

**Village of Homewood
Fiscal Year 2025-2026
Draft Budget Highlights**

GENERAL FUND

The General Fund is the main operating fund for the Village. The Village of Homewood Fiscal Year 2025-2026 budget shows that Homewood’s fiscal operations continue to be in a good place. *With this draft budget, the Village is estimating a surplus within the General Fund of \$128,876.*

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.

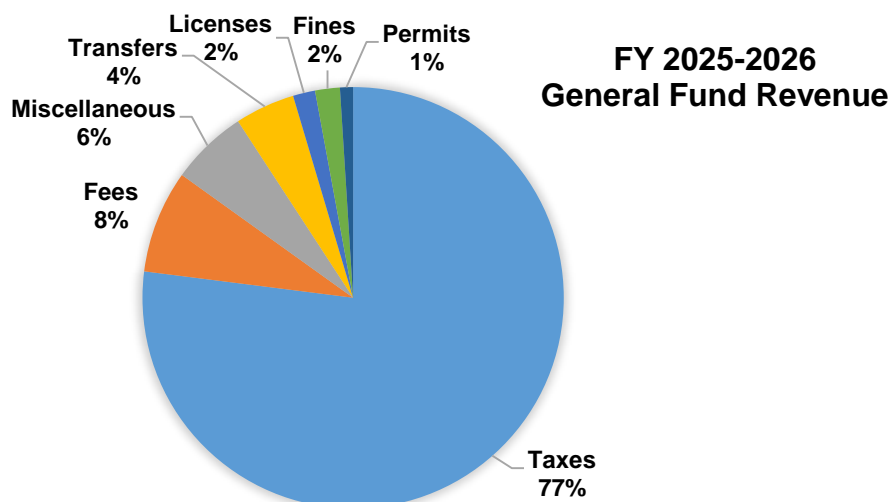
The Village’s policy of maintaining a General Fund fund balance of at least five (5) months of expenditure levels is part of budget discussions each year. With every budget, the Village hopes to add to fund balance in order to ensure that we stay in line with our policy.

General Fund Revenues

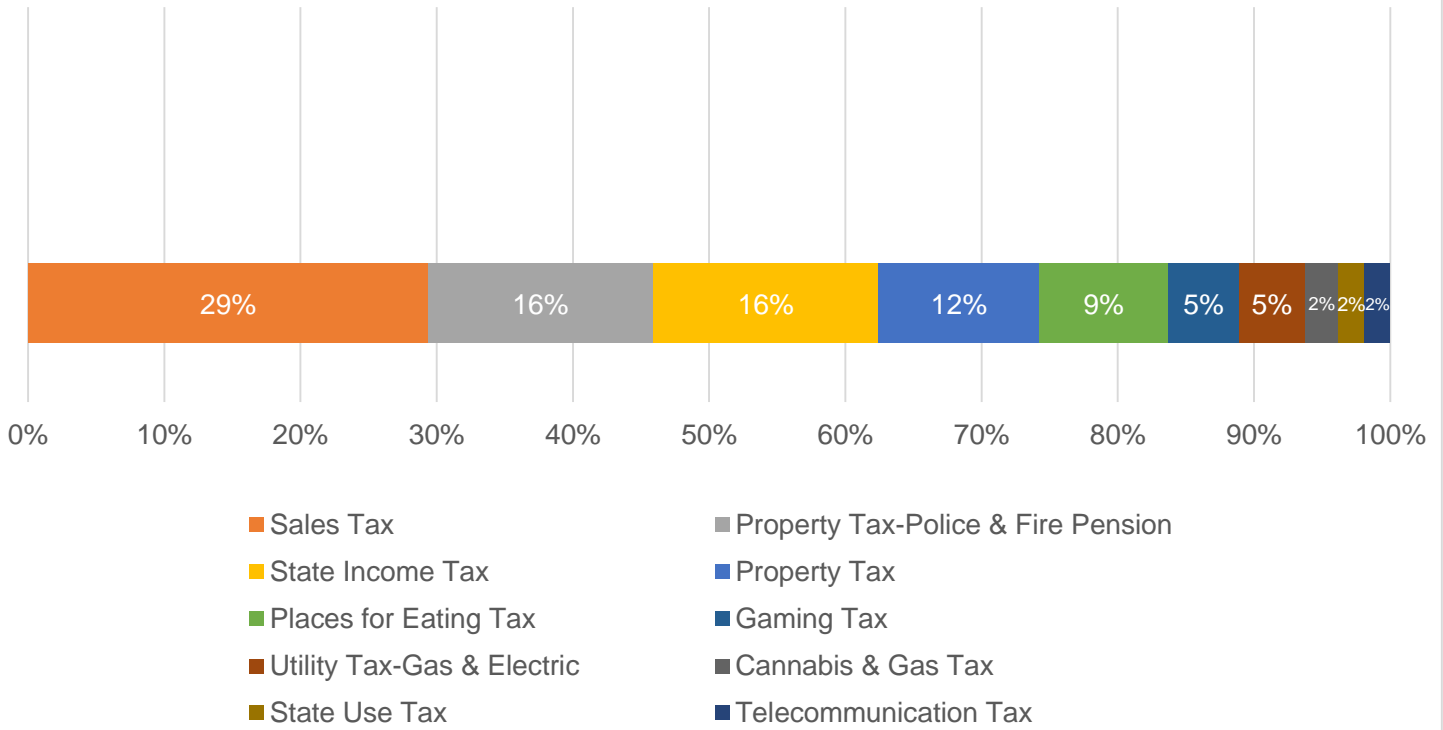
General Fund Revenues are the dollars collected in order to provide the general governmental services expected of a municipality. *The fiscal year 2025-2026 budget reflects \$27.9M in general fund revenue.*

