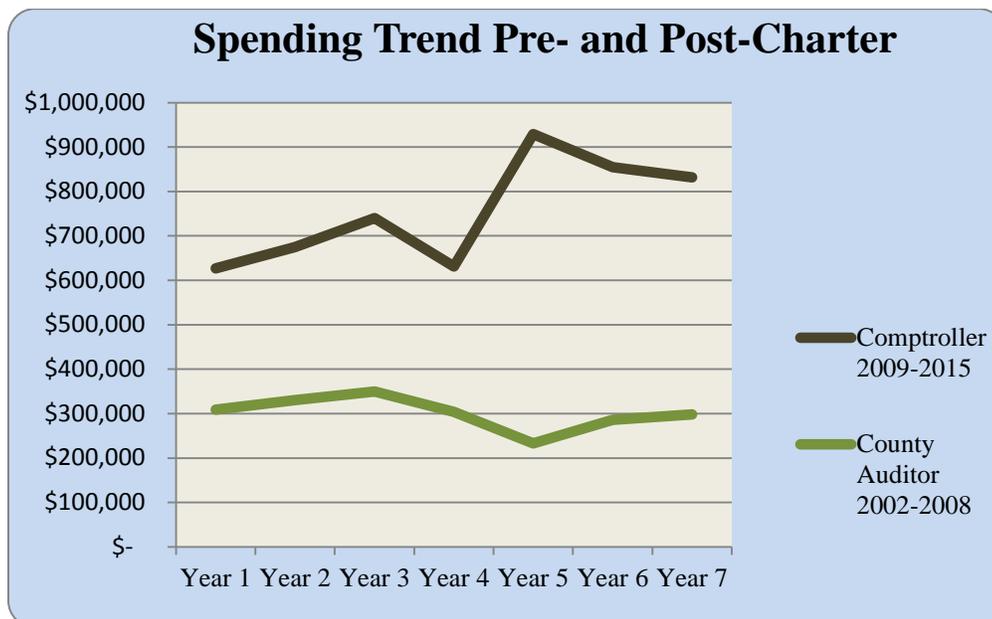
Ulster County's Comptroller has the smallest number of duties of any elected Comptroller in NYS based on this data.

The Investment & Return

The purpose of this review is to evaluate the impact of the financial taxpayer investments made through the budget allocation process. It includes an assessment of the investment – financial cost of the Office of the Comptroller's operation; and an assessment of the return - fulfillment of the duties outlined in the Charter, the Office of the Comptroller's body of work available to the public, and success in meeting overarching objectives of the Comptroller's Office including the work undone and its cost.

a) The Investment – Financial Costs of the Comptroller's Operation

There has been a substantial increase in cost for the internal audit function when we compare the money spent on the Comptroller's operation to the money spent on the pre-Charter County Auditor operation. The cost for the Office of the Comptroller is about 2 ½ times the previous cost for the County Auditor. An increase was expected as the responsibility and authority were expanded. The spending on the Office of the Comptroller's operation was \$5,289,468 for the seven year period 2009-2015, as adjusted to remove the annual financial statement audit and the accounts payable staff and include employee benefits. Spending on the County Auditor's operation for the seven year period immediately preceding, 2002-2008, spending was \$2,110,554, as adjusted to remove the accounts payable staff and include employee benefits. Two employees who were deemed to be performing accounts payable duties were removed from the Comptroller's office in response to his request to be relieved of accounts payable functions. Charter revision approved by the people of Ulster County in the 2012 election further reduced the Office of the Comptroller's duties. Both spending summaries reflect figures that omit these 2 employees to provide for comparable data as they had always been part of the claims audit staff (the Audit Department). When these figures are adjusted to account for inflation, the increase remains substantial with spending at more than 200%. A closer look at the changes in spending for the internal audit function is revealing for evaluating the additional investment which is 100% taxpayer funded.



Workload

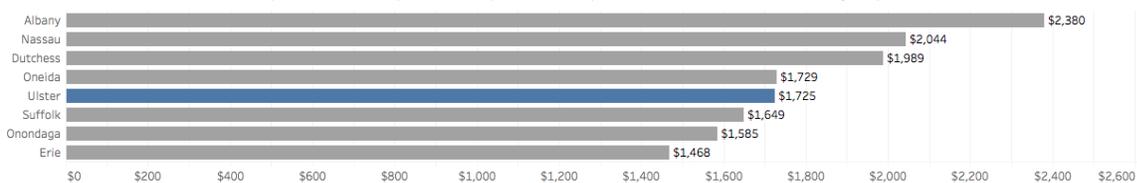
It should be noted the initial post Charter adopted budget, 2009, reflected funding for the duties as prescribed at that time including the Comptroller's designation as the chief accounting officer and the chief auditing officer. Funding was considered adequate for the discharge of these duties at the time, and subsequent years' funding levels were not reduced when the chief accounting officer role was removed from the Comptroller in 2012 by Charter revision. The work hours were increased from 35 hours per week to 40 hours per week for audit staff in 2011 and most remain at that level. An additional position was added to the Comptroller's office in 2013. Duties have decreased but the time and money have increased over the 7 years. Direct relationships, rather than inverse relationships, were expected.

Also noteworthy is the sale of the County nursing home that was consummated in 2013 which reduced annual spending by approximately \$30 million dollars. The County's benefited employee count was reduced by 32% during 7 year period. The County transitioned to a 3rd party administrator for handling the Worker's Compensation Self-Insurance Pool claims in 2014. Prior to 2014, at least 7,500 benefit related payments were subject to the claims audit process each year. The workload for claims audit, payroll certification, and major county operations/departments have decreased significantly during the 7 years but the funding and resources have increased for the Office of the Comptroller. Direct relationships, rather than inverse relationships, were expected in this comparison as well.

Another important aspect in evaluating the resources necessary for the Office of the Comptroller to perform the duties of the office is the tools available. When the Charter was implemented and the Comptroller took office, the County used a financial management system implemented in 1997. The County Executive's initiative to implement a new financial management system, employing the use of a document management system in conjunction with it, went live on April 1, 2014. This implementation has significantly transformed county operations. Transaction approvals are accessible in real time, on-line as well as on-line accessibility to all of the documents that support the claims, contract documents etc. County-wide financial reporting as well as minute detail drill-down are available in a matter of clicks of a mouse. This new financial system provides better, more complete and accessible information more timely for use by the Comptroller and others. Efficiency and effectiveness of the County's financial operations and reporting abilities have been markedly increased, yet the Office of the Comptroller's resources to review them continued to rise. Inverse relationships, rather than direct relationships, were expected particularly because the Comptroller had expressed dissatisfaction with the old system on a number of occasions.

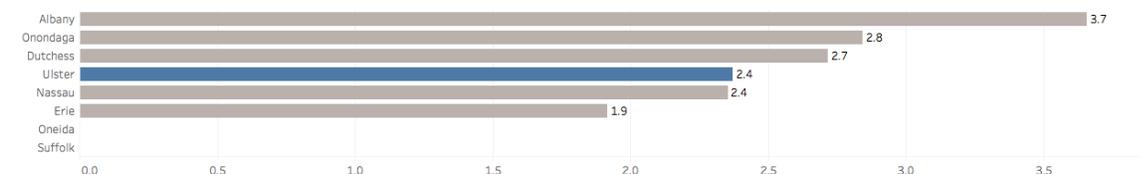
When the resources used by the Ulster County Comptroller are compared to other elected NYS Comptrollers, Ulster's spending and staffing in relation to overall county expenditures is in the middle as shown below in charts prepared by PublicSignals LLC.

NYS Counties with Elected Comptrollers: Comptroller Expenditures per \$1 Million of Total County Expenditures, 2015



Onondaga figures include both Comptroller and Auditor expenditures as the audit function is part of the Comptroller's Office. Data source: NYS OSC

NYS Counties with Elected Comptrollers, Number of Budgeted Comptroller Positions, 2016 per \$100 Million in County Expenditures, 2015



Oneida and Suffolk data not available.

Due to the Ulster County Comptroller having the fewest duties in the state, the expected relationship was that Ulster would spend a smaller portion of the budget on this function and use less staff. Based on the charts above, Ulster County is overstaffing and overfunding the Comptroller’s office when compared to its peer group.

Spending Details

The first Comptroller’s budget as a result of the Charter increased the full time benefited employee count of the County by 3 positions. In 2011, the work hours for staff in the Office of the Comptroller were increased by the Comptroller to 40 hours per week from 35. In 2012, 2 employees who were deemed to be performing accounts payable duties were removed from the Comptroller’s office, in response to the Comptroller’s request to be relieved of accounts payable duties, and transferred to the Finance Department along with the responsibility. Charter revision approved by the people of Ulster County in the 2012 election further reduced the Comptroller’s duties. In 2013, the position of Director of Internal and Audit Control was created, bringing the total staff to today’s 7 employees plus the Comptroller himself. The Office of the Comptroller’s current staffing consists of 8 positions; 4 are Civil Service/CSEA and 4 are management/confidential including the Comptroller.

The contractual expenses (non-employee salary and benefits, non-equipment) totaled \$357,248 for the 7 year period 2009-2015 for the Comptroller’s operation. A detailed review of the expenses paid from the Comptroller’s budget shows that more than \$77,000 has been spent attending conferences around the US during the 7 years, most of which was spent training staff that are no longer employed by the Office of the Comptroller. As a result, there is no return for most of this investment. More than \$96,000 has been spent by the Comptroller for contracted legal services and costs related to legal type work. About \$46,000 has been spent on branding, website and letterhead design, 26 paid college intern positions, subscriptions, and memberships in organizations not related to the responsibilities of the Office.

About \$105,000 has been spent on accounting, auditing and other professional services, professional memberships and publications related to auditing and/or government accounting and finance. Approximately \$89,000 was spent on outside CPA firms and research institutes. It is not clear what work product might have been produced as a result of these contracts, as none of the reports are currently available to the public. Note that the \$105,000 discussed here does not include the annual financial statement audits paid for out of the Comptroller’s budget in 2010 which totaled \$89,400. They are an ongoing expense for the County as previously mentioned, and therefore excluded from the evaluation of the Office of the Comptroller’s spending.

b) The Return – Fulfillment of the Duties Outlined in the Charter

The Comptroller’s powers and duties are listed in §C-57 of Article IX of the County Charter where the Comptroller is designated as the chief auditing officer. For purposes of evaluating fulfillment of these duties, the primary source of documentation used was the body of work available on the Comptroller’s website on June 28, 2016 (see Attachment B). There were 33 Audits & Reports, 28 Snapshot Reports, 19 Quarterly Reports and 1 County Expenditures Report listed. One of the 33 listed was linked to a duplicate of another one of the 33 leaving 32 for review. First, an evaluation of whether or not there is documentation of attempts at fulfillment of the duties are assessed; the quantity. Next, an evaluation of whether or not the duties have been reliably and credibly fulfilled for the work produced as documented by the reports; the quality. The duties outlined are as listed below:

	Description of Duty	Referenced in Audits & Reports (Total of 32)	Referenced in Snapshot Reports (Total of 28)	Referenced in Quarterly Reports (Total of 19)	Other
A.					
A.	Examine, audit and verify all books, records, and accounts kept by the administrative units, office, and officials paid from County funds, institutions and other agencies of the County;	16	3	n/a	1
A.	Includes bond and note registers;	none	none	none	none
A.	Includes trust accounts;	none	none	none	none
A.	Includes accrual and collection of all County revenues and receipts;	6	none	none	
A.	Preparation of an annual audit report and submit to County Legislature and County Executive by April 1 st of each year;	none	none	2 of 7 years	
A.	Includes risk assessment of the accounting methods used by the County.	none	none	2 of 7 years	
B.					
B.	Procure from the depositories [banks] statements, at least monthly;	none	3	1	Multiple correspondence
B.	Reconcile such statements with the County accounts.	none	1	4	Multiple correspondence; 2 of 7 years reconciled
C.					
C.	Audit records of appropriations, encumbrances and expenditures;	none	none	none	none
C.	Prescribe generally accepted government accounting methods unless otherwise required by the State Comptroller				Multiple correspondence

