

**Village of Homewood
Fiscal Year 2024-2025
Draft Budget Highlights**

GENERAL FUND

The General Fund is the main operating fund for the Village. The Village of Homewood Fiscal Year 2024-2025 budget shows that Homewood’s fiscal operations are in a good place. *With this draft budget, the Village is estimating a surplus within the General Fund of \$408,906.*

Fund Balance

Fund balance is the Village’s only fiscal insurance policy to protect against internal and external factors that impede the Village’s ability to continue providing high-level services to our residents and stakeholders.

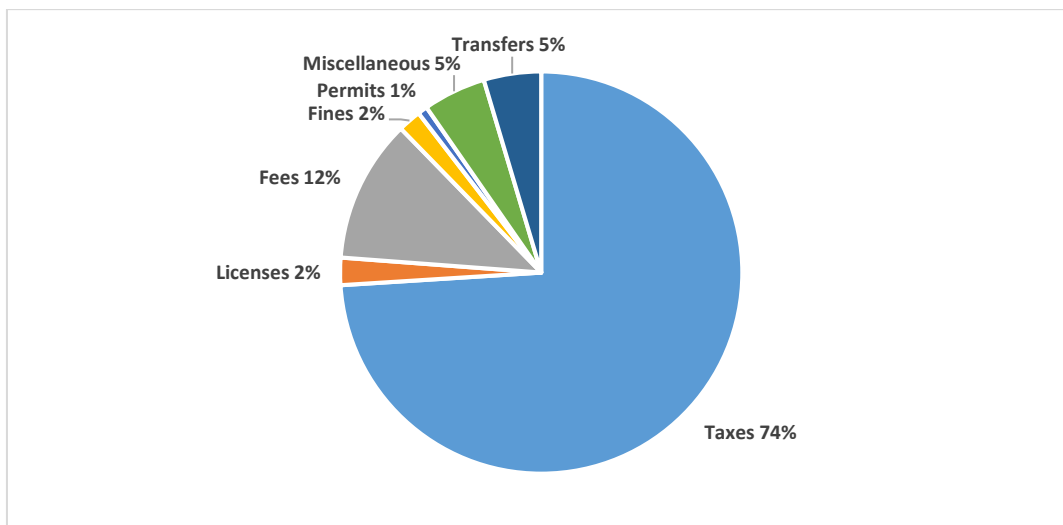
The Village’s policy of maintaining a General Fund fund balance of at least five (5) months of expenditure levels is part of budget discussions each year. With every budget, the Village hopes to add to fund balance in order to ensure that we stay in line with our policy

