

2024 Financial Sustainability Report

2024 UPDATE

Based on the Best Case-Best Case projections from the 2016 Financial Sustainability Report, the expected final General Fund balance for 2024 was \$4,388,675. However, higher-than-anticipated revenue boosted the actual balance by an extra \$1,619,246—even though the police levy was reduced by two mills in 2018, and expenses exceeded the worst-case projection by over 6%.

Fund Balances Over Time

Although the projection correctly predicted a negative fund balance in 2018 following the millage reduction, the Village maintained a modest positive balance from 2019 through 2021. Unfortunately, the trend reversed in the following two years as average expenditures exceeded 10%. In 2024, a 24% increase in real estate tax valuations helped the Village achieve a modest positive balance of \$106,762. Over the nine-year period reviewed, expenses exceeded the worst-case scenario (5% increase) in six years, averaging 6.27%. Meanwhile, the Village collected over \$3.85 million more in revenue than budgeted, surpassing the best-case projection of \$45.1 million by reaching \$52.3 million—nearly 16% higher than anticipated.

Income Tax Revenue

Over the past nine years, income tax collections totaled \$29.1 million, representing a nearly 5% increase over the previous eight years and averaging \$3.2 million per year. Despite this growth, income tax remains an inconsistent revenue source. Annual changes varied widely (+32%, -23%, -9%, +16%, +1%, +11%, +8%, +11%, and -4%), with an overall average change of 4.86%. Of the total earnings tax collected, 46% came from withholding, 3% from business profits, and 51% from individual taxpayers. Notably, more than a third of the withholding tax is courtesy withholding on behalf of residents.

The Village benefited slightly when Cincinnati's tax rate was reduced to 1.8%. Residents working in Cincinnati paid the .2% difference to Amberley, though this impact was minimal and likely not permanent. Additionally, the increase in remote work during COVID temporarily boosted revenue. However, as more employees return to traditional workplaces, this additional revenue could diminish.

Property Taxes

Property taxes, including the state rollback, are a major revenue source for the Village. Since the last sustainability update in 2016, property valuations have increased significantly:

- **2017 sexennial revaluation:** +8.2%
- **2020 triennial valuation:** +12.9%
- **2023 sexennial revaluation:** +24.3%

2024 Financial Sustainability Report

This marks a dramatic recovery from the 2011 valuation, which saw a decline of more than 10%. With the real estate market stabilizing—fewer foreclosures, faster sales, and homes selling at or above asking prices, the average annual increase over the past nine years was 5.87%. In contrast, the previous period (2004-2015) saw an average increase of only 0.75%. While current trends have been positive, future growth is expected to level off. The Village cannot rely on property tax increases to compensate for spending exceeding projected guidelines.

Mercy Health TIF District

In December 2017, Amberley Village established the Mercy Health Tax Increment Financing (TIF) District, effective from tax year 2018, with the first collection occurring in 2019. Under an agreement with the Cincinnati City School District, service payments in lieu of taxes will be collected over a 30-year period. The Village receives full payment from Hamilton County and remits 32.68% to the school district to compensate for lost property tax revenue. TIF funds are allocated for public infrastructure improvements benefiting the affected parcels and to reimburse the school district. From 2019 through 2024, Amberley Village netted \$402,347 from the TIF.

Financial Predictions and Revenue Growth

The 2016 Report predicted that the Village would at least match the annual inflation rate. In fact, final data shows the Village exceeded inflation by \$774,536. Over the nine-year period beginning in 2016, the Village outpaced inflation in five years. Overall, revenue increased by an average of 4.7% per year since 2016, compared to an average inflation rate of 3.09%.

Revenue from the Kenwood Southwest JEDZ has remained steady, providing a reliable annual income of \$120,000. This consistency, derived solely from business activity, is more stable than the income tax revenue from Amberley Village.

The Village now employs thirty-seven full-time employees, an increase of five since 2016. Other than converting the Administrative Assistant in the Administrative Department to full-time the new positions are within the police department. Three of the positions are in cooperation with the Hamilton County Heroin Task Force. The expenses for these officers are covered by grants. The fifth new full-time position is that of an Eldercare Officer whose salary is largely funded by a grant from the Jewish Family Home with the balance funded by the Village. **See Endnote.**

Expense Management and Capital Transfers

The Village has generally kept key expense drivers within the ranges recommended in the 2013 Financial Sustainability Report. Despite notable pay increases in the past three years, the nine-year average pay increase was 2.92%, which is at the high end of the recommended 1–3% range. Healthcare costs have been well-controlled, with

2024 Financial Sustainability Report

Amberley Village's increase of 4.87% remaining below the recommended 6–10% range. Other operating expenses have mostly stayed within the 2–5% range, although certain items—such as the paramedic contract, other contractual services, and repairs and maintenance—exceeded this range by at least 3%.

The 2016 Report also noted a strategy to transfer larger sums from the General Fund for capital and infrastructure needs. Projections had assumed an annual transfer of \$350,000 (\$200,000 for roads and \$150,000 for capital), totaling \$1.35 million over nine years. In reality, \$2.05 million was transferred and spent on capital needs, averaging more than \$228,000 per year. From 2022 through 2024, the average annual capital expenditure exceeded \$360,000. Updated capital improvement schedules now show a need for \$7,529,396 over the next six years (2025–2030), or over \$1,254,000 per year. Notably, \$2.5 million of this total is allocated for two fire trucks, one of which has been delayed for over 15 years. Moving forward, an annual transfer of \$500,000 appears more realistic.