	Description of Duty	Referenced in Audits & Reports (Total of 32)	Referenced in Snapshot Reports (Total of 28)	Referenced in Quarterly Reports (Total of 19)	Other
D.					
D.	Certify availability of funds for all requisitions, contracts, purchase orders and other documents by which the County incurs financial obligations or expends funds for which the County is responsible.	none	none	none	Contracts only
E.					
E.	Prescribe the form for records of appropriations, encumbrances, and expenditures of receipts, vouchers, bills and claims unless otherwise required by the State Comptroller.				Multiple correspondence
F.					
F.	Audit and certify for payment all lawful claims or charges against the County including payroll for which the County is responsible.				Weekly but not all claims
G.					
G.	Audit any department, program or function to assess the degree to which its operation is economical, efficient and/or effective.	16	3	n/a	1
H.					
H.	Conduct studies and investigation in furtherance of the Comptroller's function.	1	none	none	
I.					
I.	Prepare reports at least quarterly on the financial condition of the County;	n/a	n/a	16* of 30 required	
I.	Prepare reports at least quarterly on the economy, efficiency and/or effectiveness with which the County government or any of its departments, agencies or programs is managed;	16	3		
I.	Submit these quarterly reports to the County Legislature and the County Executive;				Undetermined from review of website
I.	Post these quarterly reports on the County website.	n/a	n/a	16* of 30 required	
J.					
J.	All powers and duties by law on a county comptroller;	n/a	n/a	n/a	
J.	Perform such other duties as required by the County Executive;	none	none	n/a	1
J.	Perform such other duties as required by the County Legislature.	1	none	n/a	

** Although the website lists 19 quarterly reports, 2 are annual reports and 1 did not cover financial condition.*

The reports and other documents available demonstrate a lack of performance of these duties by the Office of the Comptroller in the Charter as outlined below:

- Annual reports are available for only 2 of the 7 years;
- Risk assessment is addressed for 2 of 7 years;
- No evidence that all books and records have been examined, audited or verified;
- No mention of bond and note registers in 7 years;
- No mention of trust accounts in 7 years;
- No mention of audit of accrual of revenue in 7 years;
- Successful reconciliation of bank accounts for 2 of 7 years;
- No mention of audits of records of appropriations, encumbrances and expenditures in 7 years;
- Quarterly reports are available for 19 of 30 quarters and which range from an analysis of a single revenue source to annual reports of reports issued and other work completed; and
- Reports previously issued that are no longer available on the website for undisclosed reasons.

The financial management system contains the official books and records of the County and is used for substantially all budgeting, recording and reporting of the County's financial activity. In order to properly audit and report on the financial condition of the County, the financial management system and the information contained in those records must be accessed. Except for the two claims auditors, in 2016 the Comptroller's staff use of the official books and records has been infrequent based on the login history.

The Charter is clear that **all** lawful claims or charges for which the County is responsible are to be audited and certified for payment by the Office of the Comptroller. The Comptroller was aware of payments made thru WMS, utilized by the Department of Social Services, and wire transfers which were not being audited in the claims audit process by his office as noted in a June 17, 2009 letter to the then Commissioner of Finance. The WMS payments and wire transfers alone total many tens of millions of dollars annually. County expenses excluding payroll and liability payments totaled roughly \$258 million for 2015; the Comptroller reported on January 31, 2016 in the 2015 County Spending Tracker that he had approved approximately \$146 million in claims submitted in 2015. This is a large delta. Social Services is the County's largest annual expense and WMS payments are required for much of this expense. In that spending report, Social Services was shown as the 3rd largest departmental expense area, with the totals being run from an invoice report in the accounting system. This suggests that WMS payments may not have been audited in 2015 contributing to the delta. May 2016 correspondence from the Comptroller's office requested information on wire transfers that had been provided in June of 2009 which may indicate that wire transfers also make up part of the delta. This suggests the Office of the Comptroller is not auditing all of the claims paid by Ulster County. The January 31, 2016 report made no mention of claims not audited.

c) The Return – the Comptroller’s Body of Work Available to the Public

The Comptroller as chief auditing officer is charged with auditing the books, records and programs of the County, and producing reports of the results for the County Legislature, County Executive, the public and others to use in making decisions. It is critical that these reports have integrity, and are accurate and credible. The audit work should be consistent with professional standards to demonstrate that reliable results are produced and reported. Many of the reports published by the Office of the Comptroller have included gross inaccuracies and/or unfounded results which may have led to inappropriate conclusions on the part of decision makers in the County. Audit activities and reports in accordance with professional standards have been problematic although several of the reports have stated they were in compliance with such standards. In addition, there have been conspicuous omissions in the topics covered by the audit work of the Office of the Comptroller.

A number of the Office of the Comptroller’s reports had been available publicly but are not now according to the website on June 28, 2016 including those on overtime, vehicle accidents, hotel/motel tax and legislative attendance as well as some quarterly reports. Reports issued by the Comptroller’s office were regularly numbered for at least the first 3 years of the Office’s existence which gave the public an understanding of the reports issued. At least one report issued during this time frame on Legislative Attendance was reported by a local newspaper on February 2, 2011 to have “contained numerous errors that have resulted in changes in staff assignments at the Comptroller’s Office and contributed to the firing of an employee, according to the Comptroller”. In addition, the hotel/motel tax report from 2010 included incorrect information and grossly inaccurate calculations. At least 25 reports previously issued and referenced by the Comptroller are no longer available and accessible to the public on the website. There appears to be more than 20 missing for the first three years based on the numbering. 17 reports from that time period are still available which suggests that the reason for their inaccessibility is not archive related. In more recent years, they are not numbered making it more difficult to make sense of what was issued and is not available, and why.

From time to time, reports may be issued and subsequently it is discovered that the evidence was not sufficient and appropriate to support the findings and/or conclusions, in other words, the auditor got it wrong. GAGAS states that “If the report was previously posted to the auditors’ publicly accessible website, the auditors should remove the report and post a public notification that the report was removed”. The Office of the Comptroller is not in compliance with this standard, nor with the more generalized practice of transparency and accountability.

The Institute of Internal Auditors (IIA) includes a summation of accountability stating “In effect, accountability is the obligation to answer for the responsibility conferred” and transparency “relates to the openness of a public sector entity to its constituents” in their publication titled *Supplemental Guidance: The Role of Auditing in Public Sector Governance*. Evaluation of the performance of the Office of the Comptroller in terms of accountability and transparency requires that we look at the Comptroller’s office itself in delivering these, as well as any role in providing accountability and transparency for the operations of county government to the public. The Comptroller has issued many public reports as well as making related public statements using various media about County finances and operations. As previously stated, many of these reports are no longer available to the public. Reports still available cover the full span of the 7 years suggesting that archiving is not the reason for these absences. At least some of these reports are known to have included substantial errors. A commitment to transparency in the operation of the Office of the Comptroller would

demand a full accounting of all reports issued be available to the public and those charged with governance. People may have relied upon those reports in making important decisions and would have no update on say, corrected information, with regard to those reports.

Auditing

Auditing is very important in government. “The public sector represents a principal-agent relationship” where the principal is the public and the government officials are the agents acting on their behalf according to the IIA. The agents “must periodically account to the principal for their use and stewardship of resources and the extent to which the public’s objectives have been accomplished”. Audits provide accountability. Various types of audits provide independent reviews of various aspects of the operations. They represent detailed review and analysis of records with measurement against specific objectives. Some reports provide opinions about certain assertions. The auditor’s independence, objectivity and reliability give audits and other reports their value. The information can be used to improve operations, identify areas of weakness in the operations including lack of effectiveness of programs, correct failures of internal control systems where fraud or theft may have occurred, and make funding decisions based on assessments and reported results. Audits may also reveal financial reporting that is inaccurate. Inaccurate financial reporting can lead to bad financial decision making. The IIA states “The public sector auditor’s role supports the governance responsibilities of oversight, insight, and foresight. Oversight addresses whether public sector entities are doing what they are supposed to do and serves to detect and deter public corruption. Insight assists decision-makers by providing an independent assessment of public sector programs, policies, operations, and results. Foresight identifies trends and emerging challenges. Auditors use tools such as financial audits, performance audits, investigations, and advisory services to fulfill each of these roles.” The Comptroller General of the United States states that “Government auditing provides objective analysis and information needed to make the decisions necessary to help create a better future” in the introductory letter of the US Government Accounting Office (GAO)’s Government Auditing Standards 2011 Revision. GAO goes on to say “Legislators, oversight bodies, those charged with governance, and the public need to know whether (1) management and officials manage government resources and use their authority properly and in compliance with laws and regulations; (2) government programs are achieving their objectives and desired outcomes; and (3) government services are provided effectively, efficiently, economically, ethically, and equitably”.

The IIA has articulated elements which are necessary to ensure that audits are conducted with integrity and produce reliable results. They say auditors must have the following:

- Organization independence
- A formal mandate
- Unrestricted access
- Sufficient funding
- Competent leadership
- Objective staff
- Competent staff
- Stakeholder support
- Professional audit standards

The Comptroller has discussed the importance of complying with professional standards in reports issued and available, most notably in the available quarterly reports. The GAO states that “The professional standards ...commonly referred to as generally accepted government auditing standards (GAGAS), provide a framework for conducting high quality audits with competence, integrity, objectivity, and independence”. It goes on to say “Audits performed in accordance with GAGAS provide information used for oversight, accountability, transparency, and improvements of government programs and operations. GAGAS contains requirements and guidance to assist auditors in objectively acquiring and evaluating sufficient, appropriate evidence and reporting the results. When auditors perform their work in this manner and comply with GAGAS in reporting the results, their work can lead to improved government management, better decision making and oversight, effective and efficient operations, and accountability and transparency for resources and results.”

The Office of the County Comptroller reported compliance with professional standards in 6 of the 32 reports available; averaging less than 1 per year to date. In the 2013 4th Quarter in Review, the Comptroller self-reported that as January 1, 2014 he was in full compliance with GAGAS. Since that date the Office of the Comptroller has issued 21 Audits & Reports and 13 Snapshot Reports, and stated only 5 of those were in compliance with professional standards. No reason is given for not complying with these standards in the other 29 reports. 24 of the reports available were identified as audits or examinations or included the elements of them.

Website Listing Category	Audit or Examination in Title				Elements of Audit in Body but No Audit or Examination in Title				Total Audits or Examination in Title or Elements				Other				Grand Total
	1/1/09-5/6/10	5/7/10-12/31/13	1/1/14-6/28/16	Total	1/1/09-5/6/10	5/7/10-12/31/13	1/1/14-6/28/16	Total	1/1/09-5/6/10	5/7/10-12/31/13	1/1/14-6/28/16	Total	1/1/09-5/6/10	5/7/10-12/31/13	1/1/14-6/28/16	Total	
Audits & Reports	3	5*	8**	16	1	2	2	5	4	7	10	21	0	0	11	11	32
Snapshot Reports	0	0	0	0	0	2	0	2	0	2	0	2	0	13	13	26	28
County Expenditures	0	0	0	0	0	1	0	1	0	1	0	1	0	0	0	0	1
Total	3	5	8	16	1	5	2	8	4	10	10	24	0	13	24	37	61

* 1 stated in accordance with GAGAS

** 5 stated in accordance with professional standards (4 with GAGAS & 1 with IIA)

A reader of these reports has no way of knowing what level of work has been performed in their preparation and may be at risk if they rely upon them. Based on his available quarterly reports, the Comptroller is aware of the standards and their importance. However, only a few of the Office’s reports state they are in compliance with these standards.

Generally, the audits by the Office of the County Comptroller are considered performance audits as opposed to financial audits like the annual audit by the CPA firm. Performance audits cover topics such as economy, efficiency and compliance as well as program audits which focus on effectiveness. The general professional standards required by GAGAS are:

- i) independence,
- ii) professional judgment,
- iii) competence,
- iv) technical knowledge,
- v) continuing professional education (CPE), and
- vi) quality control and assurance, including a peer review at least every 3 years beginning no later than 3 years from the date the audit organization [Comptroller] began its first audit in accordance with GAGAS.

There are some additional standards for performance audits for field work as follows as well as specific reporting requirements:

- i) planning,
- ii) supervising staff,
- iii) obtaining sufficient appropriate evidence, and
- iv) preparing audit documentation.