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



FY 2025-2026 General Fund Taxes




Budgeted Revenue Comparison



➤ **Sales Tax – \$6.2M** (increase of \$300,000)

- Sales tax is the Village’s largest revenue source.
- The fiscal year 2024-2025 budget included \$5.9M in sales tax.
- \$6.2M budgeted in fiscal year 2025-2026 is based on real and projected current year actuals and assumes a 3% increase based on general inflation.

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- **Income tax - \$3.5M** (increase of \$171,825)
 - 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 \$178.

 - **Property Taxes - \$2.5M** (increase of \$239,431)
 - The Village's approved tax levy reflects \$2.7M going to the General Fund.
 - However, the Village's average collection rate is approximately 93%. We have accounted for a 7% loss in the fiscal year 2025-2026 budget.

 - **Places for Eating Tax: \$2.0M** (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.

 - **Ambulance Fees - \$1.25M**
 - Different from prior years, the revenue line item reflects the **net** projected ambulance fee revenue the Village expects to receive after remitting 50% of the GEMT revenues that are collected back to the State.
 - In prior years, the GEMT amount due to the State was estimated and budgeted for in the Fire Department.

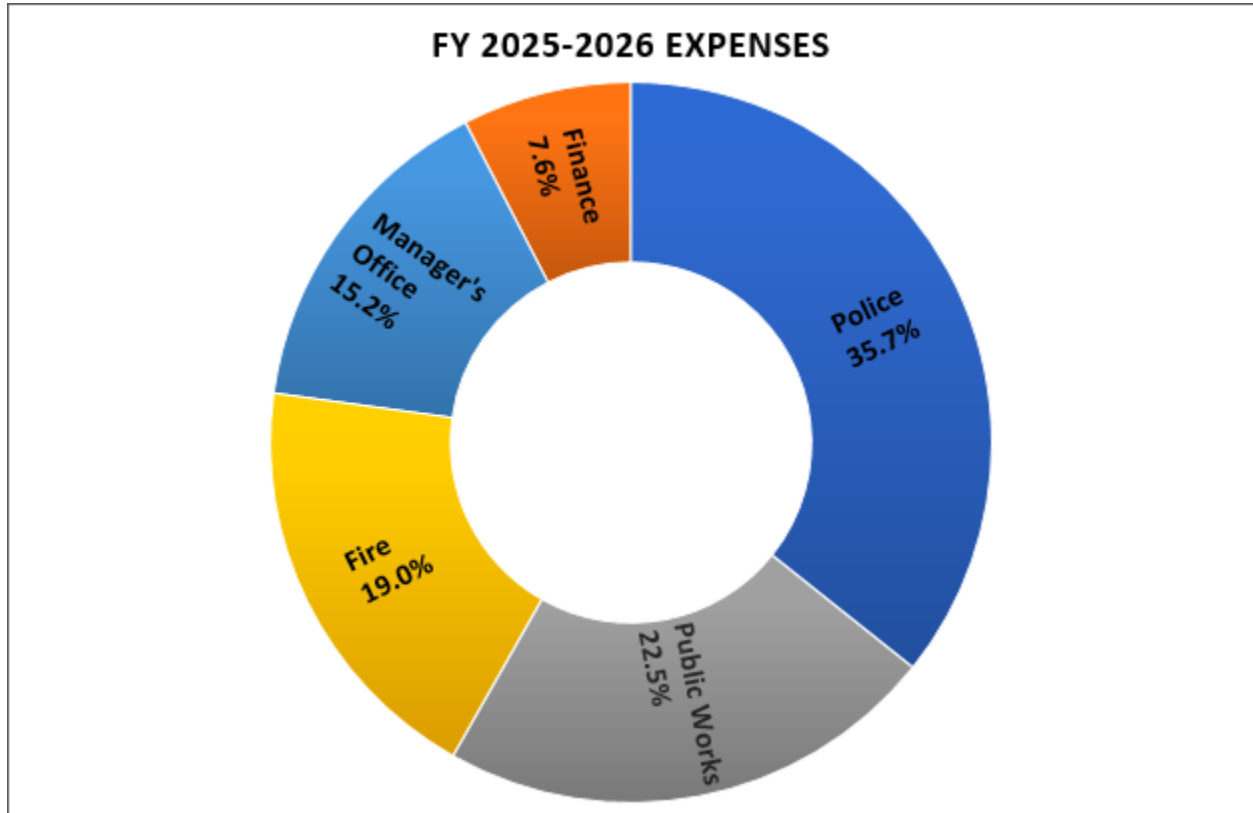
 - **Cannabis & Local Gasoline Tax - \$521k** (decrease of \$29,000)
 - We have seen a decrease in cannabis tax since it was first implemented in fiscal year 2021-2022. The State has allowed more locations to open so the market has become saturated.

 - **Gaming Tax Revenue - \$1.1M**
