

What's Next for the Village Financial Situation?

The Village of Amberley, like your neighbors and so many villages, cities and counties across the nation, has been struggling with declining revenues while trying to maintain expected services. Just as in your family, priorities need to be set and tough decisions have to be made.

So far, Amberley has managed to trim expenses and reduce its staffing without layoffs. Now, the State of Ohio is halving a local government revenue sharing arrangement and has eliminated the estate tax, which provided significant revenue to Amberley. The gap in revenue that we as a Village face is between \$1.85 and \$2.2 million.

It is important to note that Amberley Village does not share in or receive any income tax withholding on taxes paid by our residents to other communities based on where they work. Instead, all of this withholding is kept by the jurisdiction where the resident is employed. As a result of this tax law, residents who work outside of the Village and pay 2% or more to any other local taxing authority typically pay no local income taxes to Amberley Village.

Working with Council's Finance Committee, Village Manager Scot Lahrmer recommended a two-part strategy to raise additional revenue. The first part of the revenue strategy is a one percent reduction in the Village's earnings tax credit, which can be voted on by Village Council. This measure will yield approximately \$900,000 in additional General Fund revenues and helps ensure financial stability. Many Amberley Village residents will not be affected by this reduction in the earnings tax credit, but others – particularly those employed in cities like Cincinnati, which have tax rates higher than Amberley's – can expect to see their withholdings increase.

The second part of the revenue strategy is a 10 mill safety levy that will fund a significant part of our Police Department. The long-term stability of the General Fund is at stake. Most of the Village services are funded through the General Fund including services from our Police, Fire and Service Departments. The financial strain on the General Fund is intense and the police levy is intended to create an additional funding source other than what we have relied upon since the Village's inception in 1955.

After much consideration by Amberley Village Council and a public information meeting attended by nearly 300 residents on October 26 outlining the Village financial situation, the following action has been taken:

- Appointment of an Ad Hoc Advisory Committee (AHAC) comprised of residents interested in the Village's budget issues. The AHAC held its first meeting on November 3, selected Stephen Lerner and Rick Lauer as co-chairs and divided into two subcommittees: revenue and expense. The subcommittees are comprised of the following residents:

Revenue Subcommittee Members

Rick Lauer, Chair
Connie Hinitz
Aaron Freed

Expense Subcommittee Members

Eric Goering, Chair
George Fisher
Jim Bangel

Bill Lennard
Jerry Morgan
John Neyer

Rick Jones
Michael Lake
Stephen Lerner
Ron Regula
Bill Schneiderman

Meeting notices and minutes have been posted to the Village website under the Forms and Documents section. The AHAC plans to review budgetary information over the next few months and make recommendations to Village Council.

- At the request of the AHAC, Village Council tabled Ordinance 2011-15 decreasing the earnings tax credit. While revenues are still needed to fund Village services, the AHAC believed their work to review the Village finances would be impeded by Council's enactment of the earnings tax credit reduction. This action by Council to table the ordinance was taken at the November 14 council meeting with the condition that when it is necessary to enact the earnings tax credit, it can be passed retroactively to January 1, 2012. The last time that Amberley Village voters were asked to vote on any tax levy was in 1989 when the voters agreed to raise the local income tax from 1% to 2%.
- Adopted Resolution 2011-18 placing a 10 mill police levy on the March 6 ballot. The 2012 Police Budget is \$2.5 million and 10 mills will generate \$1.6 million next year. This is a 5 year levy that will expire in 2016. The last and only time residents voted on a property tax increase was in 1955.
- Six new council members began their terms on December 1. The new Council is supportive of the Ad Hoc Advisory Committee and encourages the Committee to complete its review so that their recommendations can be taken into consideration.

While staff has made significant cost reductions, the Village must raise additional revenue to avoid financial disaster. The cuts to employee positions, wages, healthcare, programs and equipment are no different from your own efforts to save by reducing driving to save on gas, eating out less, buying the generic brands and shortening your vacation. However, no amount of cuts will erase the deficit and still provide the high quality level of Village services like police, fire and snow and ice removal. Amberley cannot get out of "unprofitable" businesses such as policing or road repairs. As a government, the Village has a responsibility to provide core services that are by their very nature, unprofitable yet essential. Further cuts would have a negative impact on Amberley's quality of life and we must now focus on raising revenues.

There has been no electorate voted tax increase at all in the past 22 years and no electorate voted property tax increase in 56 years. This is an unparalleled record in local government and is the sign of a government which has always run at the highest level of efficiency with the absolute minimum number of employees in each division.

The ADAC expects to make recommendations by early February. The Police levy is on the ballot March 6. Read about the ADAC's progress on the Village website or subscribe to the Village E News for additional financial matters at www.amberlevillage.org.