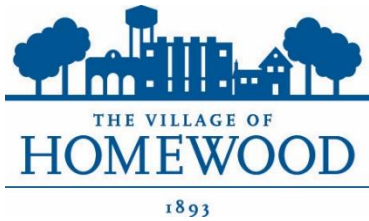


MEETING AGENDA



Public Hearing - 2022 Truth in Taxation

Village of Homewood

December 13, 2022

Meeting Start Time: 7:00 PM

Village Hall Board Room

2020 Chestnut Road, Homewood, IL

Board Meetings will be held as in-person meetings. In addition to in-person public comment during the meeting, members of the public may submit written comments by email to comments@homewoodil.gov or by placing written comments in the drop box outside Village Hall. Comments submitted before 4:00 p.m. on the meeting date will be distributed to all Village Board members prior to the meeting.

Please see last page of agenda for virtual meeting information.

1. Call to Order

2. Roll Call

3. Presentation(s):

Finance Director Dennis Bubenik will present information on the Village of Homewood 2022 Final Real Estate Tax Levy.

4. Comments from the Public

5. Comments from the Board

6. Adjourn

Zoom Link: <https://zoom.us/>

- To View the Meeting via Computer or Smartphone - Type in: Zoom.us into any internet browser.

Select: JOIN A MEETING from menu at top right of page. Meeting I.D.: 980 4907 6232

Meeting Password: 830183. Enter an email address (required), or

- To Listen to the Meeting via Phone - Dial: (312) 626-6799

Enter above "Meeting I.D. and Meeting Password" followed by "#" sign

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: December 13, 2022

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Dennis