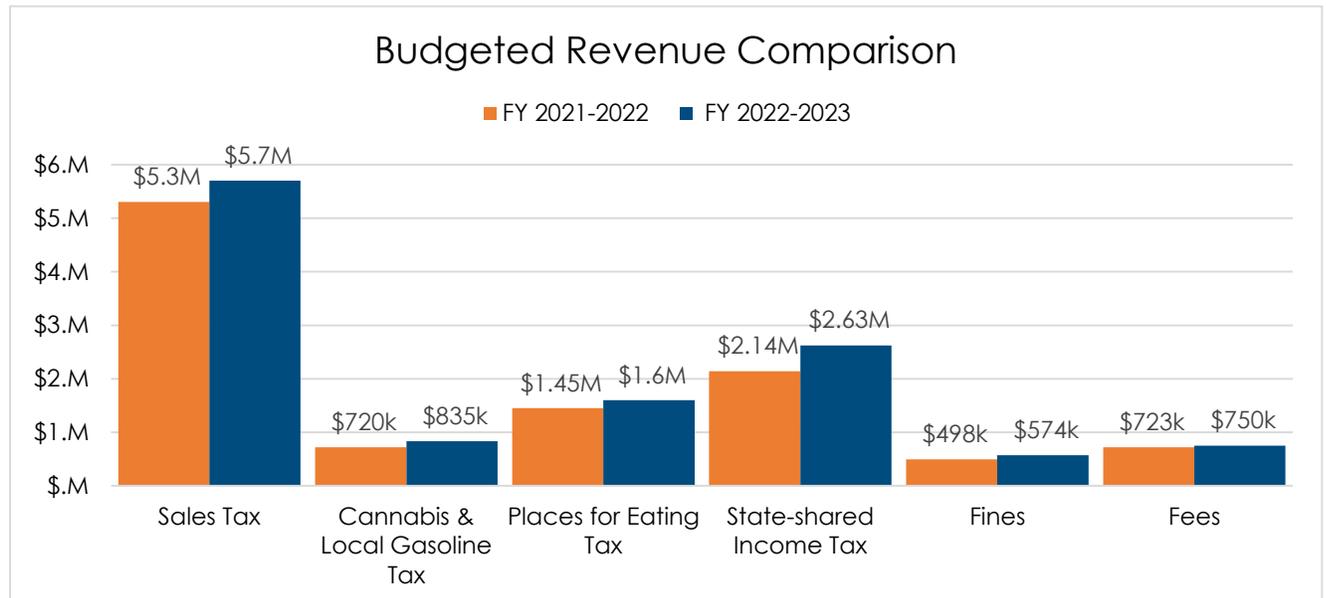


FY 2022-2023 BUDGET HIGHLIGHTS

GENERAL FUND

Revenues



- **Sales Tax: \$5,700,000**
 - Revenues increased during the COVID 19 pandemic, which can be attributed to the diversity of retailers in Homewood. For example, home improvement stores, grocery stores, and drive thru restaurants continued to flourish while many other retailers were closed.
 - The Village will continue to monitor events that may impact our local budget like the conflict in Europe, high inflation, and domestic gas prices.
- **Cannabis and Local Gasoline Tax: \$835,000**
 - New to the 2021/22 budget, Cannabis sales are projected to comprise 55% of this budgeted revenue stream next year,
- **Places for Eating Tax: \$1,600,000**
 - Refunds were made available to those vendors without a drive-thru during COVID 19, but have since expired. As a result, this revenue source is projected to increase by 10% in the coming fiscal year.
- **State-Shared Income Tax: \$2,625,559**
 - State to local governments share income tax is projected to increase next year based on information received from the Illinois Municipal League (IML).
- **Fines Revenue: \$574,000**
 - Revenue was reduced last year due to COVID-19, but is expected to return to pre-COVID historical averages.
- **Fees: \$750,000**
 - Ambulance: \$710,000
 - Conveyance charges are primarily paid by private insurance and Medicare. A new program through the federal government authorizes municipalities to recover more costs for ambulance service to Medicaid patients. This program was implemented in early 2022 and should create an increase in revenue collections.
 - Commuter Parking Lots: \$40,000