 - The Village projects to receive approximately \$275,000 per quarter from the Illinois Gaming Board. This is net of the 50% of gaming tax that the Village is required to pay into the Public Benefit Fund for the next 4 years.

 - **Use Tax - \$400k** (decrease of \$420,000)
 - 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 \$19.60. (Last fiscal year's was \$42.50.)
 - This is a significant reduction due to several changes, effective January 1, 2025, that were made to the Leveling the Playing Field Act.
 - A portion of the decrease should be offset in Sales Tax.

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 2025-2026 is \$27.8M.*



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

Village Administration & Finance

- Legislative Program – overall decrease of 35% over prior year budget
 - Fire & Police Commission – decreased by nearly \$71,000
 - The Village received a \$64,000 Police Recruitment and Retention Grant in April 2024. Nearly all of the funds have been expended in advertisements, bonuses, and police testing.

Police Testing and Recruitment	15,000
Fire Lieutenant Test	13,070
Psychological Tests	6,000
Total Fire & Police Commission	\$34,070

- Manager's Office – overall increase of 10% over prior year budget
 - Safety Standown Training – in an effort to further promote the Village's "safety culture" and reduce the Village's worker's compensation claim costs, a new event will be held this fiscal year for all Village employees.
- Information Technology – overall increase of 16%
 - Part Time – \$20,000 was budgeted for a part time IT Assistant.
 - Information Technology Services - increased due to the increasing need and costs to software and other technology.
- Events – overall increase of 13% over prior year budget
 - The Part Time Market Coordinator position was created in January 2025.

