

County of Ulster, New York

**Analysis and Review
of the
2016 Executive Budget**

November 4, 2015

The Honorable John R. Parete,
Chairman of the Legislature
The Honorable Richard A. Gerentine
Chairman Ways and Means Committee
Ulster County Legislature
County of Ulster
244 Fair Street
Kingston, New York 12401

Dear Chairman Parete and Chairman Gerentine:

In accordance with the Ulster County Charter, the County Executive presents his budget for the subsequent year to the Legislature for consideration. The County Executive has conveyed his policies, both mandated and discretionary, through the budget document. The Legislature is afforded the opportunity to adopt the budget as presented, or to make certain changes through budget modification.

The proposed spending plan for fiscal year 2016 is \$330.0 million, a decrease of \$4.5 million (1.4% decrease) as compared to the adopted budget for 2015. The budget as proposed contains a property tax levy of \$77.09 million, a decrease of \$850,000 (1.1% decrease). Sales tax collections account for the largest single source of revenues for the County. The 2016 Executive Budget includes \$110 million of revenue for Sales Tax of which \$15.9 million is distributed by the County to its Towns and the City of Kingston. This is \$2.0 million, or 1.9% more than the 2015 Adopted Budget. The County collects 4% sales tax on items sold or used in Ulster; of which 11.5% is shared with the City of Kingston and 3% with all other Towns located within the County.

The 2016 Executive budget funds 1,317 benefitted positions consistent with the 2015 adopted budget. As of the date of this report, all bargaining units have contracts in place, but the Sheriff's Association Contract is scheduled to expire on December 31, 2015.

Exhibits 1(a) and 1(b) provide details regarding the changes in appropriations and estimated revenues. In addition to the departments that are specifically reviewed in our report, we have highlighted and italicized departmental variances from the previous years adopted budget. Hopefully this assists you when the departments come before you during your budget deliberations.

The Executive budget continues to rely upon the appropriation of fund balance (surplus accumulated from prior budget years) to help provide resources to balance the proposed spending plan. A comparison of the appropriation of fund balance is as follows:

	2016 Executive Budget	2015 Adopted Budget
General Fund	\$ 15,623,624	\$ 18,965,400
County Road Fund	250,000	-
Debt Service Fund	250,000	500,000
	<u>\$ 16,123,624</u>	<u>\$ 19,465,400</u>

As provided in the comparison of the 2016 Executive budget to the 2015 adopted budget, there is less reliance upon the use of fund balance in the General Fund, \$3.3 million to help finance the proposed spending plan. The \$15.6 million of appropriated fund balance in the General Fund represents 20.2% of the tax levy for 2016. The County's 2014 Comprehensive Annual Financial Report indicates that \$27.8 million of unassigned fund balance is available for use in years subsequent to 2014. The amount appropriated for use in the Executive budget, \$15.6 million, leaves a balance from the 2014 year of \$12.2 million which does not include the projected budgetary surplus generated in 2015. We have added a fund balance section in this report to illustrate

what unassigned fund balance is projected to be at the end of 2015. In addition, the 2016 Executive budget relies on the use of \$254,000 of reserves.

The 2016 Executive budget also includes initiatives, the most significant of which are briefly described below and are included in the Proposed Capital Improvement Program:

- Continuation of the Infrastructure Investment Program with an additional proposal to fund \$15 million to repair and replace aging infrastructure.
- New capital projects including dispatch software upgrade, County-wide fire training center and upgrades to 911 service totaling approximately \$24.5 million.

As the appropriating and policy determining body, the Legislature is obligated to review and analyze the Executive's proposed spending plan and the methods of financing. It has been our charge from the Legislature to evaluate the budget with the understanding that the County's financial stability is of paramount importance. Our focus is financial in nature and does not encompass policy issues, which are the purview of the Legislature. Revenues are identified by source and include such major categories as sales tax, departmental revenue, and Federal and State support. Departmental revenues budgeted for fiscal year 2016 are compared to fiscal year 2015 estimates and significant variances are reviewed. Most Federal and State revenues are evaluated as part of our overall departmental reviews. Those, which are categorical in nature, are reviewed for reasonableness. Expenditures of significant departments and or programs within departments are also reviewed. Since personnel costs represent a major portion of expenditures, they are evaluated on an aggregate basis. Fringe benefits are similarly reviewed on a countywide basis.

Our review is not restricted to areas which may result in tax savings. We are cognizant of the Legislature's concern to maintain financial integrity and promote stability. For this reason, we not only review areas of potential savings, but also those areas, which may prove insufficient to provide adequate resources in light of current projections.

We look forward to meeting with the Legislature to discuss our findings.

Very truly yours,

O'Connor Davies, LLP

O'Connor Davies, LLP

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REVENUES

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REVENUES

Sales Tax Revenues

Sales tax revenues comprise the largest single component of the revenue segment of the budget. Ulster County assesses 4% on the sales and use of all personal property through Resolution 321 adopted on August 18, 2015 which covers the period through November 30, 2017. Of the tax collected, 85.5% is for Ulster County and 11.5% and 3% are shared with the City of Kingston and Towns within the County.

We project the County's share of sales tax revenue for 2015 to approximate the 2015 adopted budget of \$92.3 million. As of October 14, 2015, the date of the latest sales tax payment, year to date collections from New York State are up an average of 0.86% from 2014, after adding back the 1% lost revenue for January 2014 (due to renewal delay). Given the uncertainty surrounding sales tax collections, in order to remain conservative, our projection assumes no increase over 2014 for the remainder of the year.

The County anticipates \$94.0 million to be derived from sales tax revenues in the 2016 Executive budget. In calculating this estimate, the County projected a growth rate of approximately 1.25% above its 2015 projection of \$92.8 million.

In deriving our estimate for 2016, we applied the same methodology that the County used in formulating their budget. That is, 2015 projections plus an estimate of the growth rate. However, we felt that a growth rate of 1% was appropriate given the current results in 2015. This resulted in an estimate of \$93.2 million, an amount that is \$800,000 less than the Executive budget of \$94.0 million.

Interest and Penalties on Real Property Taxes

The 2015 adopted budget includes an estimate of \$4.7 million for interest and penalties on real property taxes. Revenues earned through September 30, 2015, are \$3.9 million.

Based on year to date collections we anticipate that the County will collect \$4.8 million in 2015, which is \$100,000 more than the amount contained in the adopted budget. In addition, real property taxes receivable as of September 30, 2015 increased by approximately 2% compared to the balance in the same period in 2014. This increase in outstanding taxes receivable was the main reason for the increase in interest and penalties revenue.

The 2016 Executive budget is recommending a decrease in revenue to \$4.6 million. In deriving our 2016 estimate, we took our 2015 projection of \$4.8 million and assumed no further growth in taxes receivable in 2016. Based on this method, we believe that the 2016 collections will be \$4.8 million, which is \$200,000 greater than the Executive budget.

Hotel/Motel Occupancy Tax

This tax represents 2% of eligible income from approximately 294 hotels/motels within the County.

The 2015 adopted budget includes \$1.05 million in the Finance Department and \$150,000 in the Tourism Department for a total budget of \$1.2 million. We based our projection on revenues collected through September 30, 2015 and estimating the remainder of the year. Based on this methodology we estimate the County's collections will approximate \$1.25 million an amount \$50,000 greater than the adopted budget.

The 2016 Executive budget includes an estimate of \$1.1 million in the Finance Department and \$150,000 in the Tourism Department for a total estimate of \$1.25 million, which is \$50,000 higher than the 2015 adopted budget. Assuming no additional growth in 2016, we project total revenues to be \$1.25 million, which approximates the 2016 Executive budget.

There are three major projects that will affect hotel/motel tax collections in future years. This includes the Belleayre Resort, approved in early 2015. This resort is expected to

have two hotels and an 18 hole golf course built near the existing ski resort. A 103 room Holiday Inn Express on Route 9W was approved in 2014 and is expected to break ground for construction in late 2015 or early 2016. Lastly, a 92 room Marriot Residence Inn on Frank Sottile Boulevard was approved in 2014. These projects are not expected to be operational in 2016, however these projects are likely to have a positive impact on revenues in the future.

Gain on Sale of Tax Acquired Property

The 2015 adopted budget includes approximately \$700,000 for gain on sale of tax acquired property. Revenues realized for 2014 were \$1.5 million which was \$900,000 more than in 2013. Revenues earned in the current year through September 30th were \$750,000. Substantially all revenues are earned by September 30th, as most acquired properties are sold at an auction held annually in April. Therefore, we do not project any significant additional revenues related to these sales to be earned through year-end. This amount exceeds the adopted budget by \$50,000.

The 2016 Executive budget increased the amount to \$900,000. Based upon the average amount earned in the past five years prior to 2015, we anticipate collections to approximate the Executive budget.

Deferred Taxes/Tax Overlay

Governmental accounting principles provide that real property taxes may be accounted for as revenue if they are collected within the current fiscal period or within sixty days subsequent to the end of the fiscal period. All property taxes not collected within this time frame cannot be reflected in the financial statements as revenue. The tax overlay in the 2015 adopted budget and 2016 Executive budget is \$1 million. County management has indicated that this overlay represents an estimate of taxes that will not be collected within the sixty day availability period used for financial statement purposes. The 2013 deficiency in excess of the overlay budgeted was \$700,000 while the 2014 deficiency was \$900,000, thus indicating the need for the tax overlay.

Our review of the taxes receivable County-wide as of September 30, 2015 reveals that the taxes receivable have increased approximately 2% as compared to the prior year. After applying an estimate of tax collections for October 2015 through February 2016, we project that the deficiency will approximate \$100,000 prior to the utilization of the \$1 million overlay. Although this is significantly less than the adopted budget, we believe that the \$1 million budget was appropriate because this deficiency/surplus is difficult to project.

Although we anticipate that 2016 collections will remain similar to that in 2015, due to the varying nature of property tax collections from year to year we feel it is prudent to leave the conservative estimate contained in the 2016 Executive budget.

County Clerk Fees

The County Clerk collects a variety of fees for services rendered to the general public. These fees are related to mortgage recording and processing, deeds, passport applications, business certificates, notary public commissions and motor vehicle fees. County clerk fees are divided in the budget between the recording division and the motor vehicle division.

Recording Division

The 2015 adopted budget for the County Clerk fees in the recording division is \$1.4 million. Our projected 2015 revenues of \$1.6 million are based on nine months of collections which were then annualized, resulting in an amount that is \$200,000 more than the adopted budget. Revenues as of September 2015 have increased approximately 6% over the same period for 2014. This was primarily due to an increase of over 2,500 mortgage filings during the 2015 year.

We based our 2016 projection on our 2015 projection and applied a growth factor of 1.1% based on the average growth over the last 5 years. This resulted in an amount that is greater than the 2016 Executive budget in the amount of \$150,000.

Motor Vehicle Division

The 2015 adopted budget for the County Clerk fees in the motor vehicle division is \$800,000. Our projected 2015 revenues are based on nine months of collections which were then annualized, resulting in an amount that is comparable to the adopted budget.

The 2016 executive budget is also \$800,000. Our projection, based on information received from management, assumes no increases the number of vehicles processed. Based on these assumptions, we concur with the amount included in the 2016 Executive budget.

Automobile Use Tax

The 2015 adopted budget contains a revenue source in the amount of \$1.2 million from a tax on motor vehicle use. The tax is \$10 (\$5 per year) for passenger vehicles below 3,500 pounds, and \$20 (\$10 per year) for commercial vehicles and passenger vehicles greater than 3,501 pounds. This tax was imposed beginning with all new registrations as of February 2013, and all registration renewals as of May 2013. Using the collected revenues up until September 30, 2015, we project that by year end this revenue will approximate \$1.1 million which is \$100,000 less than the adopted budget.