The 2013 4th Quarter in Review also discussed peer review of the Comptroller's Office and the benefits of it. The Comptroller said the Association of Local Government Auditors (ALGA) had been joined in 2012 to begin to provide for this. Ulster County Comptroller's staff has been trained to peer review other government entities and is required to do so according to that report. This was at least partially provided for by the \$77,000 spent on training staff, but most of them are no longer with the Comptroller's office. That 2013 report stated "that as of January 1, 2014, the Ulster County Comptroller's Office will be fully compliant with generally accepted auditing standards (GAGAS)". The first report which stated it was in compliance with GAGAS was issued in May of 2010. A peer review would be required within 3 years according to these standards. As of September 2, 2016, the list of 112 peer reviewed local government agencies (including 30 counties) published on the ALGA website did not include Ulster County. No reference to a peer review of Ulster County could be found on the Comptroller's website or elsewhere in the public domain. By contrast, the NYS Comptroller's External Peer Review Opinion Report is easily accessible on the NYS OSC website. This is an issue of accountability and transparency.

Audit reports have the potential to be very valuable to decision makers such as legislators and other stakeholders, but only if they are reliable and relevant; and free from errors and unfounded conclusions.

Reliable Reports

The principle of integrity in audit work is extremely important. The IIA states that there is "The erosion of public trust if public information and actions are not credible and reliable undermines the public sector's legitimacy and ability to govern...The consequences of violating the expectation of the highest integrity can be swift and shattering when the people's trust in the public sector, its institutions, and leadership is undermined."

On average, 1 out of 3 reports issued by the Office of the Comptroller over the 7 years have included errors in facts, many of them substantial. Findings and/or conclusions were wrong or unsupported in about half of the available reports. In addition, the lack of familiarity with the subject matter under audit or review appeared to be evident in a number of the reports issued. If professional standards had been followed, these reports would have been reviewed as part of internal monitoring (within the Comptroller's office itself) as required by a system of internal control and quality control standards. The lack of credible reliable reporting from the Comptroller, who is relied upon to be an independent assessor of financial and other data, does a disservice to the County Legislature, County Executive and the public in presenting misinformation which they may unknowingly rely upon to make decisions.

The concept of reliability considers whether results can be reproduced based on evidence. When there are numerous occurrences of reports which include incorrect factual information and/or wrong or unsubstantiated conclusions, the results are not reliable. This undermines the credibility of the Office of the

Comptroller and Ulster County. If rating agencies, investors or funding agencies rely on the information, Ulster County's finances and operations could be negatively impacted by increased borrowing costs or loss of funding. In addition, decision makers such as legislators and the County Executive cannot rely on the Office of the Comptroller's work product which puts them at a significant risk for making decisions about service delivery and funding. The public may also be victims of this unreliable reporting.

As recently as August 8, 2016, the Comptroller reported that Ulster County went without the additional 1% of sales tax revenue for most of 2014. While this was originally erroneously reported by the NYS Comptroller, Ulster County's Comptroller certainly knew or should have known that this was not true. If it had been true, the County would have experienced a devastating loss of revenue in 2014 estimated at between \$13.5 and \$26 million. While many of the county departments and officials have some basis for evaluating the factual information presented by the Office of the Comptroller and therefore may be able to question conclusions drawn, the public is particularly at risk. The regularity of unreliable reports being issued by the Office of the Comptroller over the 7 years calls into question their value and the expenditure of taxpayer money to produce them.

There are two reports which were issued which by the Office of the Comptroller upon request for evaluating significant matters which not only had implications for County government but also had direct implications for the County's municipal governments and its taxpayers. In the case of the report issued in response to Legislative resolution 404 of November 18, 2014 titled "Ulster County Board of Elections Annual Report: The Financial Impact of the County Assuming the Costs of Elections from Localities (1st Year Phase-In)" the report (Attachment A) is grossly incorrect and, therefore, a risk to decision makers who requested it and may rely upon it. Financial information on billing amounts is in conflict with the official books and records of the County. The assessment data is inaccurately reflected and incorrectly used in tax extension calculations. The conclusions about the impact on municipalities, individual taxpayers and future effects are wrong. The calculations have been redone and presented in Attachment C. This recalculation has been reviewed and confirmed by the Director of Ulster County Real Property Tax Service Agency and is also attached (Attachment D). The Legislative resolution calls for such reports to be made by the Comptroller each year of the 3 year phase-in period.

In another case the County Attorney asked the Comptroller to audit URGENT specifically because she had no financial records to determine monetary and other assets as well as the expenses of URGENT. This information was needed by her because the City of Kingston was terminating its participation in the Ulster Regional Gang Enforcement Narcotics Team (URGENT) and had requested a meeting with the County Attorney to discuss division of assets and expenses. A report titled "URGENT Program: Report of Examination – March 1, 2007 through June 30, 2012" was issued in response. Attached to the Comptroller's report are letters from the County Attorney, the City of Kingston Corporation Counsel, the County Sheriff and the County's District Attorney. As documented, the Comptroller failed to meet the objective of appropriately responding to the County Attorney's request. The letters indicate that the audit failed to uncover assets and expenses related to URGENT, including those which are solely found in County books and records, in addition to misrepresentations and/or misunderstanding of the situation. The audit work appeared to be cursory and incomplete, and conducted without adequate knowledge of the subject matter. Most substantially, the Comptroller failed to understand the basic question – what are the assets and expenses of URGENT? The Comptroller is the only County official who has the authority to access and assess all of the financial records with regard to this operation. The Comptroller, instead, erroneously chose to comment on the legal

questions, policies and procedures and to present 4 different models for distributions. This examination failed to meet the objectives of the work and, therefore, is of questionable value. It did not meet the needs of the requestor.

The above described reports are by no means the only ones issued over the 7 years with problems. There are a number of reports which contained serious errors, some of which are listed in Attachment E.

Non-Audit Reports

If the Office of the Comptroller issues reports which are not audits he does not need to follow GAGAS but the standards do say that that “When performing non-audit services for an entity for which the audit organization [Ulster County Office of the Comptroller] performs a GAGAS audit, audit organizations should communicate with requestors and those charged with governance to clarify that the work performed does not constitute an audit conducted in accordance with GAGAS.” None of the non-audit reports currently available issued by the Office of the Comptroller state this. The standards do not provide for intermittent compliance with GAGAS. A report reader should be able to understand what they are looking at and the level of assurance provided by the work if any. That said, **any** report that is not credible and reliable has no value, or worse it results in wrong conclusions and decisions by those charged with governance.

d) The Return - Meeting Overarching Objectives of the Comptroller’s Office, including the Work Undone and its Cost

Transparency and Accountability

The Comptroller is charged with being the chief auditing officer of the County and has proclaimed his role as the independent “people’s watchdog”. There have been no program audits; no financial audits of elected officials operations which have estimated net costs for 2016 of over \$35 million to the local taxpayers, with the exception of off-book accounts such as the Sheriff’s inmate and commissary accounts having no effect on the \$35 million net cost; and an absence of audits of other substantial operations of County government that have a direct impact on the taxes and services delivered to the people.

Promotion of Economy, Efficiency and Effectiveness

The economy and efficiency of operations has not been covered in any of the available audits or other reports in a meaningful way. Topics such as county-wide real property assessment, county-wide tax collection, and assigned counsel have been covered but none of these were identified by the Office of the Comptroller as audits. A detailed review of these reports reveals that they are not based on actual research and evidence. In fact, some of the topics had been the subject of recent experts’ reports and other studies which appear to have been ignored in the work of the Comptroller’s office. The complexity of and unfamiliarity with the subject matter appears to have led to incorrect claims that cost savings would be enjoyed if the Office of the Comptroller’s recommendations were implemented. Unfortunately, some decision makers and the public may have taken these reports as reliable and credible reflections of the situation, and options available to increase the economy and efficiency of the operations. They are not, and any actions based on the information presented would be risky as they would not be informed by facts, complete information and reasonable assumptions. The Office of the Comptroller has given credit for efficiencies in implementing programs like the gas cards, but it is after the fact. More value could be received if the Office of the

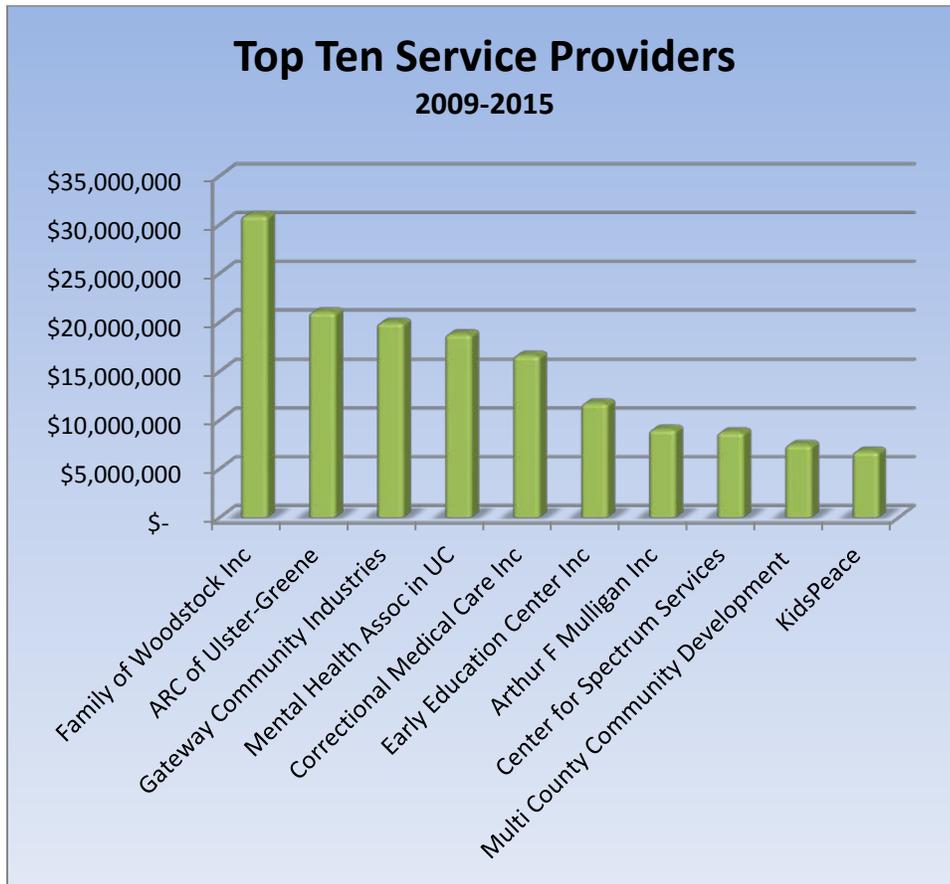
Comptroller effectively and reliably identified operations that are inefficient and in of need improvement through well researched audit work.

The County adopts hundreds of contracts each year representing tens of millions of dollars. The performance goals and compliance under these contracts have never been audited by the Office of the Comptroller in 7 years. The Office of the Comptroller reviews contracts to ascertain the availability of funds on a daily basis as part of the County's internal control activities. In addition, any invoices presented for payment against those contracts are audited by the Office of the Comptroller and approved prior to payment.

One report issued by the Office of the Comptroller during the 7 years was titled "Review of Contract Compliance" but it did not cover any evaluation of actual compliance with the service delivery requirements of the contracts, it instead focused on how well-defined contract terms were and pointed out whether reports were filed. Achievement of program goals was not evaluated, i.e. service to citizens. Issues were also raised with some of the invoices paid, which should have been addressed in the claims audit process and corrected before the invoices were approved for payment by the Comptroller's office. The objective of the Office of the Comptroller's daily review is to correct any issues on the front end of the transaction, and not wait until it has been finalized and then criticize it. This calls into question the thoroughness of the claims audit function and serves to undermine the goal of efficient government functioning.