Roads and Infrastructure

The annual transfer of \$200,000 for roads has generally sufficed, aided by additional funding of over \$270,000 per year from gas taxes and license plate fees. Other funding sources, such as the Storm Water Fund and TIF funds, may also contribute to road projects. Additional resources in the form of grants or loans are also available.

Road condition analyses conducted in 2013 and 2019 revealed that despite investing \$2.5 million since 2012, the overall condition of Village streets had neither improved nor deteriorated. Many roads still require major rehabilitation and reconstruction. In response, the Village launched the **Accelerated Streets Program (ASP)** in 2021, a long-term initiative set to continue through 2028, with estimated total costs (including engineering) of \$6.7 million. The program reached its midpoint in 2025.

The Village benefited from a Greater Cincinnati Water Works reimbursement that helped cover stormwater expenses, allowing projects from 2021 to 2024 to stay within budget despite rising material costs in 2022 and 2023. However, cost projections for 2025–2028 have risen significantly. The remaining projects, originally estimated at \$3.25 million, are now expected to cost \$4.7 million—an increase of more than \$1.4 million. As these projects are near completion, a new set of streets requiring attention has already been identified, increasing long-term financial needs.

Storm Water Utility Fund Concerns

The Storm Water Utility Fund, originally established to address stormwater issues in the Village, is financed by stormwater fees collected from property owners. Currently, annual collections total \$213,000, down from \$325,000 per year before a fee reduction in 2015. In addition to funding stormwater-specific projects, this fund is used to cover portions of road projects, including 50% of curbing costs and the full cost of catch basins and sewers.

2024 Financial Sustainability Report

Since 2016, the General Fund has transferred \$386,710 to the Storm Water Fund to compensate for revenue shortfalls, including \$259,710 from the ARPA Fund. In years with large road programs or separate stormwater projects, the Village has had to make substantial additional transfers to sustain necessary infrastructure improvements. Given the current funding gap, an annual General Fund transfer to the Storm Water Fund may be necessary to ensure continued maintenance and project completion.

With the Village's capital and infrastructure needs projected at \$12–13 million over the next six years, financial planning will be critical to maintaining roads, managing stormwater, and keeping projects on track.

Other Financial Obligations

In 2021, the projected funding for Accrued Time Liability increased from \$40,000 to \$45,000. The Village will continue to fund the Employee Severance Fund at this rate through 2030. After that, the requirement is expected to drop to \$20,000 per year, as funding for employees hired prior to 2013 will have been secured and overall needs will decrease.

Again, with this report no economic development costs are mentioned, and these costs do not figure in the projections made.

The reduction in Police Levy revenue since 2018 remains a concern. While police department costs continue to rise and inflation persists, the revenue of the levy has remained stagnant at \$1.3 million. In contrast, the increase in property values over the past seven years has had no impact on levy funding. When the levy was originally passed at 10 mills (\$1.6 million), it covered 60% of police expenses. After being reduced to eight mills, it initially covered 40%, but by 2024, this coverage had declined to just 33%. Without adjustments, the General Fund will struggle to sustain these rising costs, leading to a significant decrease in fund balance.

In 2016, projections estimated that \$13.1 million would be needed to cover capital needs, including equipment and infrastructure, through 2023. Over the past nine years, the Village has spent more than \$10.6 million on capital purchases. Updated projections now indicate that an additional \$12.5 million will be required to meet capital needs through 2030. Notably, two items have remained on capital projections since 2013. While the total projected cost has decreased since the last sustainability report, it is important to recognize that the current projection period is shorter than in previous reports.

Endnote

Hamilton County Heroin Task Force

In December 2017, the Village joined the Hamilton County Heroin Task Force, a collaborative initiative involving multiple police departments across the county. As part of

2024 Financial Sustainability Report

this effort, the Task Force Commander became an officer within the Amberley Village Police Department. The commander's wages and benefits are fully covered by grants administered primarily by Hamilton County.

For several years, this was the Village's only contribution to the Task Force. However, in 2023, two additional officers were added on a part-time basis to the Quick Response Team (QRT), with all wages and benefits funded by Hamilton County grants. Later that year, the Village also introduced a Heroin Task Force Investigative Liaison, whose salary and benefits are covered by a grant from the Hamilton County Board of Health.

In 2025, Amberley Village expanded its involvement further by adding a Cold Case Investigator to the Heroin Task Force, again funded through grants administered by Hamilton County.

Eldercare Officer Program

Recognizing the needs of an aging population, the Village Police Department partnered with the Jewish Family Home to create an Eldercare Officer position. This officer is dedicated to assisting elderly residents, enhancing public safety, and addressing age-related concerns within the community. The Jewish Family Home provides grant funding to cover 60% of the officer's salary.

Increased General Fund Expenditures for the Police Department

The expansion of both full-time and part-time police positions has significantly increased General Fund expenditures for the police department. In the first full year of the Heroin Task Force (HTF) program, HTF-related expenses accounted for 6.15% of the police budget. With the addition of two part-time positions in 2023, this percentage rose to 8.34%. By 2024 and 2025, two more positions were added, bringing the total HTF costs to 16.23% (\$554,496) of the police budget. However, grant funding covers 100% of these expenses, with only the Eldercare Officer position requiring Village funds. When grant-funded positions are excluded from calculations, the police department's 2025 budget reflects only a 1.91% increase.