We assumed a growth factor of 8% for 2016 which approximates the year to date increase in revenues from 2014 to 2015. This assumption yields a total projection of \$1.2 million which is comparable to the Executive budget.

Jail

Inmate Board-Ins

The County receives funds from surrounding Counties and the U.S. Marshalls for housing inmates in its facility. In 2015, the County has been receiving \$102 per day from the U.S. Marshalls and \$85 per day from surrounding Counties board-in revenues. The County's monthly average board-in population for 2015 is approximately 22 inmates.

We anticipated a decrease in board-ins revenues in 2015 due to the completion of inmate pods in Dutchess County which will house their own inmates rather than have them go to Ulster County. This drop in revenue did not happen until June 2015. Actual revenue received from June 2015 through September 2015 was approximately \$25,000 per month. We used the average of the last four months to project the remainder of the year yielding total revenues of \$800,000, which approximates the adopted budget.

Based on the average of June 2015 through September 2015 of \$25,000 per month we project revenue in 2016 of \$300,000. This represents an unfavorable variance of approximately \$150,000 as compared to the 2016 Executive budget of approximately \$450,000.

Department of Public Works

Sale of Real Property

The 2015 adopted budget provided for \$300,000 relating to the sale of property at 300 Flatbush Avenue, Kingston, New York. The sale of this property has not occurred as of October 2015 and is not expected to be sold and titled transferred before the end of the year, thereby creating a \$300,000 unfavorable budget variance.

The 2016 Executive budget again anticipates the sale of property located at 300 Flatbush Avenue and also includes the sale of 25 S Manor Avenue, Kingston, New York. The budgeted sale of these properties would be \$300,000 and \$150,000, respectively, which totals the 2016 Executive budget of \$450,000. Upon review of the commercial real estate listing at Loopnet.com, we noted that the County currently has the property at 300 Flatbush Avenue listed for \$1.235 million. Because of the uncertainties in the real estate market we concur with the conservative estimate contained in the Executive budget, but we caution that any inclusion of revenue without sales contracts may result in a budgetary shortfall.

Casino Gaming Fee

On June 13, 2013, the New York State Senate enacted the Upstate New York Gaming Economic Act of 2013 ("Act"). This law established a framework for the sharing of gaming revenue from the newly licensed New York casinos to neighboring counties and local governments. The purpose of this sharing was to aid these governments in property tax relief and provide a new source of revenue to be used for educational purposes.

In 2014, New York State granted a gaming license to Empire Resorts for the Montreign Casino in Thompson, Sullivan County, New York. This casino is currently under construction and is expected to open in 2017.

According to Section 1310 of the Act, Ulster County is within Region One including six other neighboring counties. This region is entitled to 10% of gaming license revenue and of this amount Ulster County is entitled to 18% based on its percentage of the population to the total population within the region. Using this information, the Administration has projected that gaming license revenue will approximate \$900,000, assuming the total license fee received by New York State will be \$51 million. At this time, based upon our conversation with New York State Association of Counties ("NYSAC"), we are unable to project the timing of these payments to the County thereby creating uncertainty as to whether this amount will be realized in the 2016 fiscal year.

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EXPENDITURES

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EXPENDITURES

Personnel Expenditures

The primary purpose of government is the delivery of mandated and discretionary services. Many of the services provided are furnished directly by County employees. Personnel expenditures, inclusive of salaries and overtime, in the year 2016, to fund 1,317 benefited positions, are budgeted at a cost of \$81.0 million. The 2015 adopted budget totaled \$79.1 million to fund 1,317 benefited positions. The chart below illustrates the changes in actual and projected salaries and positions over four years.

		(\$ millions) Adopted/ Executive Budget	(\$ millions) Salaries	Budgeted Positions	
	Year				
Actual	2013	\$ 75.30	\$ 73.11	1,278	(excludes Golden Hill)
Actual	2014	76.70	74.72	1,285	
Projected	2015	79.10	74.80	1,317	
Budgeted	2016	81.01	81.01	1,317	

The chart below illustrates the changes in salaries based on each individual account.

Accounts	2015 Adopted Budget	2016 Executive Budget	\$ Variance	% Variance
Regular Pay	\$ 68,810,041	\$ 70,063,306	\$ 1,253,265	1.8%
Part Time Pay	4,064,578	4,442,952	378,374	9.3%
Overtime Pay	2,706,305	2,766,906	60,601	2.2%
Separation Pay	922,000	990,820	68,820	7.5%
Holiday Pay	778,677	809,905	31,228	4.0%
Longevity Pay	558,179	601,788	43,609	7.8%
Differential Pay	448,255	467,536	19,281	4.3%
On Call Pay	335,655	327,090	(8,565)	-2.6%
207C Pay	207,904	230,146	22,242	10.7%
Line Up Pay	225,570	232,338	6,768	3.0%
Stipend Pay	81,750	82,750	1,000	1.2%
	<u>\$ 79,138,914</u>	<u>\$ 81,015,537</u>	<u>\$ 1,876,623</u>	<u>2.4%</u>

Throughout the remainder of the Personal Services section, we will summarize the 2015 projections compared to the 2015 adopted budget for certain accounts. In addition, we will also summarize significant activities occurring at the County which could have an effect on the 2016 Executive budget.

Salaries, Employees (Exclusive of Fringe Benefits and Overtime)

The 2015 adopted budget for salaries totaled \$76.4 million. Utilizing an average of the pay periods year to date, we projected salaries for the 2015 year to be \$72.0 million, resulting in a favorable variance of \$4.4 million. \$2.4 million is included on our personnel cost finding line and \$2 million (\$400,000 net of revenues) is included in the Department of Social Services administration in our Summary of Findings. Our projection includes an estimated \$1.2 million for the settlement of labor contracts to be paid in November 2015.

One of the main contributors to this savings is the County's management of its vacant positions. The longer the County can maintain these vacancies the more savings it can accumulate. The County currently has 39 full time vacant positions (excludes seasonal labor). The following tables include positions vacant as of October 1, 2015 and the annual savings associated with those positions.

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 1,215,000
County Road Fund	311,000
Current 2015 Vacancies	<u>\$ 1,526,000</u>

<u>Departments</u>	<u>Number of Positions</u>	<u>Amount</u>
Department of Social Services	20	\$ 691,000
County Road	8	311,000
Information Services	4	259,000
Buildings and grounds	2	112,000
Jail	2	86,000
Department of Health	2	38,000
Office of Aging	1	29,000
Current 2015 Vacancies	<u>39</u>	<u>\$ 1,526,000</u>

There were two positions that were eliminated in the 2016 Executive budget within the Information Services department for a total value of \$90,000. In addition, several positions were transferred between departments, which generally resulted in no impact to the Executive budget. While no new positions are included within the Executive budget, there is the continuation of funding for positions that were added during 2015 via legislative resolution. The net effect is no impact to the budgeted headcount contained in the 2016 Executive budget.

It has been the County's policy to exclude vacancy savings in the budget, which is conservative and allows for significant budgetary flexibility. The exact amount of the savings in 2016 cannot be accurately projected. However, budgetary savings achieved during 2014 and 2015 (estimated) for salaries was \$3.2 million and \$4.4 million, respectively.

Overtime

The year to date actual overtime costs of \$2.2 million projected through the latest pay period, annualized for the 2015 fiscal year, results in a total of \$2.8 million. This is approximately \$100,000 more than the 2015 adopted budget total of \$2.7 million. Overtime usage by department is summarized below:

<u>Department</u>	<u>2015 Adopted Budget</u>	<u>2015 Year to date Expenditures</u>	<u>2016 Executive Budget</u>
Jail	\$ 908,000	\$ 603,000	\$ 770,000
County Road Fund	587,000	534,000	650,000
Sheriff	467,000	391,000	504,000
Other	744,000	629,000	843,000
	<u>\$ 2,706,000</u>	<u>\$ 2,157,000</u>	<u>\$ 2,767,000</u>

The 2016 Executive budget provides for overtime of \$2.8 million, a net increase of approximately \$100,000 over the adopted budget for 2015. Assuming vacancies remain stable throughout 2016, we project overtime to approximate our 2015 projections of \$2.8 million.

Labor Contracts

The following contracts will expire on the following dates:

Sheriff's Association	12/31/15
Staff Association	12/31/16
Civil Services Employees Association	12/31/16
Police Benevolent Association	12/31/17
Superior Officers' Unit	12/31/17

It has been the past practice of the County not to budget for retroactive settlements of labor contracts. When contracts are settled the County utilizes fund balance to fund the cost of contracts. As shown above, the County has one contract that will expire on December 31, 2015. The wage base for this contract is approximately \$9.7 million. The cost to include estimated raises of 2% to this labor contract would be approximately \$200,000.

The County has a current contract with the Civil Service Employees Association (“CSEA”), as well as the Ulster County Staff Association, both of which included increases of 2% for 2015 and 2016. Additionally, the Superior Officers’ Unit and the Police Benevolent Association also settled recently for the years 2010 through 2017 at 2% for each year. The updated contract calls for no retroactive pay adjustments for the period January 1, 2010 through June 30, 2013. The retroactive cost of this settlement has been estimated to be approximately \$1.2 million by the County.

Jail

The Ulster County Correctional Facility has a maximum capacity of 488 inmates. The average prisoner census for the first nine months of the current year has averaged 295 inmates as compared to 367 for the same period last year. The average inmate population figures assist in the preparation of our projections that follow.

Food Costs

The 2015 adopted budget includes an appropriation of approximately \$700,000 to provide food for the inmates and correction officers on each respective tour. The Jail has contracted with Aramark to provide these food services. In addition, the County currently provides two kitchen employees which will be reduced to one employee in 2016.

The appropriation for food services in 2015 is based on a contracted per meal charge for inmates of \$1.491 and a per meal charge for staff of \$2.185. We based our 2015 projection on a monthly jail population of 295 inmates and an average cost per meal of \$1.71. This higher cost per meal is consistent with the contract with Aramark whereby the cost per meal increases when the census decreases. Therefore we project 2015 food expenditures to amount to approximately \$700,000, which approximates the 2015 budget.

Our 2016 projection of \$700,000 is based on the assumption that the average inmate/officer population will be approximately 300 inmates in 2016. We based our 2016 meal cost on the average actual cost per meal in 2015 of \$1.71. Based upon our projection, we concur with the 2016 Executive budget.

Medical – Health Care Services

Ulster County is under contract with Correctional Medical Care, Inc. to provide health care services to the Jail. The contract has a structure whereby the County will pay a base amount of \$2.7 million and share in off-site costs for catastrophic cases. The provider will cover the first \$200,000 in catastrophic expenses for pharmacy and also the first \$200,000 for medical costs. The next \$75,000 in costs for both pharmacy and medical will be borne by the County. Any costs over \$275,000 will be shared equally between the County and the provider. There is also a clause that states that if the \$200,000 limit is not reached, 75% of the excess is to be returned to the County, thereby creating the possibility for additional savings.

The 2015 adopted budget for medical services is \$2.9 million. Based on current expenditures through the end of the year, we project 2015 expenditures to be approximately \$2.7 million, or \$200,000 less than the adopted budget. The 2016 Executive budget of \$2.75 million includes approximately \$2.7 million in base contract payments to the provider plus \$50,000 for miscellaneous 207-C expenditures and new hire physicals. The 2016 Executive budget does not anticipate any costs for catastrophic claims, which could occur at any time.

