

MAYOR'S COLUMN

There will be financial implications for the Village in next year's budget as a result of the recent volatility in the financial markets and the effect it had on State Government.

At the Village level, we were fortunate to budget carefully and spend wisely this past fiscal year that ended May 31, 2008 resulting in a general fund surplus of \$833,889 increasing our fund balance to \$1,982,912. Of that amount, \$475,000 was dedicated to the current year's budget to lower the tax burden on residents. Of the total surplus, approximately \$300,000 was from a settlement received from the Girl Scout Cabin fire insurance policy. Per the recommendation of the Cabin Committee, we anticipate using the lion's share of the insurance money to clean up and upgrade the park area surrounding the former cabin site.

We also had an unexpected one-time windfall payment of \$115,000 from a large mortgage company as an interest penalty for missing the first half Village tax payment deadline. This leaves \$1,092,912 in our fund balance account. To put in perspective, our overall budget is \$13,398,113. Non-property tax revenues account for \$5,714,725 requiring us to raise \$7,683,388 through Village property taxes. Our auditors recommended as good fiscal policy to strive for a fund balance approaching 10% of our operating budget. This balance to budget ratio will also help preserve our AA bond rating, the best possible for a Village our size.

Our revenues continue to stay strong, however, even small fluctuations in expenses have impact. For example, on the Village portion of the budget a spending increase of just \$76,835 represents a full one point tax increase in 2008-2009.

While we are doing well on the local level, we are bracing for continued bad news from the State and County. We have the dubious distinction of living in the highest taxed county in the United States and send approximately \$8 million to support County government alone. Budget cuts, including layoffs, have already been implemented in Albany. We realistically expect that our revenue sharing or AIM stipend of \$70,282 will be reduced as well as the \$99,000 we received from the State for road improvements or "CHIPS" program in the coming budget.

Take some solace in that our aid from the State has shrunk so much over the years as a percentage of our budget, that its further diminution is not a significant budgetary number.

The potential significant impact to the Village lies in what the State may force us to contribute to stem their losses. The State of New York lost \$1 billion in assets in only one day last week and the State retirement fund has lost well over \$400 million thus far. State Government is allowed to make up this shortfall by simply assessing local communities to shore up the fund, a practice used in the past. For example, we may well be assessed an additional stipend per employee to raise the fund balance and offset investment losses. Ultimately, the State's poor financial health could jeopardize our bond rating since we are considered a sub-division of State government. Due to the general economic downturn, we also anticipate that sales tax and mortgage tax revenues will decrease accordingly.

We are carefully monitoring our expenditures knowing that fuel costs are volatile and our interest income continues to decrease.

We continue to try to provide quality services and intelligent infrastructure updating fully aware that the fiscal demands on our residents are unprecedented.