In performing the work for the "Review of Contract Compliance", the Comptroller appeared to miss the underlying goal of contracting with vendors; that is to provide service to citizens or support the functioning of the government in serving the public. The 5 contracts covered by the review, representing about \$120,000 in total, included summer recreation programs for City of Kingston youth (City of Kingston), support services for teen parents (YWCA), supervision of visits with non-custodial parents (Family of Woodstock), reviews and investigations of public assistance claims to reduce fraud (Bonadio), and training and other services to aid people who receive assistance through Social Services in gainful employment (Gateway). The point of contracting with these vendors is not to see whether or not they can file a report on time. Report filing is generally required as a tool in evaluating the performance under a contract, not the point of the contract. The title of the report would have given the general impression that actual performance compliance had been evaluated. All but one of these contracts had specifically articulated expected outcomes. People's lives, including children's, are affected by delivery of the services under these contracts, and that is of great interest and importance to the people who make decisions. The review failed to evaluate achievement of the goals outlined in the contracts. The County Legislature and other decision makers have an opportunity with the Office of the Comptroller to have the performance evaluated by the Office as an independent party. The vendor and the department contracting with them certainly are responsible for contract compliance in the first instance, but are not in a position to provide an independent audit.

Program audits would be a key resource for decision making, but the Office of the Comptroller has performed zero in 7 years. The County has spent over \$150 million with just the top 10 service providers during this time with annual spending in excess of \$20 million each of the 7 years.



These providers run many programs operating under various contracts with the County, and affect many thousands of peoples' lives, yet the Comptroller has audited none of them. Choices are instead made to review policies and procedures, and spend resources looking at things like clothing donation bins having no current relation to County government. Rather than audit the not-for-profit services providers, the Comptroller has chosen instead to provide general overview information. At the same time, decision makers have no feedback on whether funds are being spent wisely and effectively in providing service to the citizenry.

The Comptroller's work has not included most of the County's revenue sources. Tens of millions of dollars are received each year in state and federal aid alone, yet the Comptroller has audited none of it in 7 years.

5) Conclusion

The current funding and structure for the Office of the Comptroller does not deliver corresponding results for the additional investment of taxpayer money. While the workload of the Comptroller over the 7 years has decreased, the expenses of the Comptroller have increased. Based on comparisons with other elected NYS Comptrollers, Ulster County's Comptroller has the fewest duties yet spends amounts equivalent to elected Comptrollers with significantly more responsibility. The Comptroller has used his discretion to spend resources on items which do not accomplish or further the required duties of the Office of the Comptroller. The taxpayer funds being spent on the Comptroller's Office are excessive for the benefits received. For these reasons, a spending reduction is recommended in an effort to provide the appropriate level of resources for accomplishing the responsibilities and objectives of the internal audit function for Ulster County and the duties in the Charter at a reasonable cost.



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Office of The Ulster County Comptroller

Ulster County Board of Elections Annual Report *The Financial Impact of the County Assuming the Costs of Elections from Localities (1st Year Phase-In)*

December 15, 2015

I. Applicable New York State Election Law

Under New York State Election Law, “the expenses of providing polling places, voting booths, supplies therefor, ballot boxes and other furniture for the polling place for any election, including the storage, transportation and maintenance of voting machines, appliances and equipment or ballot counting devices, and the compensation of the election officers in each election district, shall be a charge upon the county in which such election district is situated[.] [. . .] All expenses incurred under this chapter by the board of elections of a county outside of the city of New York shall be a charge against the county[.] [. . .] The expenses incurred by the board of elections of a county outside the city of New York may, pursuant to section 3-226 of this chapter, be apportioned among the cities and towns therein, or in the case of a village election held other than at the time of the fall primary or general election, apportioned to such villages therein.”¹

In practice, this meant that municipalities in Ulster County were charged for incurred expenses (e.g. new machines, poll watchers and inspectors, storage, etc.) from primary, general, and special elections from 2006 to 2014. Thereafter, Ulster County authorized a three-year phase-in agreement to absorb the costs from its localities, to be discussed in greater detail below.

II. A Brief History of Resolutions by the Ulster County Legislature Regarding Local Election Costs

Pursuant to Resolution No. 410 of December 6, 2006, the Ulster County Legislature “authorize[d] charging back the towns and the City of Kingston for the expenses incurred by the Board of Elections based on the number of registered voters on the last day to register for the general election in any given year [to be billed on a pro rata basis to each municipality following a full accounting of all election expenses in any given year]” – effectively putting the fiscal onus on local governments to pay for their own elections. Town Supervisors and other locally elected officials routinely cited the financial struggles they faced when having to account for these added, un-funded mandates – compounded by additional requirements levied by the federal Help America Vote Act (HAVA) – in their yearly budgets. A multi-year effort to pass the monetary costs back to the County culminated in the passage and adoption of Resolution No. 404 on November 18, 2014, which “authoriz[ed] the County of Ulster to assume the cost of elections support from the Towns and City of Kingston pursuant to a three-year phased-in plan.”

¹ See New York State Election Law, Article 4, Section 4-36.

The schedule of implementation was designed as follows, where the County would assume: “33 percent of the total cost of the chargebacks to the Towns and City of Kingston in 2015, 66 percent [. . .] in 2016, and 100 percent [. . .] in 2017 [and beyond.]”

Moreover, Resolution No. 404 instructed the Ulster County Comptroller “to perform and present an annual report to the County Executive and the County Legislature on or before December 31st of each year during the period of this three-year phased-in plan, detailing the actual benefits and/or impacts that the plan has had upon the taxpayers and budgets of each of the respective Towns in Ulster County and the City of Kingston[.]” This report was completed pursuant to that directive.

III. Total Savings to Town and City Budgets

The first notable effect of the new legislation is the direct monetary benefit assumed by each respective municipality. In the past, each locality was responsible for the cost of elections for their respective districts. In 2015, one-third of these costs will be assumed by the County, providing direct savings at the Town and City budgetary level. The benefit enjoyed by each municipality is tied to the costs for each district; therefore, the total dollar benefit will vary among different governments. As the proportion of costs assumed by the County increases in future years, the corresponding benefit to the Towns and the City of Kingston will also increase.

2015 Total Savings to Town and City Budgets	
Municipality	Total Budget Savings
Denning	\$1,670.25
Esopus	\$7,967.02
Gardiner	\$4,050.57
Hardenburgh	\$818.51
Hurley	\$5,571.95
Kingston Town	\$882.05
Kingston City	\$20,097.95
Lloyd	\$5,355.10
Marbletown	\$8,545.37
Marlborough	\$3,775.72
New Paltz	\$7,275.68
Olive	\$4,496.39
Plattekill	\$6,733.40
Rochester	\$4,403.25
Rosendale	\$3,089.91
Saugerties	\$12,134.29
Shandaken	\$3,700.95
Shawangunk	\$6,171.94
Ulster	\$12,524.90
Wawarsing	\$8,640.31
Woodstock	\$8,524.22

IV. Direct Dollar Impact on Individual Taxpayers

The second portion of our analysis considers the impact on the individual taxpayer, which required us to determine the effect of the County and Town/City tax calculations on the movement of these costs from the Town/City budgets to the County level.

a. Understanding the Tax Rate

The tax rates are determined for each municipality by taking the sum of the General Charges for the Year and dividing that figure by the Total Taxable Value (i.e. the value of all properties within that municipality). The tax rates are always expressed per \$1,000 in taxable value.

For Towns and Cities, the tax rate is calculated by taking the Total General Charges for the municipality in a given year and dividing by the total taxable value.

$$\frac{\text{Town/City Total General Charges}}{\text{Town Taxable Value}} \times 1,000 = \text{Town/City Tax Rate}$$

For the County, the tax calculation is more complex. To calculate the County tax rate applicable to a given municipality, the County first apportions the total County charges to each municipality based on the equalized taxable value. The equalized taxable value takes into consideration additional factors, including statutory equalization rates that accommodate for market value differences in property value assessments, as well as clergy and veteran exemptions that apply only to the Town Rate.

$$\frac{\text{Total County General Charges}}{\text{Town/City Equalized Taxable Value}} = \text{\$ Share of County Charges}$$

The dollar share of County charges assigned to each municipality is then divided by the Town/City equalized taxable value to determine the County tax rate applicable to properties within that Town/City.

$$\frac{\text{\$ Share of County Charges}}{\text{Town Equalized Value}} \times 1,000 = \text{County Tax Rate (applicable to that municipality)}$$

The tax calculation for any municipality is complex and involves a number of factors not relevant to our analysis here. For more information regarding tax rates, see generally the Ulster County Real Property Data Report (available at www.ulstercounty.gov/real-property).

For the purposes of our assessment, we used the same general tax equations but only applied the Board of Elections (BOE) costs to determine the effect of the legislation on each municipality. Next, we applied the total election cost for each municipality to both the County and the Town/City tax calculation to determine the effect on the individual per \$100,000 in taxable value.

2015 Individual Tax Effect	
Municipality	Individual Tax Increase (Decrease) per \$100,000
Denning	\$ (1.60)
Esopus	\$ (0.17)
Gardiner	\$ 0.32
Hardenburgh	\$ 0.54
Hurley	\$ 0.14
Kingston Town	\$ (0.31)
Kingston City	\$ (0.63)
Lloyd	\$ 0.29
Marbletown	\$ (0.11)
Marlborough	\$ 0.30
New Paltz	\$ 0.44
Olive	\$ 0.44
Plattekill	\$ (0.22)
Rochester	\$ 0.24
Rosendale	\$ 0.17
Saugerties	\$ 0.43
Shandaken	\$ 0.99
Shawangunk	\$ 0.38
Ulster	\$ (0.23)
Wawarsing	\$ (24.38)
Woodstock	\$ 0.16

Example: A Wawarsing resident with \$100,000 in taxable value will have a tax bill that is about \$24 lower as a result of the change.

As illustrated in the chart above, the assumption of costs by the County has differing effects amongst the municipalities. While each municipality's budget is clearly assisted by the direct cost savings, individual taxpayers may experience either an increase or decrease based on the movement of these costs from the Town/City to the County budget. Municipalities are affected by the legislation differently due to differences in BOE costs in relation to the individual municipality's taxable value. For information regarding the Board of Election costs associated with each municipality and taxable and equalized values, please see **Exhibit A**.

For example, in the Town of Wawarsing prior to the new legislation, the entire cost of elections in 2015 would be allocated among the taxable property values in Wawarsing as follows:

$$\begin{array}{l} \text{2015 Election Costs:} \quad \quad \quad \underline{\$25,920.92} \\ \text{Wawarsing Taxable Value:} \quad \quad \quad \$34,385,323.00 \times \$100,000 = \$75.38 \end{array}$$

\$75.38 per \$100,000 in taxable value

For every \$100k in taxable value, the Wawarsing property owner would pay \$75 to cover election costs using the previous model.

In 2015, the election costs will be applied to the individual taxpayer in two components: (1) the Town portion representing two-thirds of the Wawarsing election costs, and (2) the County portion representing the total of election costs assumed by the County.

The portion of election costs still being paid by Wawarsing (2/3) will be applied at the Wawarsing Town taxable value, while the portion assumed by the County (1/3) will be applied to all County residents, using the equalized taxable value for Wawarsing.

Town Portion of Election Costs:

$$\begin{array}{l} \text{2015 (Year 1) Election Costs Paid by Wawarsing (2/3):} \\ \text{Wawarsing Taxable Value:} \end{array} \quad \frac{\$17,280.61}{\$34,385,323} \times \$100,000 = \$50.26$$

\$50.26 per \$100,000 in taxable value

County Portion of Election Costs:

$$\begin{array}{l} \text{Dollar Share of County Assumed BOE Costs*} \\ \text{Wawarsing Equalized Taxable Value:} \end{array} \quad \frac{\$135.91}{\$16,787,785.51} \times \$100,000 = \$0.81$$

\$0.81 per \$100,000 in taxable value

*The Dollar Share of BOE costs apportioned to Wawarsing is determined by taking the total BOE costs assumed by the County in 2015 (\$136,429.72) and multiplying it by the proportion of Wawarsing's equalized value in relation to the total County equalized value (\$16,787,785.51 / \$16,851,667,514.47).

Total 2015 Election Costs:

Town/City + County = Total

For every \$100k in taxable value, the Wawarsing property owner will now pay \$51 to cover election costs as a result of the new legislation.

\$50.26 + \$0.81 = \$51.07 in BOE costs per \$100,000 in taxable value

With this legislation, a resident from Wawarsing will be subject to only \$51 in BOE costs per \$100,000 in taxable value as opposed to \$75, resulting in a \$24 savings per \$100,000 in taxable value for Wawarsing residents.