Retirement Costs

The County is required by law to participate and contribute to the New York State and Local Employees' Retirement System ("ERS"). The County's contribution to the ERS is dictated by the rates set by the system and is a percentage of the employees annual salary and tier level. For the New York State sponsored employee pension plan year

ended March 31, 2016 the rates range from 10.50% to 28.20% of covered salaries, with an effective rate of 19.06%. These rates apply to the final nine months of the 2015 year and the first three months of the 2016 year. For the plan year ending March 31, 2017, rates range from 9.30% to 25.40%, with an estimated effective rate of 16.30%, which apply to the final nine months of the 2016 year.

Recently passed legislation under Chapter 94 of the Laws of 2015 allows for ERS billing on actual salaries rather than estimated salaries. ERS modified its billing methodology beginning with the State fiscal year ending March 31, 2016. Instead of ERS estimating the salaries for the period and then providing reconciliations to the actual salaries on the subsequent years invoice, the March 31, 2016 ERS invoice will be based on actual reported salaries for the State fiscal year end of March 31, 2015. The salaries that the County pays for the period April 1, 2015 through March 31, 2016 will be used on the ERS invoice for March 31, 2017. Nine months of that invoice will need to be apportioned to the County's 2016 fiscal year. What is eliminated from the projection are prior years adjustments that were necessary in the past to account for differences in the wage base calculation estimate made by the pension System.

Based on the analysis of estimated payroll costs for 2015 and applying the 25% of the prior year's bill and 75% of the subsequent year's bill, we project 2015 expenditures to be \$13.75 million. This is approximately \$850,000 less than the 2015 adopted budget of \$14.6 million (exclusive of Ulster Community College reimbursements).

Our analysis based on projected salary information (inclusive of contractual payments resulting from the recently settled labor contract) and the published contribution rates for 2016 as noted above, would require funding in the amount of \$12.9 million to be comparative to the 2016 Executive budget.

The 2015 adopted and 2016 Executive budgets do not anticipate utilizing the pension system's "contribution stabilization program". New York State developed this program to enable expenditure relief and allow municipalities to defer fast rising pension costs.

This program allows pension costs to be paid for on an amortized basis essentially leading to smoother, more predictable pension costs, as opposed to the year they are incurred. This program offers the County to elect to pay a portion of the annual retirement contribution over a ten year period. The County is able to participate in the program by December 15th of each year independent of the County's previous years' participation. The calculation of the maximum amount of payments that can be deferred is formula based and utilizes the normal contribution rate and a graded contribution rate. The County does not have to amortize each year and can choose to amortize less than the maximum allowed.

The maximum amount eligible to be amortized for the plan year March 31, 2017 is estimated by ERS to be \$661,499 for the original stabilization program. If the County elected to participate, the savings to the 2016 Executive budget would be 75% of this amount, or \$496,000. The original stabilization program election would require an annual amortization payment, including interest, over the next ten years.

Health Benefits

The County is self-insured for health insurance coverage for employees of the County, the College and their dependents. However, for purposes of this budget, the County does not account for the College's share of health benefits. Health insurance is administered by Empire Blue Cross Blue Shield POS ("point of service") plan and the Empire Blue Cross Blue Shield PPO ("preferred provider organization") plan for employees as well as several other plans for retirees.

The expenditures to the County consist of actual claims incurred, an administrative fee, stop-loss insurance and is reduced by employee reimbursements. Based on actual expenditures through June 2015, and September 2015 for the Health Insurance Buyback, we project 2015 expenditures, net of employee contributions, to be \$21.7 million. This is approximately \$1.3 million less than the 2015 adopted budget of \$23.0 million.

The health insurance expenditure in the 2016 Executive budget aggregates to approximately \$23.5 million, which is approximately \$500,000 more than the 2015 adopted budget of \$23.0 million and \$1.8 million greater than our 2015 projected expenditures. This represents an increase of approximately 8% over 2015 projections. Due to the possibility of catastrophic claims and the lack of historical claims data, we do not project a variance as compared to the 2016 Executive budget.

Social Security Benefits

Social security benefits are comprised of two components; a Social Security rate of 6.2% and a Medicare rate of 1.45% for a combined rate for 2016 of 7.65%. This is the same rate as in 2015. For 2016, the Social Security rate of 6.2% will be applied to an estimated maximum of \$118,500 of wages, consistent with 2015, while the Medicare rate of 1.45% has no taxable base limitation. Although the majority of salaries paid to County employees will fall within the first tier, certain salaries may exceed the initial base and an appropriation for this portion must also be calculated.

The 2015 adopted budget provided funding of \$6.1 million for social security contributions. Our analysis, based on the latest available payroll information and projected through the end of the current year, indicates that these costs will total approximately \$5.6 million. This amount is \$500,000 less than the adopted budget.

We obtained information regarding all personal service costs included in the 2016 Executive budget inclusive of contractual settlements. A review of the County's Federal Payroll Form 941 filings for 2014 indicates that approximately 97.4% of salaries are taxable at 7.65%. We then applied this ratio to the total salary base in the Executive budget, added the 1.45% Medicare tax on the remaining salary base, and arrived at our projection of these costs to be \$6.03 million for 2016, an amount \$225,000 less than the amount contained in the 2016 Executive budget of \$6.25 million.

Department of Social Services

The Department of Social Services (“DSS”) provides mandated services to those residents who are unable to fully provide for themselves. DSS provides those services under three broad categories:

Medical Assistance

Public Assistance

Children's Services

The 2016 Executive budgeted expenditures of \$122.6 million for DSS is 37.1% of the total proposed County budgeted expenditures as compared to \$126.3 (37.8%) for 2015. New York State mandates define the majority of the services provided. The County taxation necessary to fund these mandates for the 2016 Executive budget is \$60.9 million, a decrease of \$3.2 million over the 2015 adopted budget of \$64.1 million. The County must continue its efforts to screen eligibility and to encourage participants to utilize the most cost effective of the services offered in order to control costs. The State has issued block grants for certain programs, and has also converted certain costs back to the counties in order for the State to meet federal welfare reform thresholds. Currently, it is prudent for the County to conservatively estimate its State and Federal revenues as well as the amount of program expenditures.

The methodology we used to evaluate the 2016 Executive budget consisted of analyzing historical financial information. Utilizing this information, we identified trends, projected costs and reviewed the assumptions made in preparation of the budget.

As a part of our analysis, we requested detailed information from the administration. Examples of the worksheets that were provided to us in the past included; caseload information for each department within DSS by month, monthly expenditures for each department in DSS, revenue projections for each individual program by source. Unfortunately this year, the reports provided did

not include monthly caseload information or year-end revenue projections by source. Therefore, all projections were based upon historical expenditures and statistical averages; the information provided was not sufficient to incorporate caseload variations into our projections.

Revenues

Each service category has a distinct reimbursement rate based upon current rules and regulations promulgated by both the Federal and State governments. In addition, the State and Federal Governments have created block grants to fund the operations of certain programs.

The following schedule summarizes total DSS revenues (000's omitted):

Type	2014 Actual Revenues	2015 Adopted Budget	2016 Executive Budget
Federal	\$ 28,920	\$ 31,842	\$ 31,595
State	14,427	24,419	24,626
Other	5,134	5,956	5,474
County Taxation	69,788	64,096	60,923
Total	\$ 118,269	\$ 126,313	\$ 122,618

Type	2014 Actual Revenues	2015 Original Budget	2016 Executive Budget
Federal	24.45%	25.21%	25.77%
State	12.20%	19.33%	20.08%
Other	4.34%	4.72%	4.46%
County Taxation	59.01%	50.74%	49.69%
Total	100.00%	100.00%	100.00%

Expenditures

The following schedule summarizes the DSS program expenditures (000's omitted):

	2014 Actual Expenditures	2015 Adopted Budget	2016 Executive Budget
DSS Administration	\$ 30,537	\$ 33,232	\$ 31,287
Day Care Program	3,556	3,375	3,600
Services for Recipients	822	1,000	1,000
MMIS - Medicaid	36,230	36,099	34,921
Medical Assistance	100	180	120
Family Assistance	13,660	14,000	14,000
Children's Services	22,866	26,142	25,725
Juvenile Delinquent Care	210	350	300
State Training School	-	650	150
Safety Net	9,954	11,000	11,200
Home Energy Assistance Program (HEAP)	190	135	135
Emergency Aid For Adults	144	150	180
Total	<u>\$ 118,269</u>	<u>\$ 126,313</u>	<u>\$ 122,618</u>

Day Care

The Child Day Care program provides subsidies to households to help pay for the cost of day care for the children of working parents. Households in which the parent(s)\guardian(s) of the children are on Temporary Assistance receive fully subsidized day care services if necessary to pursue mandated activities directed toward self-sufficiency or to work. Households not in receipt of Temporary Assistance are required to pay a share of the cost, based upon household size and household income.

Over the past few years the program expenditures have approximated \$3.5 million annually. The 2015 Adopted budget contained appropriations of \$3.4 million and our projected expenditure is \$3.45 million leaving this account \$50,000 over-expended. After applying applicable State and Federal aid anticipated by the County, we project no variance to the adopted budget.

The 2016 Executive budget includes an increase of \$200,000 over the 2015 adopted budget, or \$3.6 million. We project that expenditures will approximate the Executive budget.

Medical Assistance

Medical assistance is composed of two categories; Medicaid Management Information System ("MMIS") and Medical Assistance. The proposed budgeted of \$34.9 million represents 28.4% of the total DSS budget.

Medicaid Management Information System

MMIS is the County's share of medical care and services to eligible participants. The costs are billed through New York State's Medicaid Management Information System. The County has no control over these costs and must fund 100% of this program.

Beginning in January 2006, the County's share of MMIS expenditures was "capped" according to a formula prepared by New York State. The Medicaid cap established calendar year 2005 as the base year for all future Medicaid payments. The cap calculations includes three major components: 1) all Medicaid program and administrative expenditures in 2005, 2) any weekly shares adjustments that relate to 2005 expenditures and 3) any revenues (rebates and recoveries) received by the County during 2005. The state issued initial cap amounts during 2006 and the County will make equal weekly payments based on this cap amount, which will represent the County's maximum responsibility. MMIS payments after 2005, will be increased by a non-compounded inflation factors of 3.5% in 2006, 3.25% in 2007, and 3% in 2008 through 2013, then, beginning in 2014 an annual increase of 0% thereafter. Based on this new formula for budgeting MMIS expenditures, we are projecting the Department's MMIS expenditures to be \$34.5 million in 2015, which is \$1.5 million less than the adopted budget.

The MMIS base will remain constant in 2016. This will result in capped expenditures of \$34.9 million. Total expenditures for MMIS in 2016 are expected to be \$34.9 million, which approximates the Executive budget.

Family Assistance

This program provides financial assistance to eligible families with children deprived of parental support due to health, illness or other reasons. Although the number of cases in the non-service areas of family assistance and foster care had dropped in previous years due to welfare-to-work efforts and five-year limits for coverage established by the Federal government, the number of cases had risen sharply since the economic downturn began in 2008. 2015 saw the beginning of the stabilization of the anticipated expenditures. Based on the County's actual expenditures as of September 30, we have projected 2015 expenditures for this program to be \$13 million which is \$1 million less than the 2015 adopted budget of \$14 million. After factoring in the applicable Federal and State aid, the County's local share would be \$4 million, which is \$300,000 less than the adopted budget.

The 2016 Executive budget of \$14 million remains unchanged from the 2015 adopted budget. Based on our projection for 2015 of \$13 million and assuming minimal growth in expenditures, we project program expenditures of \$13.5 million, approximately \$500,000 less than the 2016 Executive budget. After factoring in State and Federal aid, this amount is \$150,000 less than the Executive budget.