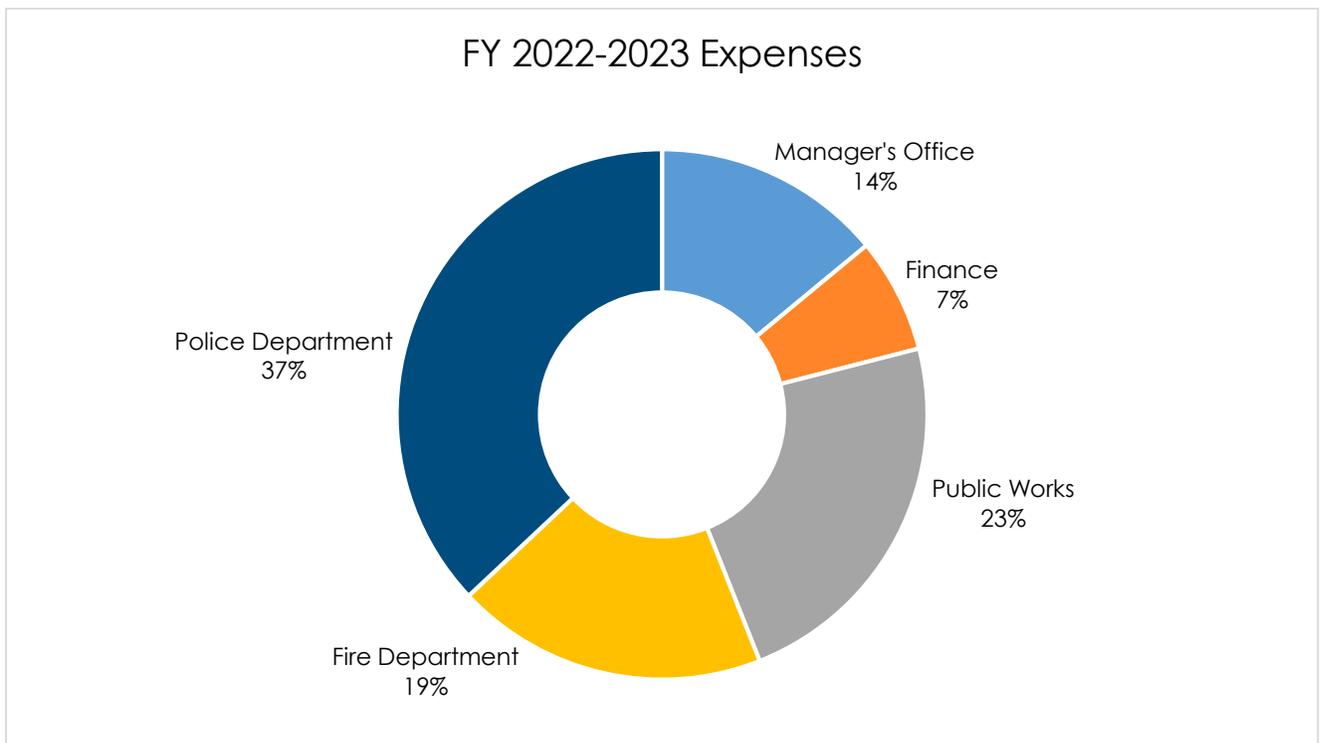
- The Village acquired two parking lots from the Transit District as of 1/1/2022. The parking lot revenue for FY22-23 is a conservative projection.

Other Revenues

- **Property Taxes:**
 - Property taxes are capped and projected to remain consistent for the coming year. The Village continues to allocate more property tax revenue to fund employee pension obligations each year opposed to the annual increases in operating costs.
- **American Rescue Plan Act (ARPA) program:**
 - The Village received an allocation of \$1.2 million in October of 2021 and is expecting to receive another \$1.2 million disbursement in fall 2022.
- **Casino**
 - Of note for future budgets, a south suburban casino was granted to the Villages of East Hazel Crest and Homewood earlier this year. Groundbreaking is planned for spring of 2022 and the subsequent gaming revenue should be realized in 2025.

EXPENSES

Public safety and public works operations typically comprise the majority of a local government's expense budget. Salary and benefit costs remain the largest expense and are a result of several collective bargaining agreements. Village insurance expenses are based on claims data from the insurance pool of which the Village has been a member since 2005. Expenses by department are displayed in the chart below:



- **Manager's Office**
 - A planner position is included at \$90,000 to assist with the planning, zoning, and development needs of the community now and into the future. The

Village previously employed a full time planner; however, that position was eliminated in 2010 due to workload changes resulting from the recession.

- A \$45,000 decrease is from the conclusion of a two-year grant writing project, which will now be addressed on an ad-hoc basis.
- Information Technology is increasing by \$34,500 due to additional yearly maintenance fees and annual contract increases for software, service, and other online applications.
- The events budget has returned to pre-pandemic levels with an increase of \$52,650. This funding will restore the tourism, entertainment and events offerings in Homewood to its prior levels. A new sponsorship package and cost recovery approach is being piloted for FY22-23 to help offset this increase.
- **Finance**
 - Finance expenses are increasing by \$231,104 with the inclusion of a 1% Contingency Fund budget of \$230,000. The Contingency Fund will be used to address will be used unplanned and unbudgeted expenses during the fiscal year that were not known at budget development. The Village has been seeking to establish this emergency fund for more than a decade as an important milestone in its financial resiliency approach. A policy on its proposed use has been included as an attachment.
- **Public Works**
 - A new union position has been added at a cost of \$61,680 for the upcoming year. This new cost is offset by a position elimination from the previous year's budget of \$66,000 that was never filled.
 - FY 2021-2022 operating budget included \$153,600 for review of traffic options on 183rd street. That same \$153,600 is budgeted in the 2022-2023 capital budget to begin implementation of the proposed alternatives for 183rd street traffic control.
 - The Village allocated additional vehicle dollars from the capital improvement fund to the operating fund. Volatility in the supply chain have complicated the Village's ability to acquire vehicles. Should the supply chain issue be resolve in the coming year, the Village will pursue the purchase of these vehicles.
 - The Village is expanding leaf collection services from 2 weeks to 3 weeks in the coming year.
 - Additional dollars have been budgeted for improvements to the parking lots acquired from the transit district in January 2022. New payment kiosks and ParkMobile (parking app) were added to help streamline parking purchases for residents.
- **Fire Department**
 - The department is encountering challenges identifying and retaining part-time firefighters. While this is a nationwide issue, a federal grant application has been made to supplement the needed staffing and offset the increased costs. These grants are highly competitive, but the Village would be notified in summer 2022, if awarded the funding.
 - Decades-old emergency sirens are scheduled to be replaced with minimal budget impact. The net impact of the replacement has been negated by reallocating the budget for expired fire vehicle leases.