V. Estimating Future Effects

In an effort to estimate the future financial impacts resulting from this policy, we completed our analysis for 2016 and 2017 using base year figures to illustrate the effect of the increasing absorption of costs by the County. With the arching consideration that election expenses are affected by a number of different factors, including significant annual variance due to the magnitude and frequency of certain elections being held in a given year that may affect voter turnout, our estimates on the future impacts of this legislation are subject to change.

The data contained herein has been provided to us by the Ulster County Board of Elections and the Ulster County Real Property Tax Service Agency.

NOTE: This report has been amended based on actual numbers provided by Board of Elections

2016 Estimate based on Actual 2015 Expenditures		
Municipality	Total Budget Savings	Individual Tax Increase (Decrease) per \$100,000
Denning	\$3,340.50	\$ (3.20)
Esopus	\$15,934.05	\$ (0.34)
Gardiner	\$8,101.14	\$ 0.65
Hardenburgh	\$1,637.01	\$ 1.07
Hurley	\$11,143.90	\$ 0.28
Kingston Town	\$1,764.11	\$ (0.61)
Kingston City	\$40,195.89	\$ (1.26)
Lloyd	\$10,710.20	\$ 0.58
Marbletown	\$17,090.74	\$ (0.22)
Marlborough	\$7,551.45	\$ 0.60
New Paltz	\$14,551.36	\$ 0.89
Olive	\$8,992.77	\$ 0.88
Plattekill	\$13,466.79	\$ (0.44)
Rochester	\$8,806.49	\$ 0.48
Rosendale	\$6,179.81	\$ 0.34
Saugerties	\$24,268.57	\$ 0.86
Shandaken	\$7,401.91	\$ 1.98
Shawangunk	\$12,343.89	\$ 0.77
Ulster	\$25,049.80	\$ (0.46)
Wawarsing	\$17,280.61	\$ (48.77)
Woodstock	\$17,048.45	\$ 0.33

2017 Estimate based on Actual 2015 Expenditures		
Municipality	Total Budget Savings	Individual Tax Increase (Decrease) per \$100,000
Denning	\$5,010.75	(\$4.80)
Esopus	\$23,901.07	(\$0.51)
Gardiner	\$12,151.71	\$0.97
Hardenburgh	\$2,455.52	\$1.61
Hurley	\$16,715.85	\$0.42
Kingston Town	\$2,646.16	(\$0.92)
Kingston City	\$60,293.84	(\$1.89)
Lloyd	\$16,065.30	\$0.87
Marbletown	\$25,636.11	(\$0.33)
Marlborough	\$11,327.17	\$0.90
New Paltz	\$21,827.04	\$1.33
Olive	\$13,489.16	\$1.33
Plattekill	\$20,200.19	(\$0.65)
Rochester	\$13,209.74	\$0.72
Rosendale	\$9,269.72	\$0.51
Saugerties	\$36,402.86	\$1.28
Shandaken	\$11,102.86	\$2.96
Shawangunk	\$18,515.83	\$1.15
Ulster	\$37,574.70	(\$0.69)
Wawarsing	\$25,920.92	(\$73.15)
Woodstock	\$25,572.67	\$0.49

Exhibit A

2015 Board of Election Cost and Taxable Value

2015 BOE Costs and Taxable Value				
Municipality	Town/City Taxable Value	County Taxable Value	Equalized Value	2015 BOE Actual Costs
Denning	27,316,406.00	27,132,824.00	\$ 151,268,300.00	\$ 5,010.75
Esopus	801,868,255.00	793,349,877.00	\$ 808,080,469.00	\$ 23,901.07
Gardiner	727,157,154.00	724,386,634.00	\$ 788,101,533.33	\$ 12,151.71
Hardenburgh	106,250,422.00	106,035,936.00	\$ 171,270,277.42	\$ 2,455.52
Hurley	815,077,129.00	801,542,361.00	\$ 816,272,612.00	\$ 16,715.85
Kingston Town	76,665,965.00	76,104,534.00	\$ 79,435,434.87	\$ 2,646.16
Kingston City	1,383,517,084.00	1,374,720,831.00	\$ 1,394,813,953.00	\$ 60,293.84
Lloyd	1,006,821,727.00	1,006,127,217.00	\$ 1,023,467,702.00	\$ 16,065.30
Marbletown	917,087,127.00	915,073,552.00	\$ 927,208,027.00	\$ 25,636.11
Marlborough	711,651,169.00	704,551,319.00	\$ 722,556,892.00	\$ 11,327.17
New Paltz	1,968,450,721.00	1,130,459,243.00	\$ 1,134,403,246.53	\$ 21,827.04
Olive	1,201,006,295.00	1,193,616,670.00	\$ 1,203,677,517.00	\$ 13,489.16
Plattekill	643,149,236.00	639,521,748.00	\$ 655,148,835.00	\$ 20,200.19
Rochester	758,726,469.00	757,258,410.00	\$ 767,832,691.00	\$ 13,209.74
Rosendale	471,185,653.00	471,211,153.00	\$ 480,758,677.00	\$ 9,269.72
Saugerties	3,034,063,301.00	1,640,242,088.00	\$ 1,678,072,249.00	\$ 36,402.86
Shandaken	162,714,360.00	162,259,233.00	\$ 653,828,696.00	\$ 11,102.86
Shawangunk	183,834,580.00	179,272,531.00	\$ 828,494,714.61	\$ 18,515.83
Ulster	1,028,226,071.00	1,016,871,936.00	\$ 1,241,803,448.19	\$ 37,574.70
Wawarsing	34,385,323.00	18,280,265.00	\$ 16,787,785.51	\$ 25,920.92
Woodstock	1,305,630,225.00	1,296,748,555.00	\$ 1,308,384,454.00	\$ 25,572.67

List of Comptroller's Reports Publicly Available on the Website as of June 28, 2016

Menu Category	Report Name on Menu		Report Name on Report	Report # (if any)	Date of Report
Audits & Reports	Baseline Report	March 2009	Internal Controls Baseline Report A survey of Ulster County Government's Compliance with the New York State Standards of Internal Control		3/25/2009
Audits & Reports	UCAT Cash Collection Report	May 2009	Ulster County Area Transit (UCAT) 1/1/08-12/31/08 Audit Report	2009-004	5/14/2009
Audits & Reports	DSS Report	August 2009	Ulster County Department of Social Services Medical Assistance (Medicaid) Spend-Down Program Audit Report 1/1/07-12/31/08	2009-005	8/28/2009
Audits & Reports	Meals on Whe[e]ls Report	October 2009	Ulster County Senior Nutrition Programs Congregate Meals Home Delivered Meals Audit Report 1/1/08-7/31/09	2009-008	10/30/2009
Audits & Reports	DSS Services Report	May 2010	Ulster County Department of Social Services Medical Assistance (Medicaid) Spend-Down Program 11/1/09-1/31/10 Audit Follow-up Report	2010-009	5/7/2010
Audits & Reports	County Health Insurance Benefit Report *	October 2010	Ulster County Health Benefit Dependent Eligibility Audit		6/6/2014
Audits & Reports	Membership Audit	March 2011	Membership Audit 2010-2011		3/1/2011
Audits & Reports	URGENT Law Enforcement Program Report	September 2012	URGENT Program Report of Examination		9/28/2012
Audits & Reports	Community College Chargebacks Report	November 2012	Community College Chargeback Payments Report of Examination - College Year 2011-2012: 9/1/11-8/31/12		11/15/2012
Audits & Reports	Payout of Employee Accrued Time Report	December 2012	Separation Payouts Report of Examination		12/3/2012
Audits & Reports	Procurement Credit Cards Report	April 2013	Review of the Ulster County Procurement Card Procedures		4/11/2013
Audits & Reports	Child Care and Development Block Grants Report	May 2013	Ulster County Department of Social Services Review of the Child Care and Development Block Grant		5/1/2013
Audits & Reports	Hotel Bed Tax Credit	April 2014	Ulster County's Hotel/Motel Room Occupancy Tax Review		3/21/2014
Audits & Reports	County Electeds/Appointeds Salary Comparison	June 2014	County Salary Comparison		6/23/2014
Audits & Reports	Health Benefit Report	June 2014	Ulster County Health Benefit Dependent Eligibility Audit		6/6/2014
Audits & Reports	Procurement Audit Report	June 2014	Ulster County Purchasing Department Audit of Procurement Bid/RFP Process		6/3/2014
Audits & Reports	IDA Practices Report	October 2014	A Study of the Impact and Best Practices for Industrial Development Agencies		10/7/2014
Audits & Reports	County Fuel Management Report	March 2015	Wright Express Gas Card Program Review		3/31/2015
Audits & Reports	Tax Lien Foreclosure Report	June 2015	Ulster County 2015 Tax Lien Foreclosure Report		undated
Audits & Reports	Computer Equipment Inventory Audit	July 2015	Review of Internal Controls over IT Equipment		7/28/2015
Audits & Reports	O'Connor Davies Independent Accountant Report	July 2015	O'Connor Davies Independent Accountant Report on Applying Agreed Upon Procedures in Comptroller's Office		6/5/2015
Audits & Reports	DSS HEAP Application Audit	September 2015	Department of Social Services HEAP Program Application Review		9/21/2015
Audits & Reports	Follow Up on 2014 Audit Findings	October 2015	Follow Up on 2014 Audit Findings		undated
Audits & Reports	BOE Election Costs Report	December 2015	Ulster County Board of Elections Annual Report <i>The Financial Impact of the County Assuming the Costs of Elections from Localities (1st Year Phase-In) [as directed by Res #404 of 11/18/14]</i>		12/15/2015
Audits & Reports	Contract Compliance	December 2015	Review of Contract Compliance		12/28/2015
Audits & Reports	Understanding the Ulster County Sales Tax	February 2016	Understanding the Ulster County Sales Tax		February 2016
Audits & Reports	Cash Receipts Audit	March 2016	Audit of Internal Controls Over Cash Receipts		3/15/2016
Audits & Reports	College Chargebacks: A County's Share for its Community	April 2016	College Chargebacks: A County's Share for its Community		4/13/2016
Audits & Reports	Sales Tax Revenue and Disbursement Audit	April 2016	Sales Tax Revenue and Disbursement Audit		4/18/2016
Audits & Reports	Electric Car Charging Stations Usage Report	May 2016	Electric Car Chargers: The Who, What, and Where of Usage		5/4/2016
Audits & Reports	Probation Department Audit of Internal Controls over Receipt and Disbursement of Restitution	May 2016	Probation Department Audit of Internal Controls over Receipt and Disbursement of Restitution		5/20/2016
Audits & Reports	Understanding the Ulster County Sales Tax Agreement	May 2016	untitled		undated
Audits & Reports	Public Property Auction Outcome	June 2016	Public Property Auction Outcome		6/1/2016

