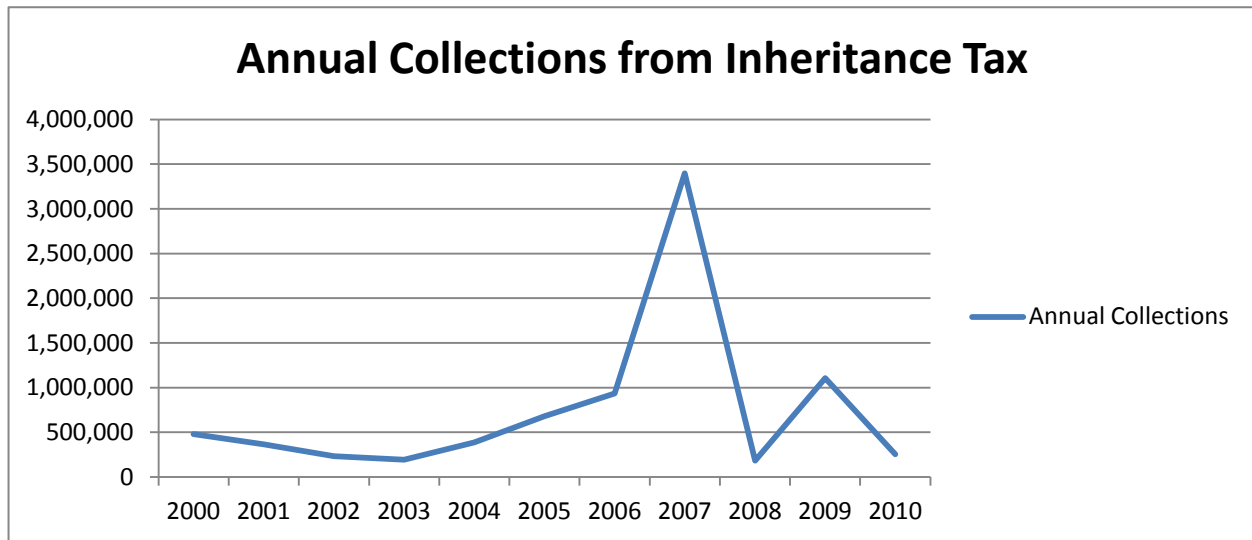


Village Revenue Sources Slashed

The recent State Budget dealt a financial blow to Amberley Village by eliminating the inheritance tax and significantly decreasing revenue sharing from the State via the local government fund. The third largest source of Village funds last year came from the inheritance tax but with its elimination effective January 2013, the Village loses a significant revenue stream. Over \$8 million has been generated over the last decade for the Village from inheritance tax. Last year was a below average year and the inheritance tax generated only 6% of our general fund revenues. The Village typically receives between \$500,000-800,000 per year but as you can see from the graph below, the amount fluctuates:



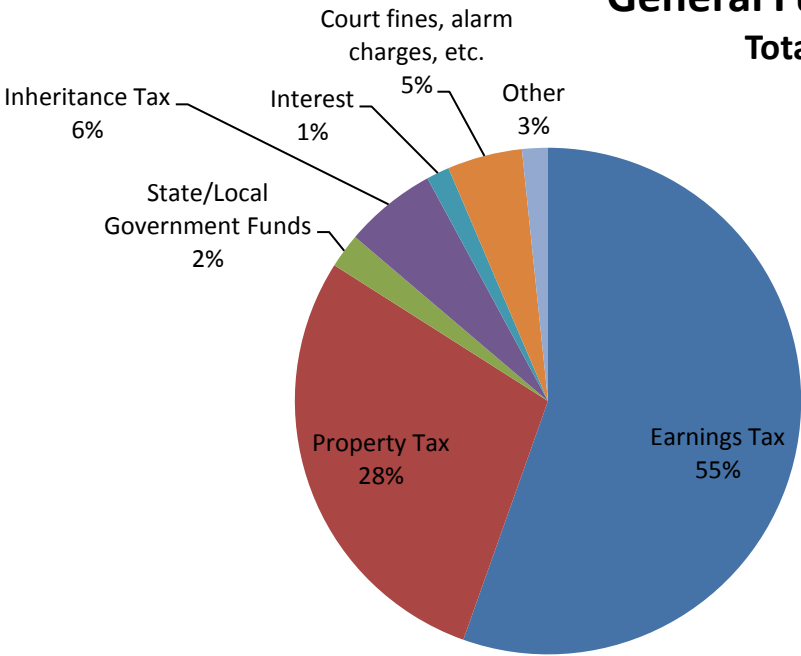
Another State source of funding known as the local government fund has been slashed as well. The Village will receive 25% less this year followed by another 25% decrease the following year. While the Village has received as much as \$125,000 per year, the Village will likely receive only \$54,000 in 2012.

The State funding cutbacks were legislatively enacted without any alternative funding source identified to replace lost revenues and at a time when Amberley Village can least afford it. Village revenues are strained and the historic trend of ever-increasing costs, particularly in health care and fuel, only serve to make the economic climate in which we operate even more difficult. This economy has impacted the dollars local governments receive whether it's earnings tax or property taxes.

So where does the Village receive its monies to provide services to residents? The earnings tax makes up our largest source of revenue followed by the property tax. The chart below shows where the Village revenues come from:

General Fund Revenue 2010

Total = \$4,355,154



So how can Amberley Village continue providing a high level of public service amidst shrinking revenues and still retain that quaint Village feel? Especially during economic hard times, residents expect their Council, Manager and Village employees to show leadership and be prudent in budgeting. As always, the Village will maintain its focus on delivering services and programs that its citizens rely upon. We will respond to the fiscal challenges that lie ahead of us and you will hear various initiatives about how the Village has saved money and continues to be resourceful. Ideas will be shared about how to replace Village revenues that have been greatly decreased or eliminated and how to bolster Village services.

Efficiency and effectiveness in Amberley has been a cornerstone of our service delivery, but we must be proactive and define the level of services our residents are willing to pay and develop a long-term fiscal plan. This isn't a new practice for the Village but in tough economic times, it makes even more sense to have this discussion.