

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: Truth in Taxation Hearing – 2025 Real Estate Tax Levy

PURPOSE

The State of Illinois Truth in Taxation law establishes procedures that taxing districts must follow in the adoption of their property tax levies. The Truth in Taxation law requires a taxing district to compare the amount of its proposed aggregate property tax levy to the amount of taxes extended for the district in the prior year.

When the recommended tax levy is more than 5.0% greater than the previous year's tax extension, a Truth in Taxation hearing is required. While the Village of Homewood's increase for the 2025 Real Estate Tax Levy is less than 5.0%, the Board finds it prudent to hold a Truth in Taxation Hearing.

The Truth in Taxation notice was published in the Southtown newspaper on December 2, 2025. The final 2025 Real Estate Tax Levy ordinances will be brought to the Board of Trustees for a vote at the regular Village Board meeting on December 9, 2025.

PROCESS

On November 25, 2025, the Village Board discussed setting the annual real estate tax levy under the rules applied to non-home rule communities. For non-home rule communities like Homewood, tax levies have certain restrictions, limitations, and parameters that are set by the State of Illinois through rules contained in the Property Tax Extension Limitation Law (PTELL).

PTELL limits non-home rule taxing districts by allowing a tax levy to only increase from the prior year using the following parameters:

- based on the lesser of 5% or the increase in the consumer price index (CPI) for the year preceding the levy year and,
- capturing property taxes for new construction within the district for the preceding calendar year.

Homewood's 2025 Tax Levy that Falls Under PTELL

The actual CPI for the preceding year is 2.90%. Because the CPI is less than 5%, the Village is able to capture the full 2.90% increase under the PTELL parameters. The Village has also estimated

VILLAGE OF HOMEWOOD



the change for new construction, a conservative 0.5% increase, which adds to the overall Equalized Assessed Valuation (EAV).

The 2.90% increase in CPI plus the 0.50% for new construction gives the Village a 3.40% total increase over the prior year's final tax extension levy. The final 2024 tax extension under the PTELL was \$7,781,058. The recommended 2025 tax levy under the PTELL is \$7,981,293.

Tax Levy Pension Breakdown:

- The Village's total tax levy under PTELL is proposed to be issued for an amount of **\$7,981,293**.
- Approximately 62%, or **\$4.5M**, of the total tax levy will go towards all pension obligations, including Police Pension, Fire Pension, and IMRF.
- Of this 62% or \$4.5M pension amount, 89% or approximately \$4.0M goes exclusively towards Police and Fire Pension obligations.
- The remaining 38% goes towards all other operational items, including FICA (Employer Social Security and Medicare payments).

Police and Fire Pension Funding

Under the State Pension code, the Village is to fund the Police and Fire Pension Funds at the required statutory minimum. The required statutory minimum is based on the State of Illinois' mandate that our Police and Fire Pension Funds be 90% funded by 2040. The Homewood Police Pension Fund is currently funded at 55.0%, while the Homewood Firefighter's Pension Fund is currently funded at 72.2%. The State's Consolidated Pension Fund requirements are designed to accomplish the "90% by 2040" funding mandate.

	<u>Police Pension Fund</u>	<u>Fire Pension Fund</u>
Statutory Minimum (<i>assumes 90% funded by 2040</i>)	\$2,978,070	\$985,580

Foster & Foster Actuaries and Consultants

The statutory minimum amounts to fund the Police and Fire Pension funds are determined by the consolidated funds' actuaries.

General Operations Funding

The levy amounts for both IMRF and Social Security/Medicare are not limited by a rate set forth by statute. The amounts are determined based on what is sufficient to cover and meet the costs and requirements of each program.

The amounts allowed to be levied for the following are limited based on a rate set forth by the Statute.

1. Corporate
2. Fire Protection
3. Police Protection

VILLAGE OF HOMEWOOD



4. Street and Bridge
5. School Crossing Guard

The Audit and Risk Management Insurance levy amounts have no rate limit. The amount levied should be sufficient to cover the costs of the audit and worker's compensation costs.

Debt Payment Obligations

Debt payment obligations are allowed to be included in the tax levy; however, it is important to note that debt payments are not governed by the PTELL. The Village issued a non-referendum General Obligation Bond in the amount of \$2,611,269 in September 2024. The general obligation bond funds will be used to complete numerous capital infrastructure projects over the next several years. The principal and interest payments required to repay the 2024 bond issuance will be included in the next three tax levies. With this new debt, \$746,688 is added to the 2025 tax levy.

Village's Portion of the Total Tax Bill

On the 2024 tax bills, the Village of Homewood's portion is approximately 11% of the total real estate tax bill. For example, if a resident's total property tax bill is \$8,000, only \$880 of the annual property taxes paid are allocated to cover the cost for quality amenities and high-level services that are provided by the Village of Homewood. Some examples of such services and amenities include police and fire public safety services, public works services including snow removal and tree removal/reforestation, and the downtown events series including farmers market. We anticipate that the Village's portion will remain at 11% on the 2025 tax bills.

OUTCOME

The **total** requested 2025 Real Estate Tax Levy for the Village of Homewood's municipal operations, pension obligations, and debt service is **\$7,981,293**, which is an overall increase of 2.57% from the prior year's extended tax levy.

Tax levy dollars allocated to the Police and Fire Pension funds increased by \$473,939 (14%) over the prior year extended levy. Tax levy dollars allocated toward the IMRF pension fund, FICA costs, audit expenses, risk management insurance premium costs, and the day-to-day operating expenses of the Village decreased by \$274,588 (10.63%).

FINANCIAL IMPACT

The final 2025 tax levy will be used to create and develop Homewood's next fiscal year's (FY 2026-2027) budget amounts.

- **Funding Source:** N/A
- **Budgeted Amount:** N/A
- **Cost:** N/A

VILLAGE OF HOMEWOOD



LEGAL REVIEW

Not required

RECOMMENDED BOARD ACTION

Hold a Truth in Taxation hearing to discuss the 2025 Real Estate Tax Levy.

ATTACHMENT(S)

Worksheet