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Snapshots Reports	Total Debt Service Report	May 2010	Total Public Debt Outstanding in Ulster County's 75 Municipal Taxing Districts		May 2010
Snapshots Reports	Future of the UCRRA Report	February 2011	The Future of the Ulster County Resource Recovery Agency - Planning for Success or Failure?	2011-002	2/24/2011
Snapshots Reports	Electronic Time and Attendance Project Review	March 2011	Time and Attendance Project Review - Planning and Procurement	2011-001	3/7/2011
Snapshots Reports	Bank Reconciliation Report	July 2011	Bank Reconciliation Status Report		July 2011
Snapshots Reports	Assigned Counsel Report	August 2011	Ulster County Assigned Counsel Report	2011-009	August 2011
Snapshots Reports	DSS Commissioner's Bank Account Report	December 2011	Restricted Donation Funds - DSS Commissioner's Bank Account Report	2011-10	December 2011
Snapshots Reports	Bank Confirmation Report	2012	Report on Bank Accounts Held		undated
Snapshots Reports	County Wide Property Tax Assessment Report	June 2012	Assessment Report - Consistency, Confidence and Cost-Savings Through County-Wide Assessing		June 2012
Snapshots Reports	Fiscal Stress Test	August 2012	Fiscal Stress Monitoring - A Report on Ulster County's Fiscal Condition Under the Office of the New York State Comptroller's Proposed Fiscal Stress Monitoring System		11/2/2012
Snapshots Reports	Tax Collection Report	August 2012	Tax Collection Report		August 2012
Snapshots Reports	Confidential Funds Report	November 2012	Confidential Funds Review January 1, 2012 through November 30, 2012		1/22/2013
Snapshots Reports	Towns Property Tax Relevy	February 2013	Relevy Report for Selected Towns - Towns of Hardenburgh, New Paltz, Olive, and Saugerties For sales during 2011 and 2012; Relevy Amount to the 2013 Town and County Tax Bills		2/25/2013
Snapshots Reports	Property Tax Foreclosure Report	April 2013	Ulster County 2013 Tax Lien Foreclosure Report		4/1/2013
Snapshots Reports	School District Tax Collections 2012-2013	April 2013	2012-2013 School District Real Property Tax Collections		4/9/2013
Snapshots Reports	Wholly Exempt Property Report	December 2013	Wholly-Exempt Properties - What Do They Cost Ulster County Tax Payers?		12/31/2013
Snapshots Reports	Property Tax Foreclosure Report	April 2014	Ulster County 2014 Tax Lien Foreclosure Report		undated
Snapshots Reports	County Salary Comparison Report	June 2014	County Salary Comparison		6/23/2014
Snapshots Reports	County Spending Tracker	July 2014	July 2014 County Spending Tracker		8/20/2014
Snapshots Reports	County Spending Tracker	August 2014	August 2014 County Spending Tracker		9/10/2014
Snapshots Reports	County Spending Tracker	September 2014	September 2014 County Spending Tracker		10/14/2014
Snapshots Reports	County Spending Tracker	October 2014	October 2014 County Spending Tracker		11/25/2014
Snapshots Reports	Clothing Donation Bin Snap Shot Report	December 2015	Snap Shot of Local Clothing Donation Bins		12/14/2015
Snapshots Reports	County Spending Tracker	January 2016	Claims Auditor's Year in Review - 2015 County Spending Tracker		1/31/2016
Snapshots Reports	Gas Tax Report	March 2016	Gas Tax		3/30/2016
Snapshots Reports	Not For Profit Snapshot Report	April 2016	2016 Not-for-Profit Snapshot Review		4/25/2016
Snapshots Reports	Property Tax Foreclosure Report	April 2016	Public Property Auction Slated for April 20th		4/8/2016
Snapshots Reports	Food Violation Report	May 2016	Food Violation Snap Shot		May 2016
Snapshots Reports	Not-For-Profit Gateway Snapshot	5/31/16	Ulster County Not-for-Profits Snapshot Series: Gateway Community Industries		5/31/16
Quarterly Reports	1st Quarter Annual Report	2010	Quarterly Report: First Quarter 2010	2011-008	3/29/2010
Quarterly Reports	3rd Quarter Annual Report	2010	Quarterly Report: Third Quarter 2010	2011-008	3/29/2011
Quarterly Reports	4th Quarter Annual Report	2010	Quarterly Report: Fourth Quarter 2010	2011-008	3/29/2011
Quarterly Reports	1st Quarter Annual Report	2011	Quarterly Report: First Quarter 2011	2011-006	5/19/2011
Quarterly Reports	3rd Quarter Annual Report	2011	Quarterly Report: Third Quarter 2011	2011-00X	11/17/2011
Quarterly Reports	1st Quarter Annual Report	2013	The Quarter in Review: 1st Quarter 2013		4/30/2013
Quarterly Reports	2nd Quarter Annual Report	2013	The Quarter in Review: 2nd Quarter 2013		8/19/2013
Quarterly Reports	3rd Quarter Annual Report	2013	The Quarter in Review: 3rd Quarter 2013		10/31/2013

List of Comptroller's Reports Publicly Available on the Website as of June 28, 2016

Menu Category	Report Name on Menu		Report Name on Report	Report # (if any)	Date of Report
Quarterly Reports	4th Quarter Annual Report	2013	The Quarter in Review: 4th Quarter 2013		12/31/2013
Quarterly Reports	1st Quarter Annual Report	2014	April 30, 2014 - 1st Quarter in Review 2014		4/30/2014
Quarterly Reports	2nd Quarter Annual Report	2014	April 1-June 30, 2014 - 2nd Quarter 2014		6/30/2014
Quarterly Reports	3rd Quarter Annual Report	2014	July 1-September 30, 2014 - 3rd Quarter 2014		9/30/2014
Quarterly Reports	4th Quarter Annual Report	2014	2014 4th Quarter Annual Report		
Quarterly Reports	1st Quarter Annual Report	2015	Annual Audit Report: 1st Quarter 2015 - January 1-March 31, 2015		3/31/2015
Quarterly Reports	2nd Quarter Annual Report (Ulster County Fiscal Stress Assessment)	2015	Ulster County Fiscal Stress Assessment: 2nd Quarter 2015 - July 31, 2015		7/31/2015
Quarterly Reports	3rd Quarter Annual Report (Fund Balance)	2015	Fund Balance: 3rd Quarter 2015 - October 30, 2015		10/30/2015
Quarterly Reports	4th Quarter Annual Report	2015	Revenue and Expenditures: 4th Quarter 2015 - January 29, 2016		1/29/2016
Quarterly Reports	1st Quarter Annual Report	2016	Annual Audit Report: 1st Quarter 2016 - January 1-March 31, 2016		3/31/2016
Quarterly Reports	2nd Quarter Annual Report	2016	Ulster County Fiscal Stress Assessment: 2nd Quarter 2016 - June 30, 2016		6/30/2016
County Expenditures	Take Home Vehicles Report	2013	County Use of Take-Home Vehicles: January 1, 2012 through December 31, 2012		4/4/2013

*The report available from this link is the same as the June 2014 report titled "Ulster County Health Benefit Dependent Eligibility Audit". No report from October 2010 was available.

List of Comptroller's Reports Publicly Available on the Website as of June 28, 2016

Menu Category	Report Name on Menu	Report Name on Report	Report # <i>(if any)</i>	Date of Report
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**Recalculation of Figures Presented in
Ulster County Board of Elections Annual Report:**

The Financial Impact of the County Assuming the Costs of Elections from Localities (1st Year Phase-In)

The report prepared for the County Legislature and County Executive in compliance with Resolution 404 of November 18, 2014 regarding actual benefits and/or impacts of the three year phase-in plan for the assumption of election costs by the County is grossly inaccurate in its calculations, and is therefor misleading for any reader of the report.

There are errors in many of the numbers presented, the identification of the data presented, and the manner in which they are used in calculations. They are detailed below. It should be noted that the calculations for the example town, Wawarsing, were the most egregiously wrong and lead to incorrect conclusions as a result.

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III. Total Savings to Town and City Budgets

As presented:	
2015 Total Savings to Town and City Budgets	
Municipality	Total Budget Savings
Denning	\$ 1,670.25
Esopus	\$ 7,967.02
Gardiner	\$ 4,050.57
Hardenburg	\$ 818.51
Hurley	\$ 5,571.95
Kingston Town	\$ 882.05
Kingston City	\$ 20,097.95
Lloyd	\$ 5,355.10
Marbletown	\$ 8,545.37
Marlborough	\$ 3,775.72
New Paltz	\$ 7,275.68
Olive	\$ 4,496.39
Plattekill	\$ 6,733.40
Rochester	\$ 4,403.25
Rosendale	\$ 3,089.91
Saugerties	\$ 12,134.29
Shandaken	\$ 3,700.95
Shawangunk	\$ 6,171.94
Ulster	\$ 12,524.90
Wawarsing	\$ 8,640.31
Woodstock	\$ 8,524.22

Corrected:		
Reductions on Invoices Dated 12/11/15 **	<i>Difference</i>	
\$ 1,670.25	\$	-
\$ 7,967.02	\$	(0.00)
\$ 4,050.57	\$	-
\$ 818.51	\$	0.00
\$ 5,571.95	\$	-
\$ 882.05	\$	(0.00)
\$ 20,764.61	\$	(666.66)
\$ 5,355.10	\$	-
\$ 8,545.37	\$	-
\$ 3,775.72	\$	(0.00)
\$ 7,275.68	\$	-
\$ 4,496.39	\$	0.00
\$ 6,733.40	\$	-
\$ 4,403.25	\$	0.00
\$ 3,089.91	\$	-
\$ 12,134.29	\$	0.00
\$ 3,700.95	\$	(0.00)
\$ 6,171.94	\$	(0.00)
\$ 12,524.90	\$	-
\$ 8,640.31	\$	0.00
\$ 8,524.22	\$	(0.00)
\$ 137,096.40	\$	(666.66)

**Identified on invoices as "County Assumes 1/3 Election Costs (Reso. No. 404)".

The Financial Impact of the County Assuming the Costs of Elections from Localities (1st Year Phase-In)

Page 3

IV. Direct Dollar Impact on Individual Taxpayers

a. Understanding the Tax Rate

For the County, ...

As presented:

$$\text{Total County General Charges} \times \frac{\text{Town/City Equalized Taxable Value}}{\text{Total County Equalized Value}} = \$ \text{ Share of County Charges}$$

Corrected:

$$\text{Total County General Charges} \times \frac{\text{Town/City Equalized Apportionment Taxable Value}}{\text{Total County Equalized Apportionment Value}} = \$ \text{ Share of County Charges}$$

As presented:

$$\frac{\$ \text{ Share of County Charges}}{\text{Town Equalized Value}} \times 1,000 = \text{County Tax Rate (applicable to that municipality)}$$

Corrected:

$$\frac{\$ \text{ Share of County Charges}}{\text{Town Taxable Value (unequalized)}} \times 1,000 = \text{County Tax Rate (applicable to that municipality)}$$

Recalculation of Figures Presented in
 Ulster County Board of Elections Annual Report:
 The Financial Impact of the County Assuming the Costs of Elections from Localities (1st Year Phase-In)

As presented:	
2015 Individual Tax Effect	
Municipality	Individual Tax Increase (Decrease) per \$100,000
Denning	\$ (1.60)
Esopus	\$ (0.17)
Gardiner	\$ 0.32
Hardenburg	\$ 0.54
Hurley	\$ 0.14
Kingston Town	\$ (0.31)
Kingston City	\$ (0.63)
Lloyd	\$ 0.29
Marbletown	\$ (0.11)
Marlborough	\$ 0.30
New Paltz	\$ 0.44
Olive	\$ 0.44
Plattekill	\$ (0.22)
Rochester	\$ 0.24
Rosendale	\$ 0.17
Saugerties	\$ 0.43
Shandaken	\$ 0.99
Shawangunk	\$ 0.38
Ulster	\$ (0.23)
<i>Wawarsing</i>	<i>\$ (24.38)</i>
Woodstock	\$ 0.16

Corrected:			
Individual Tax Rate Increase (Decrease) per \$100,000 Unequalized Tax Value		Difference	
\$ (1.84)	\$	0.24	
\$ (0.21)	\$	0.04	
\$ 0.28	\$	0.04	
\$ 0.47	\$	0.07	
\$ 0.11	\$	0.03	
\$ (0.34)	\$	0.03	
\$ (0.72)	\$	0.09	
\$ 0.25	\$	0.04	
\$ (0.15)	\$	0.04	
\$ 0.26	\$	0.04	
\$ 0.14	\$	0.30	
\$ 0.40	\$	0.04	
\$ (0.26)	\$	0.04	
\$ 0.20	\$	0.04	
\$ 0.13	\$	0.04	
\$ 0.05	\$	0.38	
\$ 0.70	\$	0.29	
\$ 0.19	\$	0.19	
\$ (0.29)	\$	0.06	
<i>\$ (2.34)</i>	<i>\$</i>	<i>(22.04)</i>	
\$ 0.12	\$	0.04	

Individual Tax Increase (Decrease) per \$100,00 Equalized Value/Market Value		Difference
(0.33)		(1.27)
(0.21)		0.04
0.26		0.06
0.29		0.25
0.11		0.03
(0.33)		0.02
(0.72)		0.09
0.25		0.04
(0.15)		0.04
0.26		0.04
0.14		0.30
0.40		0.04
(0.26)		0.04
0.20		0.04
0.13		0.04
0.05		0.38
0.18		0.81
0.04		0.34
(0.25)		0.02
<i>(0.04)</i>		<i>(24.34)</i>
0.12		0.04

Bold = Equalization Rates below 30%

Italic = Town with Village

As presented:
Example: A Wawarsing resident with \$100,000 in taxable value will have a tax bill that is about \$24 lower as a result of the change.

