

# VILLAGE OF HOMEWOOD



**BOARD AGENDA MEMORANDUM**

**DATE OF MEETING: September 26, 2023**

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**To:** Village President and Board of Trustees

**Through:** Napoleon Haney, Village Manager

**From:** Amy Zukowski, Director of Finance

**Topic:** FY 2022-2023 Village of Homewood Audit

## **PURPOSE**

Presentation and acceptance of the Fiscal Year 2022-2023 annual financial report (audit).

## **PROCESS**

Following the end of the Village's fiscal year on April 30, we contracted with an independent accounting firm to audit our financial records and controls. The audit is conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards.

## **OUTCOME**

The Village of Homewood Fiscal Year 2022-2023 audit results are positive. Overall, the Village's net position increased by 13.2%. Net position is a useful indicator of whether the financial position of the Village is improving, deteriorating, or remaining constant. The Village is in a good place financially.

The Village's General Fund is a major fund and the general operating fund of the Village. The majority of the Village's revenues, such as State taxes, property taxes, and fines & fees are deposited into the General Fund. Most of the Village operating expenses, such as salaries, benefits, and services are paid out of the General Fund.

After all obligations are met at the end of the fiscal year, the remaining money goes into the Village's General Fund fund balance. For Fiscal Year 2022-2023, \$4.66M was added to 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 addition of \$4.66M to fund balance came mostly from the following:

- \$1.65M related to initial Ground Emergency Transport (GEMT) ambulance fees. This State subsidized program began during the fiscal year and was not part of the budget

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process. This additional revenue is budgeted going forward and will be absorbed by general fund expenses.

- \$650k is a result of sales tax performing better than expected during the budgeting process.
- \$272k over budget is Building Permit revenue related to the casino parking garage permit.
- Personal Property Replacement Tax, State Income Tax, Utilities Taxes, and Interest Income revenues all performed better than our budgeted estimates.
- Overall, our expenses came in at 95% of what was budgeted. That is \$1.1M under budget; mainly due to open/unfilled budgeted positions.

The Village's total General Fund fund balance is \$17.3M.

- \$1.85M of fund balance is considered to be Non-Spendable. These funds are not available to be spent, neither in the short-term or long-term nor through legal restrictions.
- \$1.32M of fund balance is categorized as Assigned fund balance. These funds are earmarked for a specific use, such as non-TIF incentives.
- The remaining \$14.1M is categorized as Unassigned fund balance, which equates to approximately seven (7) months of operating expenses. Our current fund balance policy requires a minimum of four (4) months.

Staff has brought to the Board this evening an amended fund balance policy for the General Fund to increase the minimum from four (4) months to five (5) months, along with recommendations for funds remaining over the minimum required amount.

The Village is fortunate to have positive audit results and to continue to be a financially stable community. Staff monitors the financial data closely and watches for trends in both revenues and expenses, which is then used during the next budget process and to make recommendations to the Village Board as needed throughout the fiscal year.

## FINANCIAL IMPACT

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

## LEGAL REVIEW

Not Required

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## **RECOMMENDED BOARD ACTION**

Consider a motion to accept the Fiscal Year 2022-2023 Village of Homewood Annual Financial Report.

## **ATTACHMENT(S)**

Annual Financial Report