

TOWN OF ULYSSES
2018 Budget Process and Narrative

BUDGET PROCESS

September through October is budget time and the Town Board of Ulysses has worked many hours to assess and determine the most responsible way to budget funds for the upcoming year. The Town Board is very aware of the terrific burden property tax has become. Increasing expenses, compounded with cuts in state aid, make for difficult budgeting decisions at the local level. Expenses can be unpredictable, as can sources of revenues, so the town’s aim is to carefully budget to cover necessary services while keeping property tax rates as stable and affordable as possible.

Within the Town of Ulysses is an entirely separate government--the Village of Trumansburg--which adds another level of complication to the budgeting process since NYS determines that certain costs will be borne by all of the town, including the village (A and DA funds), and others are paid for by only those living in the town outside the village (B and DB funds). See Table 9 for a visual explanation of the various funds, and the glossary for a description of terms.

Budgeting is an inexact science, based on estimates from the current and past years. The tentative budget prepared by the Town Supervisor is reviewed by the Town Board. They weigh the importance of the services against the potential for a tax increase, to create a responsible spending plan. Once all the requests for funding and potential revenues are entered into the budget, the levy is calculated.

The **tax levy** is the difference between other revenues (income primarily from sales tax and fees), and appropriations (expenses). This monetary gap is filled by taxing property owners. The rate at which property owners are taxed is determined by dividing the tax levy by the total assessed value (TAV) of the town’s property. The **tax levy** is what NYS requires towns to cap (unless overridden).

$$\text{Tax Rate} = (\text{Tax Levy} \div \text{TAV}) \times 1,000$$

Towns can budget closely to their expected needs but there are unexpected events that occur, such as above average snowfalls, flooding damage, unexpected equipment maintenance, lawsuits, etc . In addition, towns cannot always foresee how much revenue will come from sales tax, or mortgage taxes (based on real estate sales). Further complicating the equation is not knowing when revenues will be available. When the snow is falling in January, a town needs enough in its bank account to cover the costs of keeping the roads clear. With this in mind, towns are expected to maintain a balance in their accounts to assure they can pay those bills, no matter the time of the year. These working funds are called unappropriated and unassigned fund balances (uFB) and they act the same way a personal checking account balance keeps checks from bouncing.

2018 TAX RATES

Taxing entities	Tax Rate	Annual Tax \$/ \$187,000 house
General (A and DA)	= \$1.3278/1000 (Villagers pay this rate)	\$248.30 (a \$5.63 increase over 2017)
EMS/Fire for Ulysses residents*	= \$1.2619/1000 (not paid by Village residents)	\$4.36 decrease over 2017.
Total	= \$2.5897/1000 (Ulysses town residents outside the Village)	\$484.28 (a \$1.27 increase over 2017)

* “A” funds are paid for by both town and village residents and are general operating expenses. Village residents pay for fire and EMS on their Village tax bill, not their town tax bill.

Tables 1. shows the **change in the tax levies** (total amount of funds raised by property tax) and **tax rates** for the General (A) and Highway (DA) funds from 2017 to 2018. The TAV increased from 2017 to 2018 by \$13,003,693. The tax rate increased by 0.26%,

Table 1. Levy and Tax Rates – General Funds (A, DA)

General fund (A and DA)	Year	Levy	Tax Rate/ \$1,000
	2017	\$639,578	\$1.2977
2018	\$671,663	\$1.3278	
Levy change (no water districts)			2.3%

TAV = \$505,508,664

Village and town residents both pay the *General Town-wide* taxes (A and DA), but only residents outside the village pay the town’s share of fire and EMS taxes. Village residents pay for fire and EMS separately on their village tax bill.

The Village of Trumansburg manages both the fire and emergency medical services (EMS) and Ulysses contracts with the village for these services. Fire costs are paid for entirely from property taxes—there are no other revenue sources. EMS costs are paid with a combination of property taxes and income from billing for ambulance transportation. In 2016, revenues from billing for ambulance service were \$95,383.

Tax rates for fire and Emergency Medical Services (EMS) for town residents outside the village are calculated using the TAV of the town minus the TAV of the Village.

FIRE & EMS
Tax rate = tax levy ÷ total assessed value (TAV for the town excluding the village) x \$1,000
Tax rate = \$482,788 (Levy for Fire/EMS) ÷ \$382,589,890 (TAV without Trumansburg) x \$1,000 = \$1.2619

Table 2 shows the 2018 levy and tax changes for fire and EMS, which account for 42% of the total town levy (see Table 6).

Table 2. Levy and Tax Rates – Fire and EMS

Fire/EMS	Year	Levy	Tax Rate/ \$1,000
	2017	\$475,866	\$1.2852
2018	\$482,788	\$1.2619	
% Change		+1.45 %	-\$1.81%

TAV = \$382,589,890 (excludes the village TAV).

The overall 2018 tax rate for residents living outside the village is \$2.5892/\$1,000 of property value, a 0.26% **increase** over 2017. Village residents will pay \$1.3278/\$1,000, an **increase** of 2.32%

Table 3. Tax Rates

2018 TAX RATES	2018	2017	% Change
General Town-wide (A & DA)	\$1.3278	\$1.2977	2.32%
Fire & EMS	\$1.2619	\$1.2852	-1.81%
Total Town Tax Rate	\$2.5897	\$2.5830	0.26%

Water districts are separate taxing entities and only those who live in the water district pay for the expenses.

