

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: December 9, 2025

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Amy Zukowski, Director of Finance

Topic: Ordinance Allocating General Fund Reserves to Police and Fire Pension Funds

PURPOSE

Staff is requesting that the Board allocate approximately \$1.6M in General Fund Reserve funds to the Police and Fire Pension funds. This “employer contribution,” when paid over a three-year period, will resolve a debt owed to the pension funds created by shortfalls in Homewood’s property tax collection over the past decade.

PROCESS

Police and Fire Pension Funding

The Village maintains separate pension funds for its full-time police officers and firefighter-paramedics. Both pension programs are funded by employee and employer contributions. Historically, the Village has funded the employer contributions through its annual property tax levy. As property tax collections are received by the Cook County Treasurer’s Office, each pension fund directly receives their share based on the final tax levy extension.

Pension Funding Deficit

Employer contributions to Homewood’s Police and Fire Pension funds are determined annually through each State Pension Funds’ annual actuarial report. These amounts are then added to the Village’s property tax levy request. Homewood, like nearly every other municipality, does not “receive/collect” 100% of the property tax funding that is requested. Some property owners do not pay their property taxes (delinquency), and others appeal their property tax bills. At the end of the property tax process, Homewood receives or collects approximately 93% of the requested levy each year.

The actuarial firm Lauterbach & Amen of Naperville, IL calculated the gap in property tax collections and has determined there to be a deficit in funding to the public safety pension systems in an amount of roughly \$1.6M that has accumulated over the past ten (10) years.

Pension Fund	Total Deficit
Police Pension	\$1,149,278
Fire Pension	\$ 453,706
Total	\$1,602,984

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In addition, there is an unfunded State mandate that requires municipalities' Police and Fire Pension funds to be 90% funded by 2040. As of April 30, 2025, the Police Pension Fund was funded at 55.0% and the Fire Pension Fund was at 72.2%.

Timing of Payments

Staff recommends making an employer contribution to the Police and Fire Pension Funds in equal installments over the next three years, beginning in April 2026, to resolve the accumulated \$1.6M deficit. Subsequent payments will be made in April 2027 and April 2028 as shown in the table below.

Pension Fund	Total Deficit	Annual Repayment
Police Pension	\$1,149,278.00	\$383,092.67
Fire Pension	\$ 453,706.00	\$151,235.33
Total	\$1,602,984.00	\$534,328.00

Narrowing the Gap Moving Forward

During the October 28, 2025 Village Board meeting, an ordinance was approved to utilize the 1/43rd Regional Share of gaming tax received as an additional employer contribution to the Police and Fire Pension funds, which will assist in ensuring that the deficit owed to both pension systems does not continue to grow exponentially.

OUTCOME

Approval of the ordinance will allow the Village to resolve the current \$1.6M pension funding deficit created by property tax collection shortfalls over the last ten (10) years. In theory, satisfying this debt owed to the pension fund may potentially decrease the actuarially determined funding requirements in future levy years.

FINANCIAL IMPACT

- **Funding Source:** General Fund Reserves
- **Cost:** \$1,602,984 payable over three years

LEGAL REVIEW

Completed

RECOMMENDED BOARD ACTION

Pass an ordinance approving the allocation of \$1,602,984 in General Fund reserve funds to the Police and Fire Pension funds. This "employer contribution," to be paid over a three-year period, will resolve a debt owed to the pension funds created by shortfalls in Homewood's property tax collection over the past decade.

ATTACHMENT(S)

- Ordinance
- Police Pension Fund Deficit Worksheet
- Fire Pension Fund Deficit Worksheet