Safety Net

Safety Net is a mandated program whereby eligible participants receive basic living grants. The current growth in this program is driven by the amount of unemployment and the increase in eligible participants.

We project expenditures of \$10.5 million in 2015 which is approximately \$500,000 less than the 2015 adopted budget. After factoring in State aid and other income, the net effect to the County's local share is \$350,000.

The 2016 Executive budget includes \$11.2 million, which is \$200,000 more than the 2015 adopted budget. Based on our projection of \$10.5 million in 2015 and applying a conservative growth factor of 5%, we project expenditures in 2016 to be \$11 million, or \$200,000 less than the 2016 Executive budget. After applying applicable revenues, we anticipate a favorable variance of \$140,000.

Childcare Division

Childcare is a broad category that includes Foster Care, Institutionalized Youth, Adoption Subsidies and Medical Maintenance. Also included in this department are: Handicapped Children program (school-age chargebacks from local schools), Pre-Kindergarten Handicapped Children, Early Intervention and Medicaid adjustments to claims filed with New York State.

The 2015 adopted budget includes \$26.1 million for these expenditures; we are projecting expenditures to be \$23 million or approximately \$3.1 million less than the adopted budget. Based on budgeted Federal and State reimbursement rates we anticipate revenues to be \$15.9 million or \$1.9 million less than the adopted budget. The net impact on the County's local share is a favorable variance of \$1 million.

The County's 2016 Executive budget for these services is \$25.7 million, \$400,000 less than the 2015 adopted budget. Our analysis indicates that this appropriation should be \$23.2 million, which is \$2.5 million less than the Executive budget. When historical reimbursement rates are taken into consideration, the County can anticipate a reduction of about \$1.65 million in revenues. The net impact is a decrease of approximately \$850,000 in the County's local share necessary to fund these programs.

Debt Service

Serial Bonds

The adopted budget for 2015 reflects a budgetary provision of \$9 million for principal and interest payments on outstanding debt. Based on debt service requirements for serial bonds as stated in the December 31, 2014 audited financial statements and taking into account the Bond Anticipation Note (BAN) payment due in November 2015, we project that expenditures will approximate the 2015 budget.

The 2016 Executive budget includes appropriations of approximately \$9.6 million for principal and interest payments on outstanding debt. Included in this amount are principal payments of \$6.6 million and interest payments of \$3.0 million on serial bonds. This amount includes bonds currently outstanding as well as estimated payments on serial bonds expected to be issued in November 2015. The November 2015 borrowing, which includes \$18.8 million in BAN's and \$5.5 million in Serial Bonds, has not occurred as of the time of our analysis but the assumed payments for principal in 2016 for such borrowing is \$493,000 while the assumed interest payment is \$200,000.

Department of Public Works

Buildings and Grounds

Electricity/Gas

A substantial portion of the budget for Buildings and Grounds is for electricity/gas expenditures. The 2016 Executive budget for Buildings and Grounds includes provisions for electricity/gas in the aggregate amount of \$1.55 million which is an increase of approximately \$50,000 as compared to the 2015 adopted budget. Actual expenditures through September 2015, as provided by the County, are \$950,000 which takes into account a decline in utility rates. Our projection of 2015 expenditures

through year-end is approximately \$1.4 million, which is \$100,000 less than the adopted budget.

We anticipate 2016 electricity/gas expenditures to approximate \$1.4 million. This projection assumes that the lower utility rates seen in the latter half of 2015 will begin to increase during 2016. Our estimate for 2016 is approximately \$150,000 lower than the Executive budget.

Heating Fuel

The 2015 adopted budget for heating fuel in the Law Enforcement Division is \$500,000. Actual expenditures for heating fuel as of September 30, 2015 are \$200,000, an amount that is about \$100,000 lower when compared to the same time period in 2014. Assuming relative stability in prices for the last quarter, we project that 2015 cumulative expenditures will be \$350,000, which is \$150,000 lower than the 2015 adopted budget.

The 2016 Executive budget for heating fuel in the Law Enforcement Division is \$400,000, which is \$100,000 lower than the 2015 adopted budget. Given the current fluctuations in the price of oil, we will agree with the amount included in the 2016 Executive budget.

Repairs and Maintenance

The 2015 adopted budget for repairs and maintenance is \$2.05 million. This amount is derived within the Buildings and Grounds Department comprising \$900,000 or 43% of this appropriation and the Central Data Processing department comprising the balance of \$1.15 million or 57%.

The 2016 Executive budget for repairs and maintenance is \$1.75 million, a decrease of approximately \$300,000 as compared to the 2015 adopted budget, however it includes

various increases in building repairs and maintenance lines. Our discussions with management revealed the intent to fund various items as shown below.

- DPW Quarry Substation - \$187,000
- County Office Electric Upgrades - \$118,000
- Family Court – Phased II Renovation of Family Court – \$279,500
- Information Systems Administration and Maintenance - \$618,000

In addition, \$400,000 is included in repairs and maintenance for Sheriff security to be provided at the DSS administrative offices.

Snow Removal

Salt and Chloride

2015 year to date expenditures for salt and chloride are approximately \$950,000. Based upon historical information, we project current year expenditures to amount to \$1.1 million which is approximately \$300,000 more than the 2015 adopted budget of \$800,000.

The 2016 Executive budget also includes \$1.1 million. Based upon average expenditures over the last three years and our 2015 projection, we project that 2016 expenditures will approximate the Executive budget.

Community College Tuition

The proposed budget provides for payments of tuition, as required by New York State, for County residents attending community colleges other than Ulster Community College. The average expenditures for 2013 and 2014 were \$3.7 million. The adopted budget for 2015 is \$3.64 million. Through nine months, the County has expenditures totaling \$1.7 million. Based on the past two years of activity through nine months, the

expenditures incurred through September approximate 49% of the total expenditures for the year. Based on this trend, we anticipate the 2015 expenditures to approximate \$3.4 million, an amount that is \$200,000 less than the 2015 adopted budget.

The 2016 Executive budget is \$3.65 million, an amount which approximates our projection. Recently released information from the New York State Education Department indicates that for academic year 2015/2016, there will be a slight increase in chargeback rates State-wide. The rates for the colleges comprising the majority of Ulster’s chargeback’s, and approximately 94% of the full time equivalent students attending out of County colleges (Dutchess Community College, Orange Community College, Columbia Greene Community College, Fashion Institute of Technology, Hudson Valley and Sullivan Community College) show a weighted average increase in fees of approximately 5.93% for the 2015/2016 academic year.

**Approved Operating Chargeback Rate per
FTE Students**

<u>Community College</u>	<u>2015-2016</u>	<u>2014-2015</u>
Fashion Institute of Technology	\$ 11,840	\$ 11,130
Columbia Greene	5,210	4,750
Sullivan	6,320	5,700
Orange County	4,070	4,390
Dutchess	2,390	2,610
Hudson Valley	2,860	2,820

Based upon this information, we project expenditures of \$3.65 million for 2016, which approximates the 2016 Executive budget.

Ulster County Resource Recovery Agency

The County is required to reimburse the Ulster County Resource Recovery Agency (“Agency”) for its operating deficits through a “net service fee” as specified by the County agreement with the Agency. However, in December 2012, the County Legislature passed a countywide flow control law mandating all municipal solid waste go to an Agency designated facility. The tipping fees set by the Agency’s Board of Directors should ensure the Agency’s annual financial obligations will be met, resulting in an elimination of the County net service fees.

The 2016 Executive budget for the Agency does not include the need for a net service fee from the County. Since the implementation of flow control the Agency has been able to operate within its own revenue structure. In fact generating a surplus in both 2013 (\$1.75 million) and 2014 (\$2.45 million), according to the audited financial statements. Although there has been no increase in tipping fees since 2014, the surplus has resulted from an increase in the number of tons processed.

CONTINGENCY

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CONTINGENCY

The 2015 adopted budget provided for a contingency appropriation of \$1.4 million. Of this amount, \$950,000 has been appropriated by the County during the year leaving a balance of approximately \$400,000. The “Ellenville Million” program accounted for \$500,000 of the appropriation. The balance was used to cover the needs that arose during the year, for example additional Road Salt. Based on our discussion with management, there is no additional anticipated use of these funds.

The 2016 Executive budget provides for a contingency appropriation of \$800,000. This is approximately \$600,000 less than the 2015 adopted budget of \$1.4 million. Based on our discussion with management this amount is earmarked for general contingency. Historical analysis shows that there is generally minimal use of the contingent funds, however the nature of the budget line is for potential unknown expenditures.

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FUND BALANCE

Fund Balance

An integral component of the County's budget plan recently has been the reliance on Fund Balance to assist in keeping the tax levy stable and to stay within the tax cap. Consistent to this approach has been the regeneration of the fund balance through managing the fiscal results. To illustrate this point we have put together charts that indicate where the unassigned fund balance will be at year end based upon our findings. We have included both our projection of the fund balance along with the Administrations. The Administration indicated that two of the budget initiatives included in the 2015 adopted budget would be accomplished by year end. Those being the creation of an Infrastructure Investment Program (\$3.5 million) and a tax stabilization reserve (\$500,000).

Below is the Department's projection of General Fund unassigned fund balance as compared to ours.

	2015 Current Executive Projected	2015 Consultant Projected
Unassigned Fund Balance January 1, 2015 (Audited)	\$ 27,822,963	\$ 27,822,963
Plus - 2015 Budget Surplus	9,543,255	10,150,000
Less - 2015 Increase in Assigned Fund Balance "Reserves"	(5,022,779)	(5,022,779) A
Less - 2016 Appropriated Fund Balance	<u>(15,623,624)</u>	<u>(15,623,624)</u>
Unassigned Fund Balance December 31, 2015 (Projected)	<u>\$ 16,719,815</u>	<u>\$ 17,326,560</u>

The increase in Restricted and Assigned Fund Balance "reserves" as provided by the County is outlined as follows:

	2014 Actual Year End Reserve Balances	2015 Projected Year End Reserve Balances	Increase/ (Decrease)
Encumbrances	\$ 3,041,630	\$ 4,250,000	\$ 1,208,370
Prepaid Expenditures	6,212,276	6,026,685	(185,591)
Tourism	150,000	150,000	-
Probation Administration Fees	917,109	917,109	-
Jail Telephone Commissions	278,213	278,213	-
Civil & DA forfeitures	134,101	134,101	-
Stop DWI	225,994	225,994	-
Emergency Telephone (E-911)	255,720	255,720	-
Child Safety Seats	5,860	5,860	-
Traffic Safety Board	3,598	3,598	-
Handicapped Parking Education	18,916	18,916	-
URGENT Forfeitures	40,543	40,543	-
Social Services Donations	1,663	1,663	-
Social Services Restitution	168,173	168,173	-
Risk Retention	125,746	125,746	-
Infrastructure Investment Program	-	3,500,000	3,500,000
Tax Stabilization Reserve Fund	-	500,000	500,000
	<u>\$ 11,579,542</u>	<u>\$ 16,602,321</u>	<u>\$ 5,022,779 A</u>

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**SUMMARY OF
FINDINGS**

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**Ulster County
SUMMARY OF FINDINGS**