Table 4. Levy and Tax Rates – Water District 3 (Jacksonville)

Water District 3	Year	Levy	Tax/Unit
	2017	\$222,911	\$586.45
	2018	\$223,752	\$592.56
% Change		0.38%	1.04%

Oddly, the state chose to cap the tax levy, not the tax rate which is what property owners actually pay. The cap takes into account the aggregate of all levies, even the water districts. **Table 5** shows the overall tax rate increase for the town of 0.26%-but the tax rate is not the part that is capped, the tax levy is, and it is up 2.96%. The state allowed tax cap for the town in 2018 is 3.03%.

Table 5. Levy and Tax Rates - overall

All Levies (general, highway, fire/EMS, water)	Year	Levy	Tax Rate
	2017	1,340,029	2.5830
	2018	1,379,718	2.5897
Levy increase		2.96%	0.26%

Table 6 shows the percentage of the levy that goes to paying for each fund.

Table 6. Percent of Levy used for Funds

Fund	Levy \$	% of Levy
General	357,838	31%
Highway	313,390	27%
EMS/Fire	482,788	42%
Total levy (no water)	1,154,451	100%

County and town taxes are printed on the same bill and mailed near the end of December each year. Assume a median value of a house in Ulysses is estimated to be \$187,000. For the purposes of comparison, **Table 7** shows the taxes for the median home in 2018, which translates into a tax bill of \$484.28/year or an increase of \$1.27 over 2017 for residents outside the village and an increase of \$5.63 for village residents. There are no state rebates this year for remaining under the tax levy cap.

Table 7. Tax Bill Amount for \$187,000 House

Taxes due for a Ulysses resident outside Trumansburg	\$484.28	↑ \$1.27
Taxes due for a Trumansburg resident	\$248.30	↑ \$5.63

The town has a variety of revenues as shown in **Table 8**. Besides sales and property taxes, other revenue sources include NYS aid, license fees, grants, penalties and mortgage taxes (from housing sales).

Table 8. Revenue Sources and Percent of Budget

Percentage of revenues from:		
total funding needed	\$2,997,558	100%
Sales tax	\$589,000	23%
Property tax	\$1,154,451	44%
Available Fund Balance	\$243,726	9%
State support	\$141,545	5%
Other revenues	\$495,704	19%

Specific items to note in the budget:

“A” funds are paid for by both village and town residents. “B” funds are assessed to town residents only and generally cover zoning, planning and building code enforcement as well as major highway repair. No property taxes are used as revenues in the B or DB funds.

All funds:

- Health insurance is estimated to increase by 5%
- Unallocated fund balances have been lower than is desirable for the last 3 years, but the target amount was used this year, an increase of ~\$48,000.
- Disability insurance has increased.
- No money was added to reserves. Reserves are generally weakly funded and need to be increased at some time in the future.
- Sales tax is a large portion of income, but has remained flat or decreased over the years. Buying local really does help reduce local property taxes.

A Fund:

- Funds were added in anticipation of replacing streetlights with energy efficient bulbs.
- The town entered into an agreement to mow Jacksonville park.
- The franchise fees from the cable companies has decreased over recent years.

Highway (DA):

- Equipment purchases for 2018 are needed. Funding will from reserves will be required to make these purchases.
- Funding was added for a full time seasonal employee to help with road maintenance in the summer.

2018 Budget Narrative
Glossary of terms and fund definitions

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Glossary of terms (in order of first appearance in budget narrative)

Tax levy: the amount of money needed to cover the town's expenses through property tax. This figure is found by taking the total dollar amount of expenses and subtracting the dollar amount brought in by sales tax and other sources of revenue.

Tax rate (\$/\$1000 of property value): this figure is calculated by taking the tax levy dollar amount and dividing it by the total assessed value of the properties in the Town of Ulysses.

Total assessed value (TAV): if all the assessed values of the properties in Ulysses are added, this figure would represent the TAV.

Revenue: revenue for the town is sales tax, property tax, mortgage tax, licensing fees, and court fees.

Appropriation or Expense: costs associated with running the town. Examples include: staff salaries and benefits, facilities and other capital costs, street lights and other utilities, and cultural expenses.

Unassigned fund balances (uFB): the balance maintained in the town's bank accounts in order to effectively manage cash flow in cases of emergency or unexpected expenses.

Water district: there are four water districts in the Town of Ulysses; this does not include Village water. Residents who are in the water district pay for the costs associated with the water district; no water costs are paid for by residents who do not live in a water district.

Tax cap: In June of 2014 Governor Cuomo passed a law limiting tax levy increases to 2%, or, the rate of inflation, whichever is less. This tax cap applies to both school districts and local governments. The tax cap can be overridden with a 60% vote of the local municipality governing body.

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Table 9. Fund Descriptions, Percent of Budget and Who Pays

Fund	Fund expenses*	Who pays for it through the tax levy	% of overall appropriations
A (i.e. the "General" fund)	Town Hall and Town Court staff salaries, Highway superintendent salary, benefits for staff who qualify, facilities costs, Town Hall utilities, communication and mailing costs, youth programming, attorney costs, environmental research	Town and village residents	29%
B	Building code officer salary, Zoning/Planning officer salary, benefits as applicable, flood and erosion control administrative costs	Funded primarily by sales tax. No property tax is used.	8%
DA	Machinery costs, bridge maintenance, brush and weed control, snow removal, highway staff salaries and benefits	Town and village residents	17%
DB	Highway maintenance, highway staff salaries and benefits	Funded primarily by sales tax. No property tax is used.	13%
Water	Water purchases, administrative costs, infrastructure and maintenance costs	Those in the water district	13%
Fire/EMS	Fire and EMS services	Town residents	20%

Other	Lighting and Sidewalks	varies	<1%

*see the 2018 budget for the complete list

Questions?

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