

MAYOR MARVIN'S COLUMN

This past week the Village's Finance Committee, chaired by Trustee Robert Underhill, met to review the Village's recent audit as well as the Village's financial practices and procedures. We are extremely fortunate to have residents with unparalleled financial expertise willing to give of their time. Committee members include Victor Samra, Louis Parks, George Vojta and Don Gogel.

The auditor from O'Connor, Davies, Munns & Dobbins announced that the Village received an "unqualified opinion", the gold standard of accountability. We also received a management letter with "no material findings" which means all of the Village's internal financial controls are operating optimally. The only caution we received is under the heading of "optimal segregation of duties." This results from the fact that our financial staff is so small we cannot divide responsibilities. The auditor did understand and appreciate the reality of our bare bones staff. He also gave our Village Treasurer, Robert Fels, a 9+ on a scale of 10 for accuracy and accounting skills.

The Village currently has the highest possible bond rating for a municipality of our size, a AAI. In order to maintain this standard, the rating agencies typically

require that a municipal fund balance be between 10% and 25% of the amount of the subsequent year's budget. Even with a 0% tax increase last budget cycle, we were able to maintain a \$1.4 million undesignated fund balance equating to 11% of our total budget.

Our Finance Committee has recommended that we enact a formal resolution committing the Village to maintaining the optimal fund balance as a Village priority.

Given the precarious economic times, the Finance Committee also recommended that the Village develop multi-year budgets with the goal of smoothing potential tax increases and gradually increasing the fund balance. They were in accord with our budgeting for capital expenditures of allocating money every year in anticipation of equipment needs going forward.

In order to reach the 0% tax increase last year which was not only a financial goal but a recognition that our residents deserved much needed tax relief, we had to decrease spending by 3.5% to offset major revenue losses. Of the \$13.4 million needed to operate the Village, only \$7.7 million was funded by the property tax levy with \$5.7 million coming from

other revenue sources. Thus the health of the economy directly affects our tax numbers.

To get the zero number, we had to layoff staffers, leave positions unfilled and cut spending in every department.

This year's budget will be even more challenging. Our non-property tax revenues continue to decrease and I believe we have reached bare bones in terms of staffing and services.

The Village's budget equates to 17¢ per every Village/School tax dollar. This small percentage is neither healthy nor sustainable to provide the services Villagers have come to expect.

Our 2009/2010 revenues from all sources continue to decrease at an alarming rate. Our estimate in 2009/2010 for interest income is down \$145,000.00, a 64% drop from the prior budget year.

Mortgage tax revenue is down 31% from \$297,000.00 in 2007/2008 to \$206,000.00 in 2008/2009 and building permit revenue is down an unprecedented \$316,000.00 from \$551,000.00 to \$235,000.00. Sales tax revenue decreased from \$912,000.00 to \$838,000.00, a difference of almost one tax point on this one line item alone.

The newly enacted MTA payroll tax will cost the Village approximately \$20,000.00 annually. In addition, the State Pension Fund experienced a dramatic loss in the last year. By State law, communities must make the fund whole. As a result, the Village's non-police contribution to the fund rose 55% and the police portion increased by 22%, translating into \$164,000.00 in new expenditures or another 2% tax rate increase.

Knowing the challenges we face, we began our budget process earlier than usual. Last cycle, in an effort to find savings, we re-bid our general insurance package, telephone service, legal services and increased our joint purchasing with Eastchester.

In this budget cycle, we are reviewing our last big ticket item, our health care, to seek more favorable rates. Beyond this, we have very little room to maneuver.

We will be scheduling our budget workshops for early March. Dates and times will be posted on the Village website and we invite you to attend.