

Dear Residents, Citizens and Fellow Taxpayers of the Village of South Glens Falls,

Most recently the Glens Falls Post Star reported that as a result of a recent Village tax increase there is now a financial surplus from collected tax revenue. To those who can attend Village Board Meetings and to a larger segment of the citizenry who often rely on local newspaper reports to remain informed of Village business, I address this letter .

The Glens Falls Post Star would have you believe that the Mayor and the Board of Trustees "hiked" Village taxes and then created an unnecessary fiscal surplus for the coming year. This is simply not true. It was misstated at a recent Village Board meeting, by a member of the public in attendance, that it appears the Village has a substantial financial surplus based upon a total revenue when compared to the total budgeted annual expenses. The Post Star repeated this misinformation as a lead article in a recent issue, once again demonstrating that the reporter does not grasp what is being discussed.

Simply stated ...the annual budget anticipates total revenue from all sources and that is the expected income stream for the twelve month period of Village business . The Village budget then sets up all of the "approved" expenditures for that budget year. A comparison of those two numbers MATHEMATICALLY demonstrates that *IFEVERYTHING* ( and w/o exception) goes along according to the budgeted expenditures then.... there *could be* a \$180,000.00 +/- surplus. The important thing is that this can NEVER honestly be characterized as a SURPLUS until the Village can safely arrive at or near the end of the fiscal year ...and look back ... ( with 20/20 hindsight). Only then and perhaps with a comfortable conclusion that over that past budget year nothing broke and nothing blew up or fell off (and there were no fiscal calamities that the Village could not cover with available "budgeted" funds)..... whatever remains might safely " at that time" .....be considered a surplus.

It is entirely prudent that the Village NOT start counting eggs before the hens have even started to roost.

More importantly...there is no harm done in waiting for the budget year to play out. If in fact over the period of this current fiscal year the Village is actually favored with few or no fiscal calamities ..then by all means ...should a surplus be realistically ascertained as a "good possibility" ...the Trustees can then feel comfortable in using a REAL and actually available fund balance for appropriate purposes .....perhaps dedicating some funds to reserve accounts for fire equipment, etc. or allocating a REAL surplus in many other ways that might also include tax relief.

All of that is simply called fiscal responsibility. As Mayor and with the support of the Village Trustees and residents our mutual goal is to follow sound and responsible money management practices. To do otherwise is well beyond foolish...it is actually irresponsible.

As always you are invited and encouraged to participate in your Village government. Your interest in assuring a good, honest and responsive local government remains our shared goal.

Very truly yours,

Joseph Orlow, Mayor

## *Fund Balance explanation with detailed information*

**I hope this clarifies the fund balance in further detail and it does not change the bottom line amount  
And what that main topic was “\$188,549.00”**

The basics of a Fund Balance. The following is established by the Government Accounting Standards Boards (GASB) which are recognized by state and local governments

**“A Fund Balance is simply the difference between assets and liabilities in governmental funds”**

### **Village actual figures from 2015-2016**

YTD Revenues           \$2,402,065  
YTD Expenditures   \$2,370,708  
Difference           \$   31,357

**This is the difference between the totals**

<b>ASSETS</b>	<b>2015</b>	<b>2016</b>	<b>Difference</b>
Cash	\$ 31,553.00	\$ 59,933.00	\$ 28,380.00
Cash in time deposits	125,105.00	125,173.00	68.00
Petty Cash	525.00	525.00	0.00
Account Receivable	20.00	2,918.00	2,898.00
Unemploy reserve	<u>10,451.00</u>	<u>10,462.00</u>	<u>11.00</u>
<b>Total</b>	<b>\$ 167,654.00</b>	<b>\$199,011.00</b>	<b>\$ 31,357.00</b>

<b>2016 Total Assets</b>	<b>\$199,011.00</b>
Less Unemploy Reserve	<u>10,462.00 assigned funds</u>
	<b>\$188,549.00</b>

NOW, let's take this one step further and get an actual break down of the **Fund Balance** to see what actual **Assigned Funds** (to be used for only what they were set up for) and **Unassigned Funds** (to be used for any purpose)

### **2015-2016 Balance Sheet – General Fund**

<b>Assets</b>	
<b>Cash</b>	\$ 48,291.00
	11,593.00
	<u>49.00</u>
<b>TOTAL</b>	<b>\$ 59,933.00</b>

### **Cash in Time Deposits**

\$ 25,012.00	Certificate of Deposit – DPW Equipment (assigned)
75,123.00	Certificate of Deposit – Fire Apparatus (assigned)
25,012.00	Certificate of Deposit – DPW Building Renovation (assigned)
<u>26.00</u>	<u>Affordable Housing Grant Account (assigned)</u>

**TOTAL           \$125,173.00**

### **Petty Cash**

\$200.00	Office Cash Drawer (assigned)
100.00	Misc. (Certified postage, etc) (assigned)
<u>200.00</u>	<u>Police Misc. Cash (assigned)</u>

TOTAL                    25.00 DPW Misc. Cash (assigned)  
                              **\$525.00**

**Accounts Receivable**

TOTAL                    \$2,918.00 Misc Receivables will be collected in 2016-2017 (tax search, City of GF)(unassigned)  
                              **\$2,918.00**

**TOTALS add up to \$188,549.00**

The last part of this is to see what the Village actually has for funds which will allow for any addition expenditure that is not in the budget.

So in looking through what we just reviewed it seems as though the GFN checking with a balance at year-end of \$48,291.00 and the Accounts Receivable ending balance to be collected in 2016-2017 is \$2,918.00

When the amounts listed above total out and you look at your projected fund balance for 2016-2017 which is part of the budget you equal out to \$2,142.00

Checking account	\$ 48,291.00
Receivables	+ 2,918.00

This year's budget fund balance projection of account A(599)	- <u>49,067.00</u>
	<b>\$ 2,142.00</b>