- Economic & Community Development – overall increase of 4% over prior year budget
 - Business Incentive Program

The Hartford Incentive	200,000
18155 & 18157 Dixie Highway (Zorich)*	115,000
2053 Ridge (Twisted Q) *	50,000
2018 Ridge (Mongolian BBQ) *	40,000
18121-18123 Harwood (Hibbing Building)	36,560
2057 Ridge (Primo's Café & Deli)*	25,000
Non-TIF Incentives	<u>25,000</u>
Total Business Incentive Program	\$491,560

* 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

18155 Dixie Highway(Zorich)*	20,000	4 years – capped at \$80,000
18134-18138 Dixie (Tequila)	20,000	3 years – capped at \$60,000
820 175 th (GMX-Panera)	17,000	4 years remaining–capped at \$210,000
18064 Martin (Bergstein's)	17,000	3 years – capped at \$60,000
AV Coffee (Homeslice)	<u>3,000</u>	capped at \$35,000
Total PFET Rebate	\$77,000	

- Finance – overall increase of 5% over prior year budget
 - Risk Management Insurance – annual premium for Village's general liability and worker's compensation insurance increasing by 2%. This amount is collected through the Village's tax levy.
 - Contingency/Emergency Fund – increased to be approximately 10% of total General Fund budget.

Public Works – overall increase of 8% over prior year budget

- Sidewalks (Program 327) – increased three sidewalk line items \$55,000 total due to increased concrete costs.
- Cleaning Service (Program 343) – new contract to be awarded could result in increased amount. The budget was increased by \$20,000.
- Contracting/Consulting (Program 343) – increased budget \$45,000 to contract out mowing services due to difficulty hiring summer staff.
- Tree Trimming - Contractual (Program 343) – increased budget \$75,000 to contract out cyclic tree trimming to get the program on a manageable 5-year program.

Fire Department – overall decrease of 11% over prior year budget

- E-Com Radio Lease - (Program 413) – \$28,862 was added to the budget for Fire Department radios that are part of the E-COM Radio Use Agreement. This is a 7-year lease.
- Cardiac Monitor Lease (Program 413) – the cardiac monitors were due for replacement. The Fire Department was able to secure a 0% interest 4-year lease to replace and maintain the monitors. \$29,140 was added to the budget.
- GEMT Ambulance Fees (Program 414) – the overall reduction to the Fire Department is mainly due to moving the GEMT Ambulance Fees 50% reimbursement to the State to the Ambulance Fees revenue line.



Police Department – overall increase of 8% over prior year budget

- 3 additional patrol officer positions were included in the budget. This increased Full Time, Group Insurance, and Training line items.

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, lead line replacement project, and water main replacement. The Village is currently undergoing 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. An alternative funding source will need to be discussed as part of the Village-wide 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 currently has six (6) TIF districts. Northeast, Downtown TOD, Dixie Highway/Miller Court, Kedzie Gateway, East CBD, and 183rd West TIF. Staff has included information for each TIF within the budget this year to include the creation and expiration dates, most recent audited balance, and current obligations from the TIF funds. Two more TIFs will be agendized for consideration and approval – North Halsted TIF and Harwood TOD TIF.

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 most recently issued a non-referendum General Obligation Bond in September of 2024 in the amount of \$2,611,269 at a 3.4% interest rate. The debt service will be repaid annually through property tax collections.

CAPITAL FUNDS

One of the biggest challenges the Village faces in the coming years is identifying a funding source for capital projects. The capital budget for all funds in Fiscal Year 2025-2026 totals \$11.7M, this excludes any potential grant funded projects.

The General Capital projects are able to be funded with 2024 General Obligation Bond proceeds and unassigned/available funds that have been transferred from the General Fund. This will allow us to get many critical capital projects completed but further discussions will be needed to identify funding for the remaining four years of our Five-Year Capital Improvement Plan.