	2015		2016	
	Unfavorable Increase in County Share	Favorable Decrease in County Share	Favorable Variance	Unfavorable Variance
Revenues				
Sales Tax	\$ -	\$ -	\$ -	\$ 800,000
Interest and Penalties on Real Property Taxes	-	100,000	200,000	-
Hotel/Motel Occupancy Tax	-	50,000	-	-
Gain on Sale of Tax Acquired Property	-	50,000	-	-
Deferred Taxes/Tax Overlay (A)	-	900,000	-	-
County Clerk Fees - Recording Division	-	200,000	150,000	-
Automobile Use Tax	100,000	-	-	-
Jail - Inmate Board-Ins	-	-	-	150,000
Department of Public Works - Sale of Real Property	300,000	-	-	-
Total Revenues	\$ 400,000	\$ 1,300,000	\$ 350,000	\$ 950,000
Expenditures				
Personnel Expenditures:				
Salaries	\$ -	\$ 2,400,000	\$ -	\$ -
Overtime	100,000	-	-	-
Jail				
Medical - Health Care Services	-	200,000	-	-
Employee Benefits:				
Retirement Costs	-	850,000	-	-
Health Benefits	-	1,300,000	-	-
Social Security	-	500,000	225,000	-
Department of Social Services, Net:				
Administration	-	400,000	-	-
Medicaid Management Information Systems	-	1,500,000	-	-
Family Assistance	-	300,000	150,000	-
Safety Net	-	350,000	140,000	-
Child Care Division	-	1,000,000	850,000	-
Department of Public Works:				
Buildings and Grounds				
Electricity/Gas	-	100,000	150,000	-
Heating Fuel	-	150,000	-	-
Snow Removal				
Salt and Chloride	300,000	-	-	-
Community College Tuition	-	200,000	-	-
Contingency	-	400,000	-	-
Total Expenditures	400,000	9,650,000	1,515,000	-
Total Revenues and Expenditures	800,000	10,950,000	1,865,000	950,000
Net Impact to County Taxation	\$ -	\$ 10,150,000	\$ 915,000	\$ -
Other Matters for Consideration:				
Casino Gaming Fees	-	-	\$ -	\$ 900,000

A - Property Tax Overlay - Ulster County is responsible by State Law to guarantee the property taxes for Towns, Villages and School Districts.

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CONCLUSION

CONCLUSION

The County has faced many challenges over the last few years. Our past reviews have highlighted these challenges and explained how the County was addressing them. They include: rising fringe benefit costs, labor contracts, State mandates and most importantly the longest recession of recent years. Through all of this, the County was able to avoid deferring pension costs, consolidated operations, reduced the size of the County workforce, absorbed the cost of the safety net program and the costs associated with the Help America Vote Act (HAVA). All of these issues were addressed while keeping within the New York State Tax Cap and again this year reducing the tax burden on its citizens.

The 2014 audited financial statements indicate the County's General Fund had assigned and unassigned Fund Balance of \$46.8 million (excluding encumbrances). Both the County projections and our projections indicate that the current operations will utilize fund balance. The General Fund adopted budget included \$18.97 million appropriated fund balance. Our projection indicated that the County will end the year with a budgetary surplus of \$10.15 million which means that only \$8.84 million of this appropriation was utilized. This is compared to the County's estimate of budgetary surplus of \$9.55 million therefore utilizing \$9.42 million of fund balance. This means that 2015 results will leave the County with approximately \$38 million of assigned and unassigned Fund Balance (See Fund Balance Section). The 2016 Executive budget is applying \$16.1 million of that amount (General Fund \$15.6 million, Debt Service Fund \$250,000 and County Road Fund \$250,000) to provide funding for its ongoing operations.

The County has always taken a conservative approach when it adopts its operating plan. This approach is what allows the County to appropriate fund balance knowing that much of it will not be utilized. The County assumes all of its budgeted positions will be filled for the entire year, even though vacancies can occur at any time. This has generated considerable savings over the years, for example 2014 saw savings of over

\$2 million and 2015 is projected to save close to \$4.4 million. Management's vigilance in filling these vacant positions creates the budget flexibility to address issues that arise during the year or return these excess funds back to fund balance as has been the current practice.

It is our recommendation that the County, if it chooses to implement any of our findings, place them into the contingency account. This will allow the County to have sufficient funds available in case of any unplanned or unforeseen events or as indicted in our report, the revenue from the Casino Gaming fee is somehow delayed. Also, we suggest the County consider preparing a multi-year budget plan to ensure that the fund balance remains at its current healthy level. This budget relies on the application of fund balance to eliminate the need for a substantial tax increase, 21% based on this year's levy. Such a plan would protect the County from significant tax increases in the future while helping maintain balanced spending plans.

We also recommend that the County consider creating an internal service fund to account for its self-insured health benefits. Such a fund would have the benefit of segregating fund balance generated from unspent health insurance appropriations in order to offset against future claim expense increases and/or unanticipated catastrophic claims.

In conclusion, the 2016 Executive budget appears to provide sufficient funding for all of its current operational needs. Our concern, as it is with every municipality, is that the fund balance remain at an appropriate level to sustain your desired services without having a large tax increase or a diminishment of these services in future years. As always, we are available to answer any questions that may arise at any time during your budget process.

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EXHIBITS

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BUDGET SUMMARY FOR 2016

	2015 Adopted Budget	2016 Executive Budget	Increase (Decrease)	Percentage
Total Appropriations	\$ 334,523,714	\$ 330,001,904	\$ (4,521,810)	-1.35%
Revenues:				
State Aid	\$ 43,652,114	\$ 43,913,932	\$ 261,818	0.60%
Federal Aid	41,312,420	40,721,820	(590,600)	-1.43%
Property Taxes	77,943,104	77,085,730	(857,374)	-1.10%
Sales Tax	108,002,757	109,966,041	1,963,284	1.82%
Appropriated Fund Balance	19,465,400	16,123,624	(3,341,776)	-17.17%
Appropriated Reserve	140,000	254,506	114,506	81.79%
Transfers	2,017,303	1,112,033	(905,270)	-44.88%
Other	41,990,616	40,824,218	(1,166,398)	-2.78%
	<u>\$ 334,523,714</u>	<u>\$ 330,001,904</u>	<u>\$ (4,521,810)</u>	<u>-1.35%</u>

BUDGET INCREASES (DECREASES) WITH
GROSS BUDGET AND COUNTY TAXATION BY DEPARTMENT

	2015 Adopted Budget	2016 Executive Budget	Increase (Decrease)	
			Amount	Percentage
COUNTY OPERATING DEPARTMENTS:				
1010 Legislature	\$ 648,255	\$ 656,786	\$ 8,531	1.32%
1040 Clerk of Legislature	918,975	927,358	8,383	0.91%
1110 Court Security	34,448	37,678	3,230	9.38%
1162 Unified Court	14,500	14,500	-	0.00%
1165 District Attorney	4,123,117	4,327,030	203,913	4.95%
1170 Public Defender	2,335,798	2,363,235	27,437	1.17%
1185 Medical Examiner	349,765	340,172	(9,593)	-2.74%
1230 Executive	1,005,739	1,007,169	1,430	0.14%
1310 Finance	4,227,309	4,150,742	(76,567)	-1.81%
1315 Comptroller	888,775	870,526	(18,249)	-2.05%
1340 Budget	329,780	330,952	1,172	0.36%
1345 Purchasing	1,057,121	1,060,401	3,280	0.31%
1355 Real Property	519,704	508,995	(10,709)	-2.06%
1410 County Clerk	3,917,456	3,973,146	55,690	1.42%
1420 County Attorney	1,483,658	1,486,186	2,528	0.17%
1430 Personnel	1,418,163	1,384,070	(34,093)	-2.40%
1450 Board of Elections	1,829,764	2,040,326	210,562	11.51%
1490 Public Works Admin	740,794	876,069	135,275	18.26%
1620 Buildings	10,006,712	9,778,543	(228,169)	-2.28%
1640 Central Garage	852,240	663,615	(188,625)	-22.13%
1680 Information Services	8,011,312	7,321,131	(690,181)	-8.62%
1910 Unallocated Insurance	4,972,125	5,113,206	141,081	2.84%
1920 Municipal Dues	32,451	33,605	1,154	3.56%
1985 Distribution of Sales Tax	15,660,400	15,945,076	284,676	1.82%
1990 Contingent	1,359,652	825,000	(534,652)	-39.32%
2490 Comm College Tuition	3,641,914	3,650,000	8,086	0.22%
2495 Contribution to UCCC	6,401,632	6,400,863	(769)	-0.01%
2989 Other Education	10,000	10,000	-	0.00%
3020 Public Safety Communication Sys.	4,682,004	3,619,830	(1,062,174)	-22.69%
3110 Sheriff	9,380,058	10,122,279	742,221	7.91%
3140 Probation	5,818,979	5,996,671	177,692	3.05%
3150 Jail	21,094,224	20,635,004	(459,220)	-2.18%
3155 Rehab Svcs	189,333	178,924	(10,409)	-5.50%

Revenues - 2016 Executive Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2016	2015		
\$ -	\$ -	\$ -	\$ 656,786	\$ 648,255	\$ 8,531	1.32%
-	-	-	927,358	918,975	8,383	0.91%
35,000	-	-	2,678	2,448	230	9.40%
-	-	-	14,500	14,500	-	0.00%
459,475	-	313,824	3,553,731	3,496,517	57,214	1.64%
689,779	-	1,000	1,672,456	1,737,543	(65,087)	-3.75%
-	-	825	339,347	349,050	(9,703)	-2.78%
-	-	-	1,007,169	1,005,739	1,430	0.14%
25,000	-	8,747,500	(4,621,758)	(3,423,191)	(1,198,567)	35.01%
-	-	-	870,526	888,775	(18,249)	-2.05%
-	-	-	330,952	329,780	1,172	0.36%
-	-	111,000	949,401	944,621	4,780	0.51%
-	-	15,500	493,495	504,204	(10,709)	-2.12%
11,693	-	2,365,992	1,595,461	1,640,671	(45,210)	-2.76%
-	-	19,000	1,467,186	1,459,901	7,285	0.50%
-	-	18,500	1,365,570	1,376,363	(10,793)	-0.78%
205,985	7,792	269,578	1,556,971	1,217,494	339,477	27.88%
-	-	1,225,200	(349,131)	(484,406)	135,275	-27.93%
260,000	-	877,803	8,640,740	8,519,486	121,254	1.42%
-	-	275,000	388,615	503,835	(115,220)	-22.87%
-	-	80,630	7,240,501	7,659,437	(418,936)	-5.47%
-	-	880,100	4,233,106	4,122,025	111,081	2.69%
-	-	-	33,605	32,451	1,154	3.56%
-	-	109,966,041	(94,020,965)	(92,342,357)	(1,678,608)	1.82%
-	-	-	825,000	1,359,652	(534,652)	-39.32%
-	-	85,000	3,565,000	3,566,914	(1,914)	-0.05%
-	-	-	6,400,863	6,401,632	(769)	-0.01%
-	-	10,000	-	-	-	0.00%
-	461,465	796,370	2,361,995	2,130,577	231,418	10.86%
37,250	35,500	933,426	9,116,103	8,304,517	811,586	9.77%
762,256	339,632	527,506	4,367,277	4,217,366	149,911	3.55%
15,300	44,000	702,097	19,873,607	20,037,888	(164,281)	-0.82%
38,250	-	2,000	138,674	149,083	(10,409)	-6.98%

(Continued)

COUNTY OF ULSTER, NEW YORK

BUDGET INCREASES (DECREASES) WITH
GROSS BUDGET AND COUNTY TAXATION BY DEPARTMENT (Continued)

