

TOWN OF ULYSSES
2017 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 the state has made in aid, make for difficult budgeting decisions at the local level. Property tax used to make up about 30% of the town's revenues, but due to increased costs and decreased state aid, it is up to 38% for 2017. 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 lays 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 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, breakdowns of machinery, lawsuits, etc . In addition, towns cannot always foresee revenues coming 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.

The town is still catching up from the recession when health insurance and retirement costs increased far beyond the tax cap and revenues from sales and mortgage taxes were depressed. State mandates on the Fire Department and 24-hour emergency management services (EMS) coverage has also caused the fire and EMS, which make up 43% of the entire property tax, to increase 3.5% over the last 5 years.

To keep the tax rate from jumping up during those difficult times, the town uses more reserves and uFB to offset some of what would have been raised through the tax levy. The economy is improving, but sales taxes, which makes up 20% of the town’s income, did not reach expectations in 2015 or 2016 (a good reason to buy local), and in spite of the state having extra funds, their contribution to the town has remained level at 4% of revenues. The town must contribute to vital reserves for equipment, roads, bridges, and other capital projects for planned and unexpected future costs, particularly for new equipment for the highway department since many pieces of machinery are in need of replacement over the next several years.

2017 TAX RATES

Taxing entities	Tax Rate	Annual Tax \$/ \$187,000 house
General (A and DA)	= \$1.2977/1000 (Villagers pay this rate)	\$242.68 (a \$7.60 decrease over 2016)
EMS/Fire for Ulysses residents	= \$1.2852/1000 (charged separately by the Village to Village residents)	An \$11.52 increase over 2016.
Total Ulysses town residents	= \$2.5830/1000 (Town residents pay this rate)	\$483.01 (a \$3.94 increase over 2016)

“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 2016 to 2017. The TAV increased from 2016 to 2017 by \$17,678,216. The tax rate decreased by 2.02%,

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

General fund (A and DA)	Year	Levy	Tax Rate/ \$1,000
	2016	\$635,480	\$1.3383
	2017	\$639,578	\$1.2977
Levy change (no water districts)			0.58%

TAV = \$492,504,971

Village and town residents both pay the General Town-wide taxes, but the town only bills residents outside the village for 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/EMS costs are paid for entirely from property taxes—there are no other revenue sources, except what the town brings in from billing for ambulance transportation. In 2015, revenues from billing for ambulance service were \$51,292

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 (\$370,262,581).

FIRE & EMS

Tax rate = tax levy ÷ total assessed value (TAV for the town excluding the village) x \$1,000

Tax rate = \$475,866 (Levy for Fire/EMS) ÷ \$370,262,581 (TAV without Trumansburg) x \$1,000 = \$1.2852

Table 2 shows the 2017 levy and tax decreases for fire and EMS, which account for 43% of the total town levy (see Table 6). Extra funding is needed for a projected expansion of the fire hall to better accommodate the EMS service.

Table 2. Levy and Tax Rates – Fire and EMS

Fire/EMS	Year	Levy	Tax Rate/ \$1,000
	2016	\$445,702	\$1.2236
	2017	\$475,866	\$1.2852
% Change		+3.49 %	+\$5.04%

TAV = \$370,262,581 and excludes the village TAV.

The overall 2017 tax rate for residents living outside the village is \$2.5830/\$1,000 of property value, a 0.82% **increase** over 2016. Village residents will pay \$1.2977/\$1,000, a **decrease** of 3.03%

Table 3. Tax Rates

2015 TAX RATES	2017	2016	% Change
General Townwide (A & DA)	\$1.2977	\$1.3383	-3.03%
Fire & EMS	\$1.2852	\$1.2236	5.04%
Total Town Tax Rate	\$2.5830	\$2.5620	0.82%

Water districts are separate taxing entities and only those who live in the water district pay for the expenses. The accounting lines in Water District 3 have changed slightly making some lines go up and some down, but the net is a slight increase in the tax levy.

Table 4. Levy and Tax Rates – Water District 3

Water District 3	Year	Levy	Tax/Unit
	2017	\$222,911	\$584.3
	2016	\$217,235	\$574.54
% Change		2.48%	1.7%

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 0.82%-but the tax rate is not the part that is capped, the tax levy is, and it is up 1.92%.

Table 5. Levy and Tax Rates - overall

All Levies (general, highway, fire/EMS, water)	Year	Levy	Tax Rate
	2017	1,340,029	2.5830
	2016	1,301,321	2.5620
Levy increase		1.92%	0.82%

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	443,786	40%
Highway	195,357	18%
EMS/Fire	475,866	43%
Total levy (no water)	1,115,009	100%

County and town taxes are printed on the same bill and mailed near the end of December each year. In Ulysses, the median value of a house is estimated to be \$187,000. For the purposes of comparison, **Table 7** shows the taxes for the median home in 2017, which translates into a tax bill of \$483/year or an increase of \$3.94 over 2016 for residents outside the village and a decrease of \$7.60 for village residents.

There are no state rebates this year for remaining under the tax levy cap.

The town has a variety of revenues shown in **Table 8**. Besides sales and property taxes, other revenue sources include NYS, 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	\$2,899,916	100%
Sales tax	\$574,857	20%
Property tax	\$1,115,444	38%
Fund Balance	\$369,952	13%
State support	\$118,000	4%
Other revenues	\$721,663	25%

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 and maintenance expenses. No property taxes are used as revenues in the B or DB funds.

All funds:

- Health insurance is estimated to increase by 5%

- Sales tax estimated to be 4% lower than budgeted.
- Unallocated fund balances have been lower than is desirable for the last 3 years and still have not been able to fully recover.
- In spite of no workers compensation claims against the town, the rates are estimated to increase by ~25%.

A Fund:

- Completion of some overdue repairs and energy efficiency measures to the Town Hall increased this line.
- A reserve for excess legal costs was established for this fund.

B fund:

- Engineering costs to develop a water district along Falls Road is borrowed from this fund and will be repaid by the residents in the water district over time.
- Finishing up the rezoning of the Hamlet and Agricultural zones have increased this fund for 2017 but are covered under a grant from NYSERDA.
- A reserve for excess legal costs was established for this fund.

Highway (DA):

- Equipment purchases for 2017 are expected to be minimal, but will increase in 2018. Funding was put in the equipment reserve for future equipment needs to avoid the need to bond purchases.

Fire/EMS

- Funds set aside for future building expansion and fire truck replacement.

2015 Budget Narrative

Glossary of terms and fund definitions

--

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. The current TAV for Ulysses is: \$492,504,971.

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.

--

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

Fund	Fund expenses*	Who pays for it through the tax levy	% of overall budget
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	27%
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	15%
DB	Highway maintenance, highway staff salaries and benefits	Funded primarily by sales tax. No property tax is used.	11%
Water	Water purchases, administrative costs, infrastructure and maintenance costs	Those in the water district	11%
Fire/EMS	Fire and EMS services	Town residents	17%
Other	Lighting and Sidewalks	varies	11%

*see the 2017 budget for the complete list

Questions?

Contact Town Supervisor, Liz Thomas.

supervisor@ulysses.ny.us 387-5767 ext. 232