

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: October 14, 2025

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Amy Zukowski, Director of Finance

Topic: FY 2024-2025 Village of Homewood Audit

PURPOSE

Staff is requesting the Village Board to accept the Fiscal Year 2024-2025 Annual Financial Report (audit).

PROCESS

Following the end of the Village's fiscal year on April 30, the Village contracted with an independent accounting firm to audit the Village's 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. The Village contracted with Lauterbach & Amen to complete the Fiscal Year 2024-2025 annual audit.

OUTCOME

The auditor's opinion contained in the Fiscal Year 2024-2025 audit is an unqualified opinion, often called a "clean opinion" and is the most favorable type of opinion. All of the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Overall, the audit results are positive. The Village's net position increased by 18.9%. Net position is a useful indicator of whether the financial position of the Village is improving, deteriorating, or remaining constant and accounts for all municipal funds, not only the General Fund. The Village is in a good place financially.

General Fund

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 and 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.

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After all obligations are met at the end of the fiscal year, the remaining money goes into the Village's General Fund fund balance or reserves. For Fiscal Year 2024-2025, a net increase of \$2.5M was added to reserves. Fund balance or reserves 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 \$2.5M to reserves came mostly from the following:

- Gaming Tax – The Wind Creek Casino opened in November 2024. The budgeted amount during fiscal year 2024-2025 was very conservative as the revenue and timing of the opening of the casino were unknown during budget discussions and preparation. A more accurate budget figure will be used going forward.
- Interest rates have continued to provide a good return on the Village's investments.
- The acquisition of two (2) properties during fiscal year 2024-2025 (18155 Dixie Highway and 17701 Bretz Drive) cause an inflated revenue figure as accounting rules require that property being "held for sale" need to be recorded as revenue in the year acquired. Any gain or loss will be recorded during the fiscal year in which the property is sold.
- General Fund expenses were 93% of what was budgeted, mainly due to open/unfilled budgeted positions and budgeted business incentives that were not paid due to timing of project completion.

The Village's total General Fund reserves is \$20.3M.

- \$3.1M is considered to be Non-Spendable. These funds account for reserves we are mandated to maintain on hand with the Intergovernmental Personnel Benefit Cooperative (IPBC - health insurance pool) and the Intergovernmental Risk Management (IRMA - risk management pool). In addition, \$1.13M of this amount is land that was acquired at no cost to the Village and is presently held-for-sale (18155 Dixie Highway and 17701 Bretz Drive).
- \$516k is categorized as Assigned. These funds represent *earmarked* funding for a specific use such as non-TIF incentives.
- The remaining \$15M is categorized as Unassigned, which equates to approximately seven (7) months of operating expenses. Current fund balance policy requires a minimum of five (5) months.
- Village staff will provide a recommendation to the Board at an upcoming meeting regarding the best way to use unrestricted funds that are available above the minimum fund balance policy, based on the priorities listed in the Fund Balance Policy. Capital and pension funding will need to be addressed.

Water and Sewer Fund

The net position within the Water and Sewer Fund remained flat from FY 2024 to FY 2025. The Village recently completed a water rate study and adopted increased water rates for 2026 and

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2027 to ensure our rates will be sufficient to cover ongoing operating expenses in the Water and Sewer Fund as well as current and future capital needs.

Pension Funds

Under the State Pension code, the Village is required 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.

As of April 30, 2025, the Fire Pension Fund was funded at 72.2% and the Police Pension Fund was at 55.0%.

Unfortunately, because the Village does not collect 100% of the property taxes levied, a pension deficit of approximately \$1.6M exists. Staff has developed a plan to eliminate this "debt" over a defined period of years. The plan will be presented to the board for consideration at an upcoming meeting.

Management Letter

The Management Letter is a document prepared by the auditors to discuss findings and recommendations for internal control and procedure improvements. Village staff will work with the auditors on the new Governmental Accounting Standards Board (GASB) statements when required. The staff is focusing efforts on creating a Capital Program that may be used as a guide for years to come. With the development of a full Capital Program, staff will consider updating the Capital Policy for Board consideration and approval

Summary

The Village is fortunate to have positive audit results and continues to be a financially stable community. Staff monitors the financial data closely and watches for trends in both revenues and expenses. That information is used during the next budget process as well as in making 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

RECOMMENDED BOARD ACTION

Accept the Fiscal Year 2024-2025 Village of Homewood Annual Financial Report.

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ATTACHMENT(S)

- Annual Financial Report
- Management Letter