

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: April 11, 2023

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Dennis Bubenik, Director of Finance

Topic: DRAFT 2023-24 Budget Presentation

PURPOSE

The most important planning document we prepare and discuss each year is the budget. It creates a “road map” for what we plan to accomplish the coming year with respect to the services we provide a municipal government. There will always be a greater demand for these local government services than we have revenues to pay for those services, but through the budget discussions, we balance what services we can provide with the revenues we have to pay for that service level.

New For This Yearly Budget Memo

Did You Know:

- Property tax revenue represents only 12% of the revenues we use to provide general fund municipal services. On the other hand, Sales tax at 29%, is the Village of Homewood’s largest revenue source used to provide local government services.
- Local government-provided general fund services of Police, Fire, and Public Works account for 66% of the expenses in the yearly budget for the Village of Homewood operations.

PROCESS

Revenues

The Finance Department is busy each month of every year tracking revenues. The Department has decades of history on revenues which we use for trend analysis. Using current data and historical trend data, the Finance Department presents a reasonable revenue budget which reflects the resources we have for the services we look to provide in the coming year.

Complicating the 2023-24 budget was notice in February that the large sales tax and gasoline tax vendor Walmart would be closing the Homewood store March 10, 2023.

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Expenses

The Village departments are directed by the Finance Department to prepare an expense budget reflecting the same people and programs as the previous year's, with any requests for new people and new programs reflected separately. Adjustments were made to expenses based on the Walmart closing notice.

Fund Balance

In conjunction with our conversations of revenues and expenses is the underlying policy we have of maintaining a fund balance of at least four months of expenditure level. With any budget, we hope to add to that fund balance as it is our tool to use to keep service levels constant when the next recession inevitably occurs. We saw how important fund balance was during the housing price crash of 2009 and the COVID budget of 2020/21. This 2023/24 budget is projected to add \$22,970 to fund balance.

Meetings

Multiple meetings are held including members of all departments, finance budget team members, and Manager's Office staff. We follow this basic path:

- A. Department budget expense requests are reviewed line by line.
- B. Historical spending is reviewed of those line items.
- C. The department makes a recommendation.
- D. Finance budget members may provide alternatives.
- E. The Village Manager takes all meeting input and makes a recommendation.
- F. Finance budget staff prepares the budget numbers worksheets.

The end goal of these meetings are a final budget with expenditures in line with revenues to pay for them. That is the case this year for budget year 2023-24.

OUTCOME

A balanced budget where the total revenues anticipated to be available the coming year are sufficient to cover the expense requests of the projects we want to complete, with some dollars left over to increase the fund balance.

New For This Yearly Budget Memo

Did You Know:

- A. Sales tax revenue plus gasoline tax revenues saw a substantial reduction in this budget due to the Walmart closing.
- B. Fire ambulance revenue was increased due to Ground Emergency Medical Transportation (GEMT) program which is a subsidized Federal/State program for ambulance billing related to Medicaid patients.

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- C. Interest Income is increased due to increase investment return rates this past 12 months.
- D. Event revenues are increased due to efforts in place to find event sponsors.
- E. The Manager's Office budget is down 16% due to staffing changes these past 12 months.
- F. The Finance budget is up 18% due to overall Village claims in the workers compensation category over the past three years.
- G. The Public Works overall budget is up 5%. Higher costs for gasoline/diesel fuel are reflected in this year's budget.
- H. Fire Department administrative budget is up \$410,412, of which \$400,000 represents our 50% cost to the State for revenues collected in item B above.
- I. Similar to 99% of local governments throughout the United States, our largest budget is for the Police Department. It is up 1% this year.
- J. Pension obligations are set by an actuary study of each unit of local government. More real estate tax revenue is directed to pension expense in this budget due to the actuary study.
- K. General Fund Wage and Benefit expense is up 2% for this budget. Water/Sewer fund is down 1%.
- L. Water/sewer fund expenses are down 6% in large part to switching from Chicago/Harvey water to Hammond/Chicago Heights water.
- M. Motor Fuel Tax revenues are down due to the end of a one grant allocation from the State to local governments including the Village of Homewood.
- N. The Village of Homewood is a low-debt community presently with only 2% of the total debt level the State allows for a non-home rule community of Homewood's total EAV size. A GO Bond issue planned for the coming year would increase the 2% to 7%.
- O. Federal Government ARPA funds in Homewood are allocated to capital projects as opposed to wages and benefits as found in other local government operations.

FY 2023-2024 Budget Fund Summary

▪ General Fund Budget for	\$26,090,166
▪ MFT Fund	\$ 1,880,000
▪ Water/Sewer Fund	\$ 8,088,901
▪ Capital Projects Fund	\$ 2,253,838
▪ TIF Funds	\$ 256,550
▪ Debt Service Funds	\$ 534,770
▪ Network 3	\$ 20,000

Total All Funds \$38,867,675

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FINANCIAL IMPACT

N/A

LEGAL REVIEW

Not Required

RECOMMENDED BOARD ACTION

Discuss the 2023-24 Budget as presented.

ATTACHMENT(S)

- Draft 2023-24 Budget Highlights
- Draft 2023-24 Budget