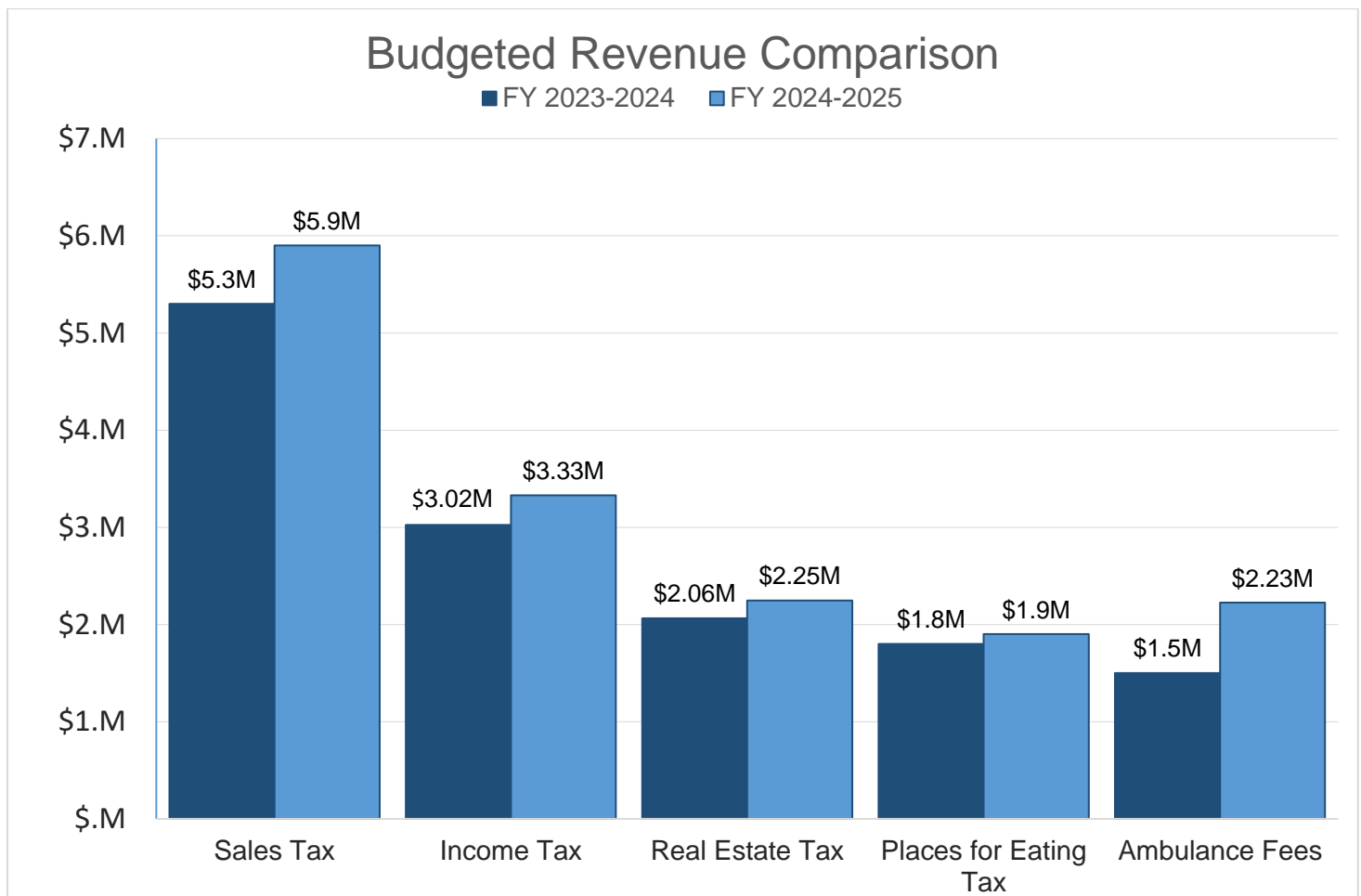
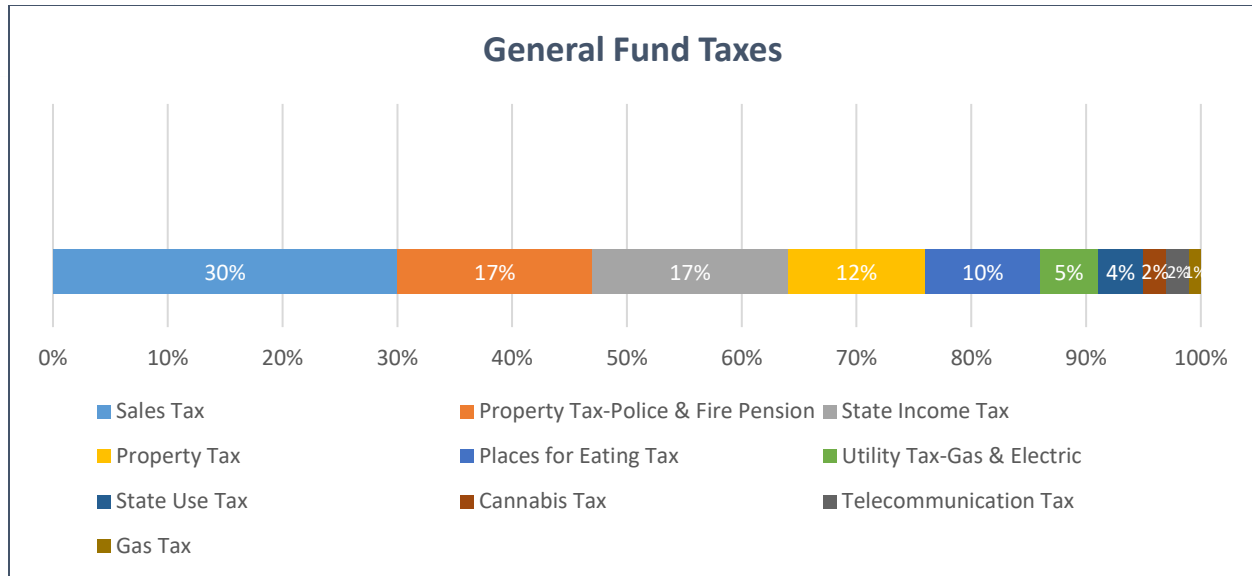
General Fund Revenues