EXHIBIT 1A

	2015 Adopted Budget	2016 Executive Budget	Increase (Decrease)	
			Amount	Percentage
3189 Drug Investigations	\$ 821,819	\$ 819,511	\$ (2,308)	-0.28%
3410 Fire Fighting	88,517	135,361	46,844	52.92%
3411 Arson Task Force	62,006	58,856	(3,150)	-5.08%
3620 Safety Inspections	407,632	417,790	10,158	2.49%
4010 Public Health	5,430,020	5,730,698	300,678	5.54%
4082 WIC	784,211	799,730	15,519	1.98%
4230 Cont.Narc. Add'l Cent Serv.	969,573	1,227,062	257,489	26.56%
4310 Mental Health Admin	2,018,963	1,678,854	(340,109)	-16.85%
4320 Mental Health Support	1,963,768	1,845,850	(117,918)	-6.00%
4322 MH Contracted Svcs-OMH & OMRDD Svcs	7,055,163	7,269,355	214,192	3.04%
4390 Psychiatric-Criminal Actions	300,000	300,000	-	0.00%
5630 Bus Operations	7,703,988	7,525,466	(178,522)	-2.32%
5650 Off-Street Parking	55,718	50,606	(5,112)	-9.17%
6010 Social Services	33,231,975	31,286,981	(1,944,994)	-5.85%
6055 Day Care Block Grant	3,375,000	3,600,000	225,000	6.67%
6070 Services for Recipients	1,000,000	1,000,000	-	0.00%
6101 Medical Assistance	180,000	120,000	(60,000)	-33.33%
6102 Medical Assistance-MMIS	36,098,504	34,921,341	(1,177,163)	-3.26%
6109 Family Assistance	14,000,000	14,000,000	-	0.00%
6119 Child Care	26,142,000	25,725,000	(417,000)	-1.60%
6123 Juvenile Delinquent	350,000	300,000	(50,000)	-14.29%
6129 State Training School	650,000	150,000	(500,000)	-76.92%
6140 Safety Net	11,000,000	11,200,000	200,000	1.82%
6141 Home Energy Assistance	135,000	135,000	-	0.00%
6142 Emergency Aid for Adults	150,000	180,000	30,000	20.00%
6410 Tourism	966,146	965,224	(922)	-0.10%
6510 Veterans Services	743,135	818,455	75,320	10.14%
6610 Weights & Measures	192,149	192,990	841	0.44%
6772 Office for the Aging	3,042,831	3,443,486	400,655	13.17%
6989 Other Eco.Opp & Development-Community Action	21,750	21,750	-	0.00%
7110 Parks	302,917	352,240	49,323	16.28%
7310 Youth Programs	367,774	339,759	(28,015)	-7.62%

Revenues - 2016 Executive Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2016	2015		
\$ 20,000	\$ 40,000	\$ 41,500	\$ 718,011	\$ 660,319	\$ 57,692	8.74%
-	-	-	135,361	88,517	46,844	52.92%
-	-	-	58,856	62,006	(3,150)	-5.08%
-	-	6,500	411,290	401,132	10,158	2.53%
2,055,409	261,473	503,235	2,910,581	2,480,834	429,747	17.32%
-	741,427	-	58,303	59,311	(1,008)	-1.70%
165,428	726,994	-	334,640	109,640	225,000	205.22%
429,610	199,141	13,436	1,036,667	1,401,372	(364,705)	-26.02%
-	-	11,250	1,834,600	1,952,218	(117,618)	-6.02%
6,308,604	-	-	960,751	846,634	114,117	13.48%
-	-	-	300,000	300,000	-	0.00%
3,105,394	2,146,400	640,665	1,633,007	1,776,556	(143,549)	-8.08%
-	-	36,200	14,406	8,718	5,688	65.24%
9,058,312	17,571,677	104,000	4,552,992	6,518,975	(1,965,983)	-30.16%
405,000	2,709,612	17,000	468,388	627,465	(159,077)	-25.35%
325,806	163,220	1,000	509,974	178,156	331,818	186.25%
(557,430)	(557,430)	-	1,234,860	1,326,148	(91,288)	-6.88%
-	-	1,300,000	33,621,341	34,797,504	(1,176,163)	-3.38%
112,732	8,804,106	1,050,000	4,033,162	4,267,974	(234,812)	-5.50%
12,122,954	2,996,642	2,021,200	8,584,204	8,221,756	362,448	4.41%
39,300	11,543	10,000	239,157	271,250	(32,093)	-11.83%
-	-	-	150,000	650,000	(500,000)	-76.92%
3,029,050	55,000	700,000	7,415,950	7,161,700	254,250	3.55%
-	(159,838)	271,210	23,628	-	23,628	100.00%
90,000	-	-	90,000	75,000	15,000	20.00%
59,903	-	176,500	728,821	726,321	2,500	0.34%
23,000	-	-	795,455	730,153	65,302	8.94%
10,242	-	90,000	92,748	91,907	841	0.92%
1,094,616	1,046,285	107,695	1,194,890	1,032,330	162,560	15.75%
-	-	-	21,750	21,750	-	0.00%
-	-	109,800	242,440	198,292	44,148	22.26%
213,821	-	-	125,938	153,956	(28,018)	-18.20%

(Continued)

COUNTY OF ULSTER, NEW YORK

BUDGET INCREASES (DECREASES) WITH
GROSS BUDGET AND COUNTY TAXATION BY DEPARTMENT (Continued)

EXHIBIT 1A

	2015 Adopted Budget	2016 Executive Budget	Increase (Decrease)	
			Amount	Percentage
7410 Libraries	\$ 74,250	\$ 74,250	\$ -	0.00%
7510 Historian	3,000	2,150	(850)	-28.33%
7560 Other Performing Arts	75,750	80,750	5,000	6.60%
8020 Planning	1,974,097	1,840,701	(133,396)	-6.76%
8040 Human Rights	22,109	19,268	(2,841)	-12.85%
8090 Environmental Controls	355,346	390,231	34,885	9.82%
8710 Conservation	441,500	441,500	-	0.00%
8989 Other Home & Community	76,000	66,000	(10,000)	-13.16%
9010 State Retirement	726,509	634,263	(92,246)	-12.70%
9050 Unemployment Insurance	201,000	186,600	(14,400)	-7.16%
9055 Disability Insurance	131,050	131,000	(50)	-0.04%
9060 Hospital & Medical	4,696,626	4,691,204	(5,422)	-0.12%
9089 Other Employee Benefits	1,712,493	1,770,000	57,507	3.36%
9730 BANS	350,000	425,000	75,000	21.43%
Appropriated Fund Balance	-	-	-	0.00%
Deferred Property Tax	-	-	-	0.00%
A - GENERAL FUND	288,406,446	284,013,370	(4,393,076)	-1.52%
B - COMMUNITY DEVELOPMENT	2,123,684	2,712,229	588,545	27.71%
D - COUNTY ROAD FUND	19,457,065	18,699,130	(757,935)	-3.90%
E - ROAD MACHINERY FUND	5,953,000	4,991,000	(962,000)	-16.16%
S - WORKERS COMP FUND	9,614,055	9,956,242	342,187	3.56%
V - DEBT SERVICE FUND	8,969,464	9,629,933	660,469	7.36%
TOTAL ALL FUNDS	\$ 334,523,714	\$ 330,001,904	\$ (4,521,810)	\$ -1.35%

Revenues - 2016 Executive Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2016	2015		
\$ -	\$ -	\$ -	\$ 74,250	\$ 74,250	\$ -	0.00%
-	-	-	2,150	3,000	(850)	-28.33%
-	-	-	80,750	75,750	5,000	6.60%
4,000	688,500	55,100	1,093,101	1,145,856	(52,755)	-4.60%
-	-	-	19,268	22,109	(2,841)	-12.85%
-	-	112,077	278,154	255,756	22,398	8.76%
-	-	-	441,500	441,500	-	0.00%
-	-	-	66,000	76,000	(10,000)	-13.16%
-	-	634,263	-	-	-	0.00%
-	-	-	186,600	201,000	(14,400)	-7.16%
-	-	10,000	121,000	78,550	42,450	54.04%
-	-	400,000	4,291,204	4,296,626	(5,422)	-0.13%
-	-	-	1,770,000	1,712,493	57,507	3.36%
-	-	200,000	225,000	350,000	(125,000)	-35.71%
-	-	15,623,624	(15,623,624)	(18,965,400)	3,341,776	-17.62%
-	-	(1,000,000)	1,000,000	1,000,000	-	0.00%
40,655,739	38,333,141	151,470,147	53,554,343	55,255,129	(1,700,786)	-3.18%
247,700	2,388,679	75,850	-	-	-	0.00%
3,010,493	-	1,537,183	14,151,454	14,226,011	(74,557)	-0.52%
-	-	4,991,000	-	-	-	0.00%
-	-	9,956,242	-	-	-	0.00%
-	-	250,000	9,379,933	8,461,964	917,969	10.85%
<u>\$ 43,913,932</u>	<u>\$ 40,721,820</u>	<u>\$ 168,280,422</u>	<u>\$ 77,085,730</u>	<u>\$ 77,943,104</u>	<u>\$ (857,374)</u>	<u>-1.11%</u>

COUNTY OF ULSTER, NEW YORK

BUDGET INCREASES (DECREASES) WITH GROSS
BUDGET AND COUNTY TAXATION BY FUNCTION

EXHIBIT IB

	2015 Adopted Budget	2016 Executive Budget	Increase (Decrease)	
			Amount	Percentage
Legislature:				
1010 Legislative Board	\$ 648,255	\$ 656,786	\$ 8,531	1.32%
1040 Clerk of Legislative Board	918,975	927,358	8,383	0.91%
	<u>1,567,230</u>	<u>1,584,144</u>	<u>16,914</u>	<u>1.08%</u>
Judicial:				
1110 Court Security	34,448	37,678	3,230	9.38%
1162 Unified Court	14,500	14,500	-	0.00%
1165 District Attorney	4,123,117	4,327,030	203,913	4.95%
1170 Public Defender	2,335,798	2,363,235	27,437	1.17%
1185 Medical Examiner	349,765	340,172	(9,593)	-2.74%
	<u>6,857,628</u>	<u>7,082,615</u>	<u>224,987</u>	<u>3.28%</u>
County Executive:				
1230 County Executive	<u>1,005,739</u>	<u>1,007,169</u>	<u>1,430</u>	<u>0.14%</u>
Finance:				
1310 Finance	4,227,309	4,150,742	(76,567)	-1.81%
1315 Comptroller	888,775	870,526	(18,249)	-2.05%
1340 Department of Budget	329,780	330,952	1,172	0.36%
1345 Purchasing	1,057,121	1,060,401	3,280	0.31%
1355 Assessment	519,704	508,995	(10,709)	-2.06%
	<u>7,022,689</u>	<u>6,921,616</u>	<u>(101,073)</u>	<u>-1.44%</u>
Staff:				
1410 County Clerk	3,917,456	3,973,146	55,690	1.42%
1420 Department of Law	1,483,658	1,486,186	2,528	0.17%
1430 Department of Personnel	1,418,163	1,384,070	(34,093)	-2.40%
1450 Elections	1,829,764	2,040,326	210,562	11.51%
1490 Public Works Admin	740,794	876,069	135,275	18.26%
	<u>9,389,835</u>	<u>9,759,797</u>	<u>369,962</u>	<u>3.94%</u>