- **Police Department**

- A new enforcement detail has been added to aid in the mitigation of speeding on the Village's main thoroughfares and is part of the larger initiative to improve safe driving conditions on 183rd Street.
- The department has also installed a series of license-plate-reader (LPR) cameras, designed to assist with investigations and serve as a crime deterrent.

WATER/SEWER FUND

Revenues: The transition to Hammond/Chicago Heights as Homewood's water supplier from Chicago/Harvey has been the largest project managed by the public works department over the past few years. This \$12.0 million dollar project was financed without debt due to a Village policy created in 2005 that sought a pay-as-you-go approach versus debt financing. Hammond water costs will be predictable for the next 20 years as a result of the contract executed between both communities. Flossmoor's water purchase from Homewood should also generate revenue for this fund.

Expenses: In preparation for this transition, there are no other major expenses planned for FY 2022-2023. The expense budget will be reevaluated next year after the switch to Hammond is complete. Rebuilding the capital projects funds will be a multi-year undertaking as the Water/Sewer Fund will experience additional capital needs in the coming years.

MOTOR FUEL TAX (MFT)

Revenues: Additional state dollars were allocated to local government MFT funds over the past two years. Additionally, the Rebuild Illinois grant funds we also received by the Village.

Expenses: Additional revenue often correlates to increased paving expenses; however, the Village is being heavily impacted by supply & demand in this area. Contractors are facing more local governments with increased MFT budgets/revenues, coupled with growing material costs.

TIF FUNDS

Revenues: The growth of (Equalized Assessed Value) EAV* in the TIF areas generates property tax revenue to fund future projects.

Expenses: Economic development and infrastructure project expenses are funded when a TIF generates incremental property taxes. One of the most substantial TIF expenses for the Village is the Hartford Building development, which began construction in January 2022. The development of this parcel will be the catalyst for the redevelopment of other parcels in the downtown.

*EAV is the product of the assessed value of a property and the State Equalized Factor, which the Illinois Department of Revenue sets. In Illinois, counties are required to "equalize" property tax assessments so that the median level of assessment is at 33% of fair market value.

DEBT SERVICE FUNDS

Debt Service Funds predominantly support general capital improvement projects (highlighted below). The last bond was issued in September 2020 and had a 0.85%

interest rate, which the Village kept to a record low amount. The next bond issue is planned for 2023.

Being a non-home rule community limits the Village to issuing non-referendum debt once every three years. Homewood's debt limit is restricted to ½ of 1% of EAV, which equates to about a \$2,000,000 bond issue.

GENERAL CAPITAL IMPROVEMENTS PROJECTS (CIP) FUNDS

As stated above, Homewood's last bond issuance was in September 2020, with the next scheduled issuance in September 2023. Considering the revenue restrictions described above, the Village is in a budget year with limited ability to fund significant capital work. Projects that were not completed in the FY2021-2022 budget year have been rolled forward and re-budgeted in the FY2022-2023 budget. The Village is currently entering into the third year of its September 2020 bond.

Major projects funded in the FY22-23 CIP include:

- 183rd Street traffic control improvements.
- Major improvements to the Science Center and Annex building in downtown Homewood.
- Village-wide camera replacement and installation on all Community Service Officer vehicles.

WATER/SEWER CAPITAL IMPROVEMENTS PROJECTS (CIP) FUNDS

Completion of the water connection to Hammond and Chicago Heights is still the largest expense in this budget for FY2022-2023. This transition represents the biggest project in Homewood's water/sewer fund since switching from well water to Lake Michigan water in 1983.

TIF's CAPITAL IMPROVEMENTS PROJECTS (CIP) FUNDS

- \$100,000 is identified for possible parking lot improvements in the Southgate TIF area.
- \$200,000 for plans to upgrade infrastructure in the Dixie/Miller TIF.
- 1221175th Street building renovations in the Northeast TIF are identified.

FUND BALANCE

In conjunction with the Village's annual revenue and expense budgets, the underlying practice of maintaining a fund balance is recognized. Homewood's policy is to have at least four months of expenditure levels in fund balance, at all times. With any budget, the Village hopes to add to that fund balance each year as a way to normalize costs and maintain service levels. The Village learned first-hand how important fund balance was during the housing price crash of 2009 and the COVID budget of FY 2020-2021. This FY 2022-2023 budget is projected to add \$76,289 to fund balance.