General Fund Revenues are the dollars collected in order to provide the general governmental services expected of a municipality. *The fiscal year 2024-2025 budget reflects \$27.2M in general fund revenue.*

The Village’s General Fund revenues come from a variety of sources.

- Taxes – the largest classification of the overall general revenue budget (see chart below)
- Fees – ambulance, foreclosure registration, tower rental & cable and natural gas franchise
- Licenses – vehicle stickers, business certificates, video gaming & liquor
- Fines – parking & compliance, red light enforcement, municipal code violations & court
- Permits – building & inspections fees
- Miscellaneous – comprised of employee health insurance contributions, interest income & various other smaller revenue items



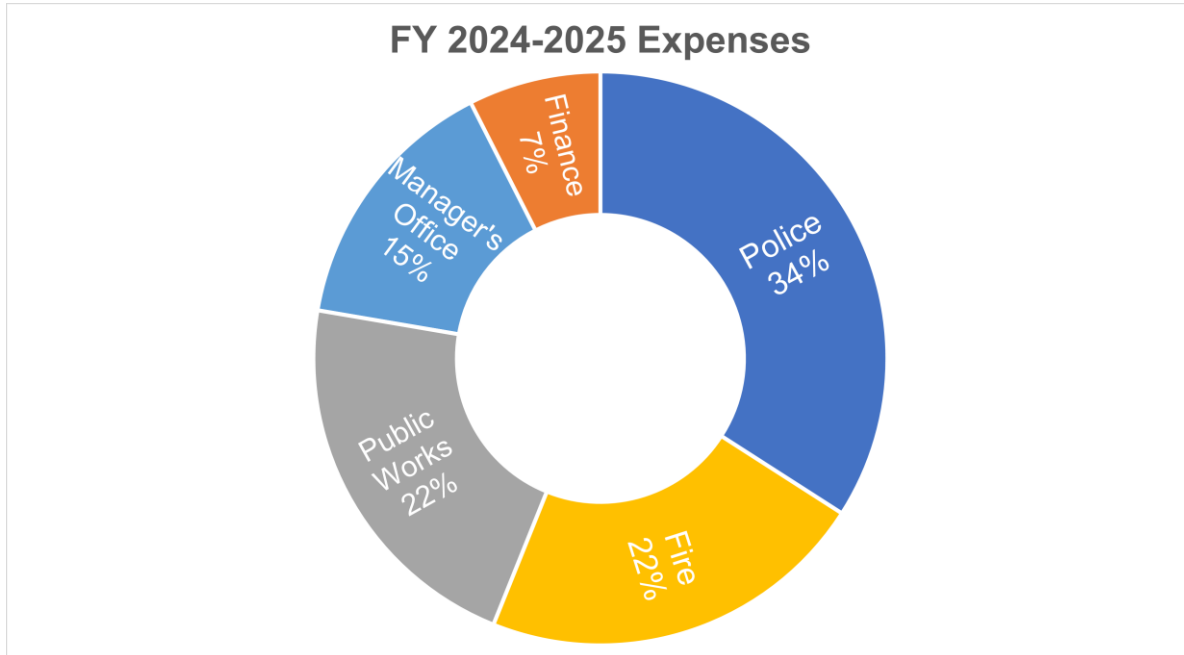


- **Sales Tax – \$5.9M** (increase of \$600,000)
 - Sales tax is the Village’s largest revenue source.
 - The fiscal year 2023-2024 budget included \$5.3M in sales tax. This was a very conservative budget based on the loss of a major retailer.