Revenues - 2016 Executive Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2016	2015		
\$ -	\$ -	\$ -	\$ 656,786	\$ 648,255	\$ 8,531	1.32%
-	-	-	927,358	918,975	8,383	0.91%
-	-	-	1,584,144	1,567,230	16,914	1.08%
35,000	-	-	2,678	2,448	230	9.40%
-	-	-	14,500	14,500	-	0.00%
459,475	-	313,824	3,553,731	3,496,517	57,214	1.64%
689,779	-	1,000	1,672,456	1,737,543	(65,087)	-3.75%
-	-	825	339,347	349,050	(9,703)	-2.78%
1,184,254	-	315,649	5,582,712	5,600,058	(17,346)	-0.31%
-	-	-	1,007,169	1,005,739	1,430	0.14%
25,000	-	8,747,500	(4,621,758)	(3,423,191)	(1,198,567)	35.01%
-	-	-	870,526	888,775	(18,249)	-2.05%
-	-	-	330,952	329,780	1,172	0.36%
-	-	111,000	949,401	944,621	4,780	0.51%
-	-	15,500	493,495	504,204	(10,709)	-2.12%
25,000	-	8,874,000	(1,977,384)	(755,811)	(1,221,573)	161.62%
11,693	-	2,365,992	1,595,461	1,640,671	(45,210)	-2.76%
-	-	19,000	1,467,186	1,459,901	7,285	0.50%
-	-	18,500	1,365,570	1,376,363	(10,793)	-0.78%
205,985	7,792	269,578	1,556,971	1,217,494	339,477	27.88%
-	-	1,225,200	(349,131)	(484,406)	135,275	-27.93%
217,678	7,792	3,898,270	5,636,057	5,210,023	426,034	8.18%

(Continued)

**BUDGET INCREASES (DECREASES) WITH GROSS
BUDGET AND COUNTY TAXATION BY FUNCTION (Continued)**

EXHIBIT 1B

	2015 Adopted Budget	2016 Executive Budget	Increase (Decrease)	
			Amount	Percentage
General Services:				
1620 Buildings	\$ 10,006,712	9,778,543	\$ (228,169)	-2.28%
1640 Central Garage	852,240	663,615	(188,625)	-22.13%
1680 Central Data Processing	8,011,312	7,321,131	(690,181)	-8.62%
	<u>18,870,264</u>	<u>17,763,289</u>	<u>(1,106,975)</u>	<u>-5.87%</u>
Special Items:				
1910 Unallocated Insurance	4,972,125	5,113,206	141,081	2.84%
1920 Municipal Association Dues	32,451	33,605	1,154	100.00%
1985 Distribution of Sales Tax	15,660,400	15,945,076	284,676	1.82%
1990 Contingent Account	1,359,652	825,000	(534,652)	-39.32%
	<u>22,024,628</u>	<u>21,916,887</u>	<u>(107,741)</u>	<u>-0.49%</u>
Education:				
2490 Community College - Out of Cnty	3,641,914	3,650,000	8,086	0.22%
2495 Contribution To Community Coll	6,401,632	6,400,863	(769)	-0.01%
2980 Other Education	10,000	10,000	-	0.00%
	<u>10,053,546</u>	<u>10,060,863</u>	<u>7,317</u>	<u>0.07%</u>
Public Safety:				
3020 Public Safety Communication Sys	4,682,004	3,619,830	(1,062,174)	-22.69%
3110 Sheriff	9,380,058	10,122,279	742,221	7.91%
3140 Probation	5,818,979	5,996,671	177,692	3.05%
3150 Jail	21,094,224	20,635,004	(459,220)	-2.18%
3155 Rehabilitation Services	189,333	178,924	(10,409)	-5.50%
3189 Drug Investigations	821,819	819,511	(2,308)	-0.28%
3410 Fire Fighting	88,517	135,361	46,844	52.92%
3411 Arson Task Force	62,006	58,856	(3,150)	-5.08%
3620 Safety Inspections	407,632	417,790	10,158	2.49%
	<u>42,544,572</u>	<u>41,984,226</u>	<u>(560,346)</u>	<u>-1.32%</u>

Revenues - 2016 Executive Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2016	2015		
\$ 260,000	\$ -	\$ 877,803	\$ 8,640,740	\$ 8,519,486	\$ 121,254	1.42%
-	-	275,000	388,615	503,835	(115,220)	-22.87%
-	-	80,630	7,240,501	7,659,437	(418,936)	-5.47%
<u>260,000</u>	<u>-</u>	<u>1,233,433</u>	<u>16,269,856</u>	<u>16,682,758</u>	<u>(412,902)</u>	<u>-2.48%</u>
-	-	880,100	4,233,106	4,122,025	111,081	2.69%
-	-	-	33,605	32,451	1,154	3.56%
-	-	109,966,041	(94,020,965)	(92,342,357)	(1,678,608)	1.82%
-	-	-	825,000	1,359,652	(534,652)	-39.32%
-	-	<u>110,846,141</u>	<u>(88,929,254)</u>	<u>(86,828,229)</u>	<u>(2,101,025)</u>	<u>2.42%</u>
-	-	85,000	3,565,000	3,566,914	(1,914)	-0.05%
-	-	-	6,400,863	6,401,632	(769)	-0.01%
-	-	10,000	-	-	-	0.00%
-	-	<u>95,000</u>	<u>9,965,863</u>	<u>9,968,546</u>	<u>(2,683)</u>	<u>-0.03%</u>
-	461,465	796,370	2,361,995	2,130,577	231,418	10.86%
37,250	35,500	933,426	9,116,103	8,304,517	811,586	9.77%
762,256	339,632	527,506	4,367,277	4,217,366	149,911	3.55%
15,300	44,000	702,097	19,873,607	20,037,888	(164,281)	-0.82%
38,250	-	2,000	138,674	149,083	(10,409)	-6.98%
20,000	40,000	41,500	718,011	660,319	57,692	8.74%
-	-	-	135,361	88,517	46,844	52.92%
-	-	-	58,856	62,006	(3,150)	-5.08%
-	-	6,500	411,290	401,132	10,158	2.53%
<u>873,056</u>	<u>920,597</u>	<u>3,009,399</u>	<u>37,181,174</u>	<u>36,051,405</u>	<u>1,129,769</u>	<u>3.13%</u>

(Continued)

COUNTY OF ULSTER, NEW YORK

**BUDGET INCREASES (DECREASES) WITH GROSS
BUDGET AND COUNTY TAXATION BY FUNCTION (Continued)**

EXHIBIT 1B

	2015 Adopted Budget	2016 Executive Budget	Increase (Decrease)	
			Amount	Percentage
Health				
4010 Public Health	\$ 5,430,020	\$ 5,730,698	\$ 300,678	5.54%
4082 WIC	784,211	799,730	15,519	1.98%
4230 Cont.Narc. Add'l Cent Serv.	969,573	1,227,062	257,489	26.56%
4310 Mental Health Admin	2,018,963	1,678,854	(340,109)	-16.85%
4320 Mental Health Support	1,963,768	1,845,850	(117,918)	-6.00%
4322 MH Contracted Svcs-OMH & OMRDD Svcs	7,055,163	7,269,355	214,192	3.04%
4390 Psychiatric-Criminal Actions	300,000	300,000	-	0.00%
	<u>\$ 18,521,698</u>	<u>\$ 18,851,549</u>	<u>\$ 329,851</u>	<u>1.78%</u>

Revenues - 2016 Executive Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2016	2015		
\$ 2,055,409	261,473	503,235	\$ 2,910,581	\$ 2,480,834	\$ 429,747	17.32%
-	741,427	-	58,303	59,311	(1,008)	-1.70%
165,428	726,994	-	334,640	109,640	225,000	205.22%
429,610	199,141	13,436	1,036,667	1,401,372	(364,705)	-26.02%
-	-	11,250	1,834,600	1,952,218	(117,618)	-6.02%
6,308,604	-	-	960,751	846,634	114,117	13.48%
-	-	-	300,000	300,000	-	0.00%
<u>\$ 8,959,051</u>	<u>\$ 1,929,035</u>	<u>\$ 527,921</u>	<u>\$ 7,435,542</u>	<u>\$ 7,150,009</u>	<u>\$ 285,533</u>	<u>3.99%</u>

(Continued)

**BUDGET INCREASES (DECREASES) WITH GROSS
BUDGET AND COUNTY TAXATION BY FUNCTION (Continued)**

EXHIBIT IB

	2015 Adopted Budget	2016 Executive Budget	Increase (Decrease)	
			Amount	Percentage
<u>Transportation:</u>				
5630 Bus Operations	\$ 7,703,988	7,525,466	\$ (178,522)	-2.32%
5650 Offstreet Parking	55,718	50,606	(5,112)	-9.17%
	<u>7,759,706</u>	<u>7,576,072</u>	<u>(183,634)</u>	<u>-2.37%</u>
<u>Department of Social Services:</u>				
6010 Social Services Administration	33,231,975	31,286,981	(1,944,994)	-5.85%
6055 Day Care Block Grant	3,375,000	3,600,000	225,000	6.67%
6070 Services For Recipients	1,000,000	1,000,000	-	0.00%
6101 Medical Assistance	180,000	120,000	(60,000)	-33.33%
6102 Medical Assistance - MMIS	36,098,504	34,921,341	(1,177,163)	-3.26%
6109 Family Assistance	14,000,000	14,000,000	-	0.00%
6119 Children's Services	26,142,000	25,725,000	(417,000)	-1.60%
6123 Juvenile Delinquent Care	350,000	300,000	(50,000)	-14.29%
6129 State Training School	650,000	150,000	(500,000)	-76.92%
6140 Home Relief -Safety Net	11,000,000	11,200,000	200,000	1.82%
6141 Home Energy Assistance	135,000	135,000	-	0.00%
6142 Emergency Aid for Adults	150,000	180,000	30,000	20.00%
	<u>126,312,479</u>	<u>122,618,322</u>	<u>(3,694,157)</u>	<u>-2.92%</u>
<u>Economic Assistance and Opportunity:</u>				
6410 Tourism	966,146	965,224	(922)	-0.10%
6510 Veterans Service	743,135	818,455	75,320	10.14%
6610 Weights and Measures	192,149	192,990	841	0.44%
6772 Office for the Aging	3,042,831	3,443,486	400,655	13.17%
6989 Other Economic Opportunities 7 Develop.	21,750	21,750	-	100.00%
	<u>4,966,011</u>	<u>5,441,905</u>	<u>475,894</u>	<u>9.58%</u>
<u>Culture and Recreation</u>				
7110 Parks	302,917	352,240	49,323	100.00%
7310 Youth Programs	367,774	339,759	(28,015)	-7.62%
7410 Libraries	74,250	74,250	-	100.00%
7510 County Historian	3,000	2,150	(850)	-28.33%
7560 Other Performing Arts	75,750	80,750	5,000	100.00%
	<u>823,691</u>	<u>849,149</u>	<u>25,458</u>	<u>3.09%</u>

Revenues - 2016 Executive Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2016	2015		
\$ 3,105,394	2,146,400	640,665	\$ 1,633,007	\$ 1,776,556	\$ (143,549)	-8.08%
-	-	36,200	14,406	8,718	5,688	65.24%
<u>3,105,394</u>	<u>2,146,400</u>	<u>676,865</u>	<u>1,647,413</u>	<u>1,785,274</u>	<u>(137,861)</u>	<u>-7.72%</u>
9,058,312	17,571,677	104,000	4,552,992	6,518,975	(1,965,983)	-30.16%
405,000	2,709,612	17,000	468,388	627,465	(159,077)	-25.35%
325,806	163,220	1,000	509,974	178,156	331,818	186.25%
(557,430)	(557,430)	-	1,234,860	1,326,148	(91,288)	-6.88%
-	-	1,300,000	33,621,341	34,797,504	(1,176,163)	-3.38%
112,732	8,804,106	1,050,000	4,033,162	4,267,974	(234,812)	-5.50%
12,122,954	2,996,642	2,021,200	8,584,204	8,221,756	362,448	4.41%
39,300	11,543	10,000	239,157	271,250	(32,093)	-11.83%
-	-	-	150,000	650,000	(500,000)	-76.92%
3,029,050	55,000	700,000	7,415,950	7,161,700	254,250	3.55%
-	(159,838)	271,210	23,628	-	23,628	100.00%
90,000	-	-	90,000	75,000	15,000	20.00%
<u>24,625,724</u>	<u>31,594,532</u>	<u>5,474,410</u>	<u>60,923,656</u>	<u>64,095,928</u>	<u>(3,172,272)</u>	<u>-4.95%</u>
59,903	-	176,500	728,821	726,321	2,500	0.34%
23,000	-	-	795,455	730,153	65,302	8.94%
10,242	-	90,000	92,748	91,907	841	0.92%
1,094,616	1,046,285	107,695	1,194,890	1,032,330	162,560	15.75%
-	-	-	21,750	21,750	-	0.00%
<u>1,187,761</u>	<u>1,046,285</u>	<u>374,195</u>	<u>2,833,664</u>	<u>2,602,461</u>	<u>231,203</u>	<u>8.88%</u>
-	-	109,800	242,440	198,292	44,148	22.26%
213,821	-	-	125,938	153,956	(28,018)	-18.20%
-	-	-	74,250	74,250	-	0.00%
-	-	-	2,150	3,000	(850)	-28.33%
-	-	-	80,750	75,750	5,000	6.60%
<u>213,821</u>	<u>-</u>	<u>109,800</u>	<u>525,528</u>	<u>505,248</u>	<u>20,280</u>	<u>4.01%</u>

(Continued)

COUNTY OF ULSTER, NEW YORK

BUDGET INCREASES (DECREASES) WITH GROSS
BUDGET AND COUNTY TAXATION BY FUNCTION (Continued)

EXHIBIT IB

	2015 Adopted Budget	2016 Executive Budget	Increase (Decrease)	
			Amount	Percentage
Home & Community Services:				
8020 Department of Planning	\$ 1,974,097	1,840,701	\$ (133,396)	-6.76%
8040 Human Rights Commission	22,109	19,268	(2,841)	-12.85%
8090 Environmental Control	355,346	390,231	34,885	9.82%
8710 Conservation	441,500	441,500	-	0.00%
8989 Other Home and Community	76,000	66,000	(10,000)	100.00%
	<u>2,869,052</u>	<u>2,757,700</u>	<u>(111,352)</u>	<u>-3.88%</u>
Employee Benefits:				
9010 State Retirement	726,509	634,263	(92,246)	-12.70%
9050 Unemployment Insurance	201,000	186,600	(14,400)	-7.16%
9055 Disability Insurance	131,050	131,000	(50)	-0.04%
9060 Hospital & Medical	4,696,626	4,691,204	(5,422)	-0.12%
9089 Other Employee Benefits	1,712,493	1,770,000	57,507	3.36%
	<u>7,467,678</u>	<u>7,413,067</u>	<u>(54,611)</u>	<u>-0.73%</u>
Interfund Transfers & Debt Service:				
9730 Bond Anticipation Notes - Interest	350,000	425,000	75,000	21.43%
	<u>350,000</u>	<u>425,000</u>	<u>75,000</u>	<u>21.43%</u>
Total General Fund - Unadjusted	<u>288,406,446</u>	<u>284,013,370</u>	<u>(4,393,076)</u>	<u>-1.52%</u>
Adjustments:				
Appropriated Fund Balance	-	-	-	-
Deferred Property Tax	-	-	-	-
Total General Fund - Adjusted	<u>\$ 288,406,446</u>	<u>\$ 284,013,370</u>	<u>\$ (4,393,076)</u>	<u>-1.52%</u>

Revenues - 2016 Executive Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2016	2015		
\$ 4,000	688,500	55,100	1,093,101	\$ 1,145,856	\$ (52,755)	-4.60%
-	-	-	19,268	22,109	(2,841)	-12.85%
-	-	112,077	278,154	255,756	22,398	8.76%
-	-	-	441,500	441,500	-	0.00%
-	-	-	66,000	76,000	(10,000)	-13.16%
4,000	688,500	167,177	1,898,023	1,941,221	(43,198)	-2.23%
-	-	634,263	-	-	-	0.00%
-	-	-	186,600	201,000	(14,400)	-7.16%
-	-	10,000	121,000	78,550	42,450	54.04%
-	-	400,000	4,291,204	4,296,626	(5,422)	-0.13%
-	-	-	1,770,000	1,712,493	57,507	3.36%
-	-	1,044,263	6,368,804	6,288,669	80,135	1.27%
-	-	200,000	225,000	350,000	(125,000)	-35.71%
40,655,739	38,333,141	136,846,523	68,177,967	73,220,529	(5,042,562)	-6.89%
-	-	15,623,624	(15,623,624)	(18,965,400)	3,341,776	17.62%
-	-	(1,000,000)	1,000,000	1,000,000	-	0.00%
\$ 40,655,739	\$ 38,333,141	\$ 151,470,147	\$ 53,554,343	\$ 55,255,129	\$ (1,700,786)	-3.08%

(Continued)

**BUDGET INCREASES (DECREASES) WITH GROSS
BUDGET AND COUNTY TAXATION BY FUNCTION (Continued)**

	2015 Adopted Budget	2016 Executive Budget	Increase (Decrease)	
			Amount	Percentage
<u>Community Development:</u>				
6290 Office Of Employment & Training	\$ 875,042	891,636	\$ 16,594	1.90%
6291 Participant Support	6,000	6,000	-	0.00%
6292 Job Training and Services	877,742	1,209,693	331,951	37.82%
8668 Rehabilitation Loans & Grants	300,400	600,400	300,000	99.87%
9789 Other Long Term Debt, HUD Loans	64,500	4,500	(60,000)	-93.02%
	<u>2,123,684</u>	<u>2,712,229</u>	<u>588,545</u>	<u>27.71%</u>
<u>County Road Fund:</u>				
D5010 Highway Administration	2,995,226	2,951,551	(43,675)	-1.46%
D5020 Engineering	497,399	445,276	(52,123)	-10.48%
D5110 Maintenance of Roads- Bridges	9,302,577	8,518,787	(783,790)	-8.43%
D5112 Permanent Improvements	3,014,251	3,010,493	(3,758)	-0.12%
D5142 Snow Removal	3,647,612	3,773,023	125,411	3.44%
Appropriated Fund Balance	-	-	-	0.00%
	<u>19,457,065</u>	<u>18,699,130</u>	<u>(757,935)</u>	<u>-3.90%</u>
<u>Road Machinery Fund:</u>				
E5130 Road Machinery	3,601,697	3,566,967	(34,730)	-0.96%
E5190 Stockpile	334,000	312,000	(22,000)	-6.59%
E9901 Transfers to other funds	2,017,303	1,112,033	(905,270)	-44.88%
	<u>5,953,000</u>	<u>4,991,000</u>	<u>(962,000)</u>	<u>-16.16%</u>

Revenues - 2016 Executive Budget			County Taxation		Increase (Decrease) Amount		Percentage
State	Federal	Other	2016	2015			
\$ 61,722	\$ 884,482	\$ 70,950	\$ (125,518)	\$ -	\$ (125,518)		-100.00%
-	6,000	-	-	-	-		0.00%
185,978	898,197	-	125,518	-	125,518		100.00%
-	600,000	4,900	(4,500)	(3,310)	(1,190)		35.95%
-	-	-	4,500	3,310	1,190		35.95%
247,700	2,388,679	75,850	-	-	-		-
-	-	-	2,951,551	2,995,226	(43,675)		-1.46%
-	-	-	445,276	497,399	(52,123)		-10.48%
-	-	1,162,183	7,356,604	7,210,774	145,830		2.02%
3,010,493	-	-	-	-	-		0.00%
-	-	125,000	3,648,023	3,522,612	125,411		3.56%
-	-	250,000	(250,000)	-	(250,000)		-100.00%
3,010,493	-	1,537,183	14,151,454	14,226,011	(74,557)		-0.52%
-	-	4,691,000	(1,124,033)	(1,915,303)	791,270		-41.31%
-	-	300,000	12,000	(102,000)	114,000		-111.76%
-	-	-	1,112,033	2,017,303	(905,270)		-44.88%
-	-	4,991,000	-	-	-		-

**BUDGET INCREASES (DECREASES) WITH GROSS
BUDGET AND COUNTY TAXATION BY FUNCTION (Continued)**

	2015 Adopted Budget	2016 Executive Budget	Increase (Decrease)	
			Amount	Percentage
Workers Compensation Fund:				
S1710 Workers' Compensation	\$ 2,713,055	2,760,242	\$ 47,187	1.74%
S1720 Benefits and Awards	6,901,000	7,196,000	295,000	4.27%
	<u>9,614,055</u>	<u>9,956,242</u>	<u>342,187</u>	<u>3.56%</u>
Debt Service:				
V9710 Serial Bonds	8,969,464	9,629,933	660,469	7.36%
Appropriated Fund Balance	-	-	-	0.00%
	<u>8,969,464</u>	<u>9,629,933</u>	<u>660,469</u>	<u>7.36%</u>
Total - All Funds	<u>\$ 334,523,714</u>	<u>\$ 330,001,904</u>	<u>\$ (4,521,810)</u>	<u>-1.35%</u>

Revenues - 2016 Executive Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2016	2015		
\$ -	\$ -	\$ 30,000	\$ 2,730,242	\$ 2,706,055	\$ 24,187	0.89%
-	-	9,926,242	(2,730,242)	(2,706,055)	(24,187)	0.89%
-	-	9,956,242	-	-	-	-
-	-	-	9,629,933	8,961,964	667,969	7.45%
-	-	250,000	(250,000)	(500,000)	250,000	-100.00%
-	-	250,000	9,379,933	8,461,964	917,969	10.85%
<u>\$ 43,913,932</u>	<u>\$ 40,721,820</u>	<u>\$ 168,280,422</u>	<u>\$ 77,085,730</u>	<u>\$ 77,943,104</u>	<u>\$ (857,374)</u>	<u>-1.10%</u>

**SCHEDULE OF ADOPTED PROPERTY TAX LEVIES
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Adopted Tax Levies</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
2007	69,858,781		
2008	72,410,702	2,551,921	3.65%
2009	74,350,140	1,939,438	2.68%
2010	76,944,960	2,594,820	3.49%
2011	76,944,960	-	0.00%
2012	78,860,389	1,915,429	2.49%
2013	78,730,408	(129,981)	-0.16%
2014	78,730,408	-	0.00%
2015	77,943,104	(787,304)	-1.00%
2016	* 77,085,730	(857,374)	-1.10%

* Executive

**SCHEDULE OF TAXABLE ASSESSMENTS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Full Value of Taxable Assessments</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
2007	18,988,287,662		
2008	20,935,729,372	1,947,441,710	10.26%
2009	21,484,261,701	548,532,329	2.62%
2010	20,945,147,626	(539,114,075)	-2.51%
2011	19,938,963,280	(1,006,184,346)	-4.80%
2012	18,857,224,609	(1,081,738,671)	-5.43%
2013	18,509,048,159	(348,176,450)	-1.85%
2014	17,944,467,814	(564,580,345)	-3.05%
2015	17,580,867,251	(363,600,563)	-2.03%
2016	17,769,787,334 <i>(Estimated)</i>	188,920,083	1.07%

* Total Assessed valuation is from the Assessor's Report included with Executive Summary