

## Press Release

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### **Village Board Adopts Fiscal Year 2011-12 Budget**

The Village Board approved the Fiscal Year 2011-2012 Budget at its meeting on April 18. The Fiscal Year 2012 again includes budget reductions from the previous year, reflecting the limited revenue growth the Village has seen as a result of the stagnant economy. An additional \$227,000 was eliminated from the FY2012 Budget, bringing the total reductions and deferments over the past three fiscal years to \$1.9 million.

The economic turmoil continues to take its toll on the Village's overall financial condition. While the decline in revenues seems to have leveled off, any increases in revenues have been minimal and have not kept pace with required expenditure growth. As a result, the Village has continued to focus its resources on maintaining core operations and current programs.

#### Revenues

The Village receives revenue from property tax, sales tax, income tax, franchise fees, interest earnings, fines, services charges, permit fees and grants. Property taxes are the largest portion of the Village's revenue. The weakness in the housing market has limited property tax growth over the past several years, with a projected increase of 3.6 percent for FY2012 from the prior year. This increase includes the 2.7 percent Consumer Price Index (CPI) at year end 2009 and 0.9 percent growth from new construction. Property tax rates are based on the Equalized Assessed Valuation (EAV) of property in the Village. The Downers Grove Township Assessor estimates that the Village's EAV will decline by 5.79 percent.

However, strong financial management has helped the Village weather the past several years. Overall, General Fund revenues, which provide for the core operations of the Village, are projected to increase 3.6 percent to \$5.7 million.

Also troubling for the Village's revenue forecast is the uncertainty of the state shared revenue distribution. The State of Illinois collects and distributes sales and income tax to local governments, however distributions are currently four months behind schedule and there has been discussion in the state legislature of reducing or eliminating the municipal share of these revenues. The Village will continue to monitor any actions by the state legislature that will impact the Village.

### Expenditures

The Village is committed to maintaining its long-term financial health. As a result, the Village has continued to reduce expenditures so they remain in line with revenues. General Fund expenditures increased by 1.8 percent, while expenditures for the Village's core operations decreased by 1.3 percent. A serious commitment was made by the Village to reduce costs to balance the budget while maintaining vital services.

Capital Projects highlights for 2011-12 include the Village's road improvement program, which targets those streets in the Village with the lowest condition rating. The Village will continue with its new road standard, which installs concrete shoulders instead of the gravel shoulders that have been used in the past. The Village will also be making improvements in the downtown area, in part through a grant the Village received to improve the downtown streetscape. Work is also planned to replace an aging major water main in downtown Clarendon Hills to accompany the streetscape improvement project.

### Long-term projections

The Village has continued its efforts to control expenditures and to seek alternative revenues sources to support Village operations. However, if revenue growth remains low, projections indicate that even with very conservative expenditure growth, the Village will fall below its required 40 percent reserve balance by 2020.

To ensure the Village's long-term financial stability, the Village Board is currently studying options for revenue growth for the Village. One such option being explored is to seek Home Rule authority for the Village. Home Rule would allow the Village greater authority to seek revenues from various sources. A Home Rule Research Committee has been appointed to study Home Rule and its potential impacts and benefits for Clarendon Hills. To learn more about the Village's Fiscal Year 2012 Budget and the Village's long-term financial projections, visit the Village's website at [www.clarendonhills.us/2012budget.cfm](http://www.clarendonhills.us/2012budget.cfm).