- Current fiscal year actuals are projected to finish approximately \$400,000 over budget (\$5.7M). This means sales tax is performing better than expected even with the loss of a major retailer.
 - However, current year actuals are still at approximately 90% of the prior years' monthly figures.
 - \$5.9M is based on real and projected current year actuals and assumes a 3% increase based on general inflation.
 - ***A potential challenge to sales tax: Governor Pritzker is calling for removing the 1% sales tax on groceries. Grocery tax revenue is approximately 14% of our total sales tax. This would result in a significant loss of revenue that the Village relies on for providing general government services.***
- **Income tax - \$3.3M** (increase of \$303,625)
- The Illinois Municipal League (IML) provides to each municipality a per capita revenue estimate of the State allocation to local governments.
 - The estimated per capita amount is \$171.
- **Real Estate Taxes - \$2.2M** (increase of \$183,137)
- The budget has been taken directly from the levy in prior years (\$2.4M).
 - However, the Village's average collection rate is approximately 93%. We have accounted for a 7% loss in the fiscal year 2024-2025 budget.
- **Places for Eating Tax: \$1.9M** (increase of \$100,000)
- The Village has seen great success with the Places for Eating tax revenue.
 - The Village looks forward to several new restaurants opening within the next year.
 - Most of this tax is paid by non-residents who choose Homewood dining locations.
- **Cannabis & Local Gasoline Tax - \$550k** (decrease of \$60,000)
- We have seen a decrease in cannabis tax since it was first implemented in fiscal year 2021-2022. The State has allowed more locations to open so the market has become saturated.
- **Gaming Revenue - \$250k** (new in Fiscal Year 2024-2025)
- Based on prior estimates, the Village expects to receive approximately \$250,000 per quarter once Wind Creek Casino opens in hopefully late fall 2024.
 - This quarterly amount will increase to \$500,000 in 4-5 years (once the Public Benefit Fund) is fully funded.
 - ***This revenue source will be especially important to the Village if Governor Pritzker's removal of the 1% grocery sales tax moves forward.***
- **Ambulance Fees - \$2.2M** (increase of \$725,000)
- The fiscal year 2023-2024 budget included \$1.5M in ambulance fees. At the time of the budget, a conservative figure was used as this was the first full year of participation in the Ground Emergency Medical Transportation (GEMT) program.
 - The new \$2.2M budget is based on current year actuals year to date.
 - \$825,000 is budgeted in the Fire Department to account for the 50% of GEMT revenues collected that are due back to the State.

General Fund Expenses

Public safety and public works dominate the expense responsibilities of most local governments. *The total General Fund expenses budget for fiscal year 2024-2025 is \$26.8M.*



The two top expense lines items in the General Fund are salaries and group health insurance.

- Overall salaries were budgeted assuming a 3% cost of living adjustment (COLA) increase as previously agreed to in four (4) collective bargaining agreements.

Village Administration & Finance

- Legislative Program – overall increase of 20% over prior year budget
 - Training – increased by \$6,300 to allow for Board Member attendance at the annual IML conference
 - Fire & Police Commission – increased by \$25,000
 - Additional funding is being made available to assist with patrol officer recruiting efforts

Police Testing and Recruitment	30,000
Psychological Tests	6,000
Firefighter Test	5,000
Total Fire & Police Commission	41,000

- Legal Counsel – overall increase of 18% over prior year budget
 - Labor Relations – increased by \$50,000 to account for current and ongoing labor attorney needs outside of the monthly retainer
- Events – overall decrease of 1% over prior year budget
 - Budgeted dollars from the current fiscal years Business Ticket Reimbursement line item (St. Patrick's Day and Cinco de Mayo) are being reallocated to two new events.
 - Martin Square Block Party- \$4,500 budget (once per month June-August)
 - HF Lights Tour- \$5,000 budget (partnership with Flossmoor for trolley rides)

- Economic & Community Development – overall increase of 55% over prior year budget
 - Business Incentive Program – increased by \$435,000 to budget for General Fund support of The Hartford incentive and several other potential and known incentives.

The Hartford Incentive	200,000
18155 Dixie Highway *	85,000
Joe Peters (Hibbing Building) *	50,000
2018 Ridge (Annex) *	50,000
Twisted Q *	50,000
Non-TIF Incentives	<u>25,000</u>
Total Business Incentive Program	460,000

* Business or Property owner has not yet applied for an incentive and no agreement has been brought to the Board for approval.