Corrected:
 Example: A Wawarsing resident with \$100,000 in market value will have a tax bill that is about 4 cents lower as a result of the change.

OR

Example: A Wawarsing resident with \$5,681,818 in market value (\$100,000 in taxable value) will have a tax bill that is about \$2.34 lower as a result of the change.

**Recalculation of Figures Presented in
Ulster County Board of Elections Annual Report:
The Financial Impact of the County Assuming the Costs of Elections from Localities (1st Year Phase-In)**

For example, in the Town of Wawarsing prior to the new legislation...

As presented:	Corrected:	
2015 Election Costs: $\frac{\$25,920.92}{\$34,385,323.00} \times \$100,000 =$ \$75.38	$\frac{\$25,920.92}{\$18,531,492.00} \times \$100,000 =$ \$139.87	<i>Difference</i> (\$64.49)
Wawarsing Taxable Value:		
\$75.38 per \$100,000 in taxable value		
\$139.87 per \$100,000 in taxable value (\$5,681,818 in market value)		
OR		
	$\frac{\$25,920.92}{\$18,531,492.00} \times \$100,000 \text{ market value} =$	\$2.46

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**The portion of election costs still being paid by Wawarsing (2/3)....
Town Portion of Election Costs:**

As presented:	Corrected:	
2015 (Year 1) Election Costs Paid by Wawarsing (2/3): $\frac{\$17,280.61}{\$34,385,323.00} \times \$100,000 =$ \$50.26	$\frac{\$17,280.61}{\$18,531,492.00} \times \$100,000 =$ \$93.25	<i>Difference</i> (\$42.99)
Wawarsing Taxable Value:		
\$50.26 per \$100,000 in taxable value		
\$93.25 per \$100,000 in taxable value (\$5,681,818 in market value)		
OR		
	$\frac{\$17,280.61}{\$18,531,492.00} \times \$100,000 \text{ market value} =$	\$1.64

County Portion of Election Costs:

As presented:	Corrected:	
Dollar Share of County Assumed BOE Costs*: $\frac{\$135.91}{\$16,787,785.51} \times \$100,000 =$ \$0.81	Dollar Share of County Assumed BOE Costs*:	<i>Difference</i>
Wawarsing Equalized Taxable Value: \$16,787,785.51	$\frac{\$8,095.12}{\$18,280,265.00} \times \$100,000 =$ \$44.28	(\$43.47)
	Wawarsing Taxable Value:	
	\$18,280,265.00	
\$.81 per \$100,000 in taxable value		
\$44.28 per \$100,000 in taxable value (\$5,681,818 in market value)		
OR		
	$\frac{\$8,095.12}{\$18,280,265.00} \times \$100,000 \text{ market value} =$	\$0.78

*The Dollar Share of BOE costs apportioned to Wawarsing is determined by taking the total BOE costs assumed by the County in 2015 (\$136,429.72) and multiplying it by the proportion of Wawarsing's equalized value in relation to the total County equalized value (\$16,787,785.51/\$16,851,667,514.47).

*The Dollar Share of BOE costs apportioned to Wawarsing is determined by taking the total BOE costs assumed by the County in 2015 (\$137,096.40) and multiplying it by the proportion of Wawarsing's equalized value in relation to the total County equalized value (\$1,055,722,784/\$17,879,387,278).

**Recalculation of Figures Presented in
Ulster County Board of Elections Annual Report:
The Financial Impact of the County Assuming the Costs of Elections from Localities (1st Year Phase-In)**

Total 2015 Election Costs:

As presented:					
Town/City	+	County	=	Total	
\$50.26	+	\$0.81	=	\$51.07	in BOE costs per \$100,000 taxable value

For every \$100k in taxable value, the Wawarsing property owner will now pay \$51 to cover election costs as a result of the new legislation.

Corrected:					
Town/City	+	County	=	Total	
\$93.25	+	\$44.28	=	\$137.53	in BOE costs per \$100,000 taxable value (\$5,681,818 in market value)

For every \$100k in taxable value (\$5,681,818 in market value), the Wawarsing property owner will now pay \$137.53 to cover election costs as a result of the new legislation as compared with \$139.87 without it.

OR

Town/City	+	County	=	Total	
\$1.64	+	\$0.78	=	\$2.42	in BOE costs per \$100,000 market value

For every \$100k in market value, the Wawarsing property owner will now pay \$2.42 to cover election costs as a result of the new legislation as compared with \$2.46 without it.

As presented:
With this legislation, a resident from Wawarsing will be subject to only \$51 in BOE cost per \$100,000 in taxable value as opposed to \$75, resulting in a \$24 savings per \$100,000 in taxable value for Wawarsing residents.

Corrected:
With this legislation, a resident from Wawarsing will be subject to only \$138 in BOE cost per \$100,000 in taxable value as opposed to \$140, resulting in a \$2 savings per \$100,000 in taxable value for Wawarsing residents.

OR

With this legislation, a resident from Wawarsing will be pay virtually the same for BOE cost per \$100,000 in market value, resulting in no savings for \$100,000 in market value for Wawarsing residents.

Recalculation of Figures Presented in
Ulster County Board of Elections Annual Report:

The Financial Impact of the County Assuming the Costs of Elections from Localities (1st Year Phase-In)

V. Estimating Future Effects

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As presented:		
2016 Estimated based on Actual 2015 Expenditures		
Municipality	Total Budget Savings	Individual Tax Increase (Decrease) per \$100,000
Denning	\$ 3,340.50	\$ (3.20)
Esopus	\$ 15,934.05	\$ (0.34)
Gardiner	\$ 8,101.14	\$ 0.65
Hardenburg	\$ 1,637.01	\$ 1.07
Hurley	\$ 11,143.90	\$ 0.28
Kingston Town	\$ 1,764.11	\$ (0.61)
Kingston City	\$ 40,195.89	\$ (1.26)
Lloyd	\$ 10,710.20	\$ 0.58
Marbletown	\$ 17,090.74	\$ (0.22)
Marlborough	\$ 7,551.45	\$ 0.60
New Paltz	\$ 14,551.36	\$ 0.89
Olive	\$ 8,992.77	\$ 0.88
Plattekill	\$ 13,466.79	\$ (0.44)
Rochester	\$ 8,806.49	\$ 0.48
Rosendale	\$ 6,179.81	\$ 0.34
Saugerties	\$ 24,268.57	\$ 0.86
Shandaken	\$ 7,401.91	\$ 1.98
Shawangunk	\$ 12,343.89	\$ 0.77
Ulster	\$ 25,049.80	\$ (0.46)
Wawarsing	\$ 17,280.61	\$ (48.77)
Woodstock	\$ 17,048.45	\$ 0.33

Corrected:			
2016 Estimated based on Actual 2015 Costs			
Municipality	Total Budget Savings	Individual Tax Rate Increase (Decrease) per \$100,000 Unequalized Tax Value	Individual Tax Increase (Decrease) per \$100,000 Equalized Value/ Market Value
Denning	3,340.50	(3.68)	(0.66)
Esopus	15,934.05	(0.42)	(0.42)
Gardiner	8,101.14	0.56	0.52
Hardenburg	1,637.01	0.94	0.58
Hurley	11,143.90	0.22	0.22
Kingston Town	1,764.11	(0.68)	(0.66)
Kingston City	41,529.23	(1.44)	(1.44)
Lloyd	10,710.20	0.50	0.50
Marbletown	17,090.74	(0.30)	(0.30)
Marlborough	7,551.45	0.52	0.52
New Paltz	14,551.36	0.28	0.28
Olive	8,992.77	0.80	0.80
Plattekill	13,466.80	(0.52)	(0.52)
Rochester	8,806.49	0.40	0.40
Rosendale	6,179.82	0.26	0.26
Saugerties	24,268.57	0.10	0.10
Shandaken	7,401.91	1.40	0.36
Shawangunk	12,343.89	0.38	0.08
Ulster	25,049.80	(0.58)	(0.50)
Wawarsing	17,280.61	(4.68)	(0.08)
Woodstock	17,048.45	0.24	0.24
Total	274,192.79		

O R

**Recalculation of Figures Presented in
Ulster County Board of Elections Annual Report:
The Financial Impact of the County Assuming the Costs of Elections from Localities (1st Year Phase-In)**

As presented:			
2017 Estimated based on Actual 2015 Expenditures			
Municipality	Total Budget Savings	Individual Tax Increase (Decrease) per \$100,000	
Denning	\$ 5,010.75	\$	(4.80)
Esopus	\$ 23,901.07	\$	(0.51)
Gardiner	\$ 12,151.71	\$	0.97
Hardenburg	\$ 2,455.52	\$	1.61
Hurley	\$ 16,715.85	\$	0.42
Kingston Town	\$ 2,646.16	\$	(0.92)
Kingston City	\$ 60,293.84	\$	(1.89)
Lloyd	\$ 16,065.30	\$	0.87
Marbletown	\$ 25,636.11	\$	(0.33)
Marlborough	\$ 11,327.17	\$	0.90
<i>New Paltz</i>	\$ 21,827.04	\$	1.33
Olive	\$ 13,489.16	\$	1.33
Plattekill	\$ 20,200.19	\$	(0.65)
Rochester	\$ 13,209.74	\$	0.72
Rosendale	\$ 9,269.72	\$	0.51
<i>Saugerties</i>	\$ 36,402.86	\$	1.28
Shandaken	\$ 11,102.86	\$	2.96
Shawangunk	\$ 18,515.83	\$	1.15
Ulster	\$ 37,574.70	\$	(0.69)
<i>Wawarsing</i>	\$ 25,920.92	\$	(73.15)
Woodstock	\$ 25,572.67	\$	0.49

Corrected:				
2017 Estimated based on Actual 2015 Costs				
Municipality	Total Budget Savings	Individual Tax Rate Increase (Decrease) per \$100,000 Unequalized Tax Value	O R	Individual Tax Increase (Decrease) per \$100,000 Equalized Value/Market Value
Denning	\$ 5,010.75	(5.52)		
Esopus	\$ 23,901.07	(0.64)		(0.64)
Gardiner	\$ 12,151.71	0.83		0.77
Hardenburg	\$ 2,455.52	1.40		0.87
Hurley	\$ 16,715.85	0.34		0.33
Kingston Town	\$ 2,646.16	(1.03)		(0.99)
Kingston City	\$ 62,293.84	(2.17)		(2.17)
Lloyd	\$ 16,065.30	0.74		0.74
Marbletown	\$ 25,636.11	(0.46)		(0.46)
Marlborough	\$ 11,327.17	0.77		0.77
<i>New Paltz</i>	\$ 21,827.04	0.41		0.41
Olive	\$ 13,489.16	1.20		1.20
Plattekill	\$ 20,200.20	(0.78)		(0.78)
Rochester	\$ 13,209.74	0.59		0.59
Rosendale	\$ 9,269.73	0.38		0.38
<i>Saugerties</i>	\$ 36,402.86	0.15		0.15
Shandaken	\$ 11,102.86	2.09		0.54
Shawangunk	\$ 18,515.83	0.56		0.12
Ulster	\$ 37,574.70	(0.88)		(0.74)
<i>Wawarsing</i>	\$ 25,920.92	(7.02)		(0.12)
Woodstock	\$ 25,572.67	0.36		0.36
Total	411,289.19			

Recalculation of Figures Presented in
Ulster County Board of Elections Annual Report:

The Financial Impact of the County Assuming the Costs of Elections from Localities (1st Year Phase-In)

Exhibit A

2015 Board of Election Cost and Taxable Value

As presented:

Municipality	Town/City Taxable Value	County Taxable Value	Equalized Value	2015 BOE Actual Costs
Denning	27,316,406.00	27,132,824.00	\$ 151,268,300.00	\$ 5,010.75
Esopus	801,868,255.00	793,349,877.00	\$ 808,080,469.00	\$ 23,901.07
Gardiner	727,157,154.00	724,386,634.00	\$ 788,101,533.33	\$ 12,151.71
Hardenburg	106,250,422.00	106,035,936.00	\$ 171,270,277.42	\$ 2,455.52
Hurley	815,077,129.00	801,542,361.00	\$ 816,272,612.00	\$ 16,715.85
Kingston Town	76,665,965.00	76,104,534.00	\$ 79,435,434.87	\$ 2,646.16
Kingston City	1,383,517,084.00	1,374,720,831.00	\$ 1,394,813,953.00	\$ 60,293.84
Lloyd	1,006,821,727.00	1,006,127,217.00	\$ 1,023,467,702.00	\$ 16,065.30
Marbletown	917,087,127.00	915,073,552.00	\$ 927,208,027.00	\$ 25,636.11
Marlborough	711,651,169.00	704,551,319.00	\$ 722,556,892.00	\$ 11,327.17
New Paltz	1,968,450,721.00	1,130,459,243.00	\$ 1,134,403,246.53	\$ 21,827.04
Olive	1,201,006,295.00	1,193,616,670.00	\$ 1,203,677,517.00	\$ 13,489.16
Plattekill	643,149,236.00	639,521,748.00	\$ 655,148,835.00	\$ 20,200.19
Rochester	758,726,469.00	757,258,410.00	\$ 767,832,691.00	\$ 13,209.74
Rosendale	471,185,653.00	471,211,153.00	\$ 480,758,677.00	\$ 9,269.72
Saugerties	3,034,063,301.00	1,640,242,088.00	\$ 1,678,072,249.00	\$ 36,402.86
Shandaken	162,714,360.00	162,259,233.00	\$ 653,828,696.00	\$ 11,102.86
Shawangunk	183,834,580.00	179,272,531.00	\$ 828,494,714.61	\$ 18,515.83
Ulster	1,028,226,071.00	1,016,871,936.00	\$ 1,241,803,448.19	\$ 37,574.70
Wawarsing	34,385,323.00	18,280,265.00	\$ 16,787,785.51	\$ 25,920.92
Woodstock	1,305,630,225.00	1,296,748,555.00	\$ 1,308,384,454.00	\$ 25,572.67

Corrected:

Municipality	Town/City Taxable Value	County Taxable Value	County Equalized Apportionment Value	2015 HAVA Costs per Invoice Subtotals
Denning	27,316,406	27,132,824	151,268,300	\$5,010.75
Esopus	801,868,255	793,349,877	808,080,469	\$23,901.07
Gardiner	727,157,154	724,386,634	788,101,533	\$12,151.71
Hardenburg	106,250,422	106,035,936	171,159,852	\$2,455.52
Hurley	815,077,129	801,542,361	832,931,237	\$16,715.85
Kingston Town	76,665,965	76,104,534	80,258,600	\$2,646.16
Kingston City	1,383,517,084	1,374,720,831	1,394,813,953	\$62,293.84
Lloyd	1,006,821,727	1,006,127,217	1,023,467,702	\$16,065.30
Marbletown	917,087,127	915,073,552	927,208,027	\$25,636.11
Marlborough	711,651,169	704,551,319	722,556,892	\$11,327.17
<i>New Paltz</i>	<i>1,134,149,677</i>	<i>1,130,459,243</i>	<i>1,145,747,279</i>	<i>\$21,827.04</i>
Olive	1,201,006,295	1,193,616,670	1,203,677,517	\$13,489.16
Plattekill	643,149,236	639,521,748	655,148,835	\$20,200.20
Rochester	758,726,469	757,258,410	767,832,691	\$13,209.74
Rosendale	471,185,653	471,211,153	480,758,677	\$9,269.73
<i>Saugerties</i>	<i>1,653,176,258</i>	<i>1,640,242,088</i>	<i>1,678,072,249</i>	<i>\$36,402.86</i>
Shandaken	162,714,360	162,259,233	628,681,438	\$11,102.86
Shawangunk	183,834,580	179,272,531	828,494,715	\$18,515.83
Ulster	1,028,226,071	1,016,871,936	1,227,020,074	\$37,574.70
Wawarsing	18,531,492	18,280,265	1,055,722,784	\$25,920.92
Woodstock	1,305,630,225	1,296,748,555	1,308,384,454	\$25,572.67
Total	15,133,742,754	15,034,766,917	17,879,387,278	\$411,289.19

ULSTER COUNTY DEPARTMENT OF FINANCE
REAL PROPERTY TAX SERVICE AGENCY

P.O. Box 1800, 244 Fair Street, Kingston, New York 12402

Telephone (845) 340-3490 Fax (845) 340-3499

BURTON GULNICK JR.
Commissioner of Finance



THOMAS JACKSON
*Director of Real Property Tax Service
Deputy Commissioner of Finance*

Interdepartmental Memorandum

Date: July 15, 2016

To: Burton Gulnick, Jr., Commissioner of Finance

From: Thomas Jackson, Director of Real Property Tax Service

Re: Analysis of ACE report on impacts of Ulster County assumption of election costs

I was tasked with conducting an independent review of a report prepared by Lisa Cutten, CPA, Director of ACE regarding the actual benefits and/or impacts of the three year phase-in for the assumption of election costs by the County. This is intended to be a summary of the results of my review.

The Ulster County Real Property Tax Service Agency was designated to perform the extension of property taxes by Legislative Resolution No. 74 on March 12, 1987. This function involves the apportionment of county taxes among municipalities, as well as calculating tax rates for towns and special districts. The methodologies utilized for these calculations involve the fundamental principles of factoring taxable values and equalization rates.

The ACE report is based upon sound tax extension methodology and I am in complete agreement with the "Corrected" data presented in the report, as well as the descriptions of data and conclusions regarding impact.

I was able to replicate all of the report "Corrected" data through independent analysis utilizing the same tax extension worksheets used by this department for annual apportionment of county taxes and to calculate tax rates.

Selected Comptroller's Reports with Serious Errors

Report Title	Error	Why it Matters
Ulster County Board of Elections Annual Report The Financial Impact of the County Assuming the Costs of Elections from Localities (1st Year Phase-In) [as directed by Res #404 dated 11/18/14]	All of the calculations and conclusions are wrong by substantial amounts	The Legislature requested this information for impact evaluation purposes related to funding decisions made affecting County finances, the County's municipalities' finances and individuals taxpayers; and the numbers they were given are wrong; and if relied upon, would impact decision makers' understanding and conclusions.
URGENT Program: Report of Examination – March 1, 2007 through June 30, 2012	Failed to provide the information asked for	The County Attorney requested and needed this information for resolution of issues related to City of Kingston's withdrawal from URGENT; the Comptroller is the only one with the authority to do an accounting; URGENT was the victim of a \$77,000 embezzlement by a member of the City of Kingston Police Department per the Sheriff, which went undetected by the Comptroller in his audit of claims function; resolution of the URGENT withdrawal issues had to be negotiated without the benefit a complete accounting due to the failure of the Comptroller to perform the requested work.
Legislative Attendance	Reported a legislator had a 10% attendance record when it was 95.8%, in addition to other legislators' attendance records errors	Legislators' integrity was wrongly called into question and could have negatively affected their ability to be re-elected due to errors in facts presented.
Ulster County Health Benefit Dependent Eligibility Audit	Poorly designed approach taken in conducting audit resulting in litigation against the County and lack of conclusion about the dependents	The morale of the County's workforce was negatively impacted by the manner in which this audit work was conducted; it resulted in the County Attorney investing resources defending the Comptroller's actions; and ultimately the audit work did not answer the basic question about dependents receiving health benefits because the method chosen for verification may have been ill-conceived initially.

Selected Comptroller's Reports with Serious Errors

Report Title	Error	Why it Matters
Confidential Funds Review January 1, 2012 through November 30, 2012	Failed to identify discrepancy of over \$14,000 in cash on hand	This high profile multi-agency operation, URGENT, which was the victim of embezzlement during this period has more than twice the cash on hand than the Legislature authorized at the date of the count. There is no identification of the source of these additional funds raising the question of where this money came from and why it has not been recorded on the books and records of the County who has acted as a fiduciary in the operation of the URGENT program. The extra money might have been from seizure of assets, refunds of expenses or some other unidentified source(s), all of which should have been properly accounted for and reflected on the County's books and records.
Ulster County Assigned Counsel Report	Incorrectly reports potential savings of \$2.7 million dollars based on incomplete information and assumptions	Legislators, the County Executive & the public are given the impression that valid comparisons have been made between the costs of the assigned counsel program and the Public Defender's office when they have not; the report does not take all of the data regarding either operation into account, nor does it address missing information, making it appear to be a valid comparison and assessment; governance decisions about programs and funding that do not take factual information into account might be made as a result.
Fiscal Stress Monitoring: A Report on Ulster County's Fiscal Condition Under the Office of the New York State Comptroller's Proposed Fiscal Stress Monitoring System	Incorrectly included bond anticipation notes as short term debt issued for assessing fiscal stress, resulting in a negative assessment that this factor is showing the greatest level of financial stress in Ulster County	Legislators, the County Executive, bond rating agencies & the public might heed this negative assessment about the County's financial position and its management when it is factually untrue as Ulster County has issued no such short term debt. Bond anticipation notes are used for short term financing for capital projects, and not for operational cash flow purposes as their name suggests.

Selected Comptroller's Reports with Serious Errors

Report Title	Error	Why it Matters
Wholly-Exempt Properties - What Do They Cost Ulster County Tax Payers?	Erroneously characterizes the effect of wholly exempt properties as lost tax revenue of \$32 million; erroneously states that each Ulster County taxpayer would save approximately \$736 per year if all wholly exempt properties were required to pay taxes	Legislators and the public could believe this information and pursue legislative and other actions based on it, much of which would be in vain as many wholly exempt properties are in a class protected by the NYS Constitution; and even if they were all able to be taxed, the resultant savings for each taxpayer would never be \$736 per year.
Hotel/Motel Occupancy Tax 12/20/07-6/20/10	Alleged \$2.3 million in revenue was uncollected	Legislators, the County Executive & the public were led to believe that the County was entitled to receive revenue which it was not due to being based on faulty assumptions and facts.
On the Rise: Ulster County Sales Tax Revenue	Reported that Ulster County's sales tax was reduced to 3% for most of 2014	The County's financial condition as well as that of all of the municipalities in the county would have been severely affected with a loss of between \$13.5 and \$26 million dollars in 2014 revenue if the statement were true. That did not happen. Instead, the reduction only applied to the months of December 2013 and January 2014, not most of 2014. If the misrepresentation was relied upon by a stakeholder such as a bond rating agency or investor, they might have made an incorrect and negative assessment of the County's financial condition.

Selected Comptroller's Reports with Serious Errors

Report Title	Error	Why it Matters
The Quarter in Review: 1st Quarter 2013	Reported combined unreconciled differences of \$1,763,566 as of February 28, 2013 for Bank Reconciliations	The Legislature, the County Executive, outside auditors and others are misled in being told this difference is a fault of the Finance Department; the reflection of this amount, characterized this way, does document that by definition, the bank accounts have not been reconciled by the Comptroller as required by the Charter. There was no problem with the County's books and records; there was a problem with the completion of this critically important element of the County's internal control system – the bank reconciliation. The amount of the unreconciled difference would be material to the County's financial statements and would be a <i>very serious issue for financial reporting and possibly a fraud indicator</i> , but there was no actual problem. ANY unreconciled difference greater than -0- means the account(s) have not successfully reconciled.
3 rd Quarter 2014: July 1 – September 30, 2014	Reported materially inaccurate financial data for 2009-2013 for actual operating expenditures (\$147 million too low), salary & benefit expenditures (\$115 million too low), and budget to actual comparison (off \$151 million)	Legislators, the County Executive & the public and others are provided inaccurate financial data about Ulster County's results of operations over a 5 year period by the Comptroller which they might rely upon to make decisions. The Commissioner of Finance alerted the Ways & Means Committee on December 1, 2014 of the errors and provided them with corrected data and related conclusions about the financial condition of the County. Unfortunately, the inaccurate data remains on the Comptroller's website so that an uninformed public and legislators who were not on the Ways & Means Committee on December 1, 2014 might erroneously rely on the accuracy of the report for analysis and decision making.

