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FOR IMMEDIATE RELEASE

ULSTER COUNTY REVENUES GET A FRESH LOOK

Auerbach Releases Revenue Research Report

KINGSTON, NY (July 6, 2010)... Ulster County Comptroller Elliott Auerbach today released a report on county revenue trends that will serve as a financial decision making tool for both the county executive and legislature as they begin the budget process for 2011.

“As our economy continues to crawl out of recession government needs to pay as much attention to income as it pays to expenses,” said Auerbach, “and the better we focus on and plan for our revenue stream, the better able we are to control property taxes.”

Noting that Ulster County has recently begun planning for the 2011 budget, Auerbach said that he timed the report to aid in that process. “With a deeper understanding of our successes and failures in projecting revenues we can improve our budgeting in the future,” said Auerbach.

Auerbach commissioned The Center for Research, Regional Education and Outreach (CRREO) to prepare **Ulster County Revenue Trends 2002 to 2009**. The report examines trends in the County’s primary revenue from sales and property taxes and also considers their impact on the unassigned fund balance.

According to the analysis in the report, Ulster County has had a greater likelihood of underestimating revenues over the past decade. “When we under estimate revenue,” said Auerbach, “we bring in more revenue than we spend and that builds a fund balance.” During the study period the county underestimated sales tax revenue five times and overestimated three times. The report gives considerable attention to fund balances.

CRREO director Jerry Benjamin commended the County as careful, systematic and informed by experience in predicting sales tax revenue. “A review of sales tax revenue patterns, however argues for use of a methodology linked not only to historic patterns but also to current regional economic factors,” said Benjamin.

Revenue forecasting is one of the most complex topics in public finance. For this research, CRREO modeled Ulster County’s sales tax using a linear model, a Logarithmic model and a Polynomial model to demonstrate the predictive value of modeling.

The mission of the Ulster County Comptroller’s Office is to serve as an independent agency of the people and to protect the public interest by monitoring County government and to assess and report on the degree to which its operation is economical, efficient and its financial condition sound.

Selected conclusions in the report include:

- shortfalls in collection of the property tax, attributed to current economic conditions, suggest a need for caution and a reserve for uncollected taxes at the level required by the County charter.
- sales tax revenue drop-off in Ulster County was 7.5%, the 14th worst in New York State
- there is a widening shortfall of actual money received against that expected in revised budgets
- there is a greater reliance on the property tax with the County seeking to raise 151% more in 2010 than it did in 2002 from the property tax

The report makes five recommendations including multi-year revenue planning, establishment of a policy on fund balance and budgeting a reserve for uncollected taxes in accordance with Charter mandate.

“We need a new approach to budgeting,” said Auerbach, “we need our planning to better anticipate the future.” Auerbach further recommends that Ulster County undertake long-term financial planning and multi-year budgeting. “Through these processes we can also begin to establish financial performance measures to evaluate our progress,” said Auerbach.

The full report can be found at www.ulstercountyny.gov/resources/comptroller.

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