- Places for Eating Tax Rebate – increased by \$43,000 to budget for Bergstein's Deli incentive agreement and 18155 Dixie expected rebate agreement

Bergstein's Deli	20,000	3 years – capped at \$60k
18155 Dixie Highway *	20,000	
GMX (Panera Bread)	18,000	5 years remaining – capped at \$210k
AV Coffee (Homeslice)	<u>5,000</u>	capped at \$35k
Total PFET Rebate	63,000	

- Finance – overall increase of 4% over prior year budget
 - Risk Management Insurance – annual premium for Village's general liability and worker's compensation insurance increasing by 5%. This amount is collected through the Village's tax levy.

Public Works – overall increase of 2% over prior year budget

- Street Light Maintenance (Program 321) – increased budget \$20,000 based on prior years' actuals and increase in material costs
- Pavement Marking (Program 327) – increased budget \$50,000 due to increased costs and addition of Metra parking lots
- Sidewalks (Program 327) – increased three sidewalk line items \$50,000 total due to increased concrete costs
- Contracting/Consulting (Program 343) – increased budget \$19,000 to contract out mowing services due to difficulty hiring summer staff
- Vehicle Acquisition & Replacement (Program 812) – increased budget by \$36,000 due to planning to lease two (2) large Public Works vehicles - Aerial Lift Truck and Plow Truck

Fire Department – overall increase of 1% over prior year budget

- Full Time Salary and Group Insurance (Program 413) – increased budget for three (3) additional firefighters to increase staffing on each of the three (3) shifts
 - Brings staffing to seven (7) per shift which was the staffing level when the Village had a part time firefighter/paramedic program several years ago
- Overtime (Program 413) – reduced overtime budget by \$200k due to hiring of three (3) additional firefighters
- Building Division (Program 415) – increased Contractual Services and Plan Reviews based on prior years' actuals

- Plan review expense costs are reimbursed to the Village through the building permit process

Police Department – overall increase of 4% over prior year budget

- Reallocations of staffing between Programs 421 and 422
- 5 vacant patrol officers positions are fully budgeted
- Training (Program 424) – increased budget by \$20,000 to account for additional required State mandated training

WATER & SEWER FUND

The Water and Sewer Fund is an enterprise fund that operates in a manner similar to a private business. The intent is that the cost of providing water and sewer services to the community will be recovered primarily through user charges (i.e. water bills). The rates should be sufficient to cover the ongoing costs of operations, maintenance, administration, and future capital needs within the Water and Sewer Fund. Village tax dollars are not used to pay any of the costs associated with water and sewer services.

The Village has a number of significant water and sewer capital projects that will need to be funded in the near future, such as central water tower replacement and lead line replacement project. The Village will need to consider a water rate study in order to ensure that the Water and Sewer Enterprise Fund is able to produce sufficient funding and continue to sustain itself even with the upcoming and critical capital needs. These needs will be discussed further in our 5-Year Capital Improvement Plan.

TAX INCREMENT FINANCING (TIF) FUNDS

The Village uses traditional TIF districts as a tool to assist in promoting economic development. TIF districts are used to promote economic development in blighted or underdeveloped areas. In a traditional TIF district, the property tax base is frozen for a period of up to 23 years, and any additional property tax revenue generated by new development is directed into the TIF fund.

The Village has six (6) TIF districts. Northeast, Downtown TOD, Dixie/Miller Court, Kedzie, East CBD, and Southgate. The Southgate TIF expired in 2023 and will be terminated at the end of 2024 after the final year of tax collections are received.

DEBT SERVICE FUNDS

Debt Service Funds predominantly fund general capital improvement projects. Being a non-home rule community limits the Village to issuing non-referendum general obligation debt once every three (3) years. The amount is limited to 0.5% of Equalized Assessed Valuation (EAV). This equates to approximately a \$2,000,000 bond issue.

The Village currently has no outstanding debt. The final principal and interest payment on the 2020 General Obligation Bond was paid in 2023. The Village will be looking to issue another General Obligation Bond in 2024 as it is a primary funding source for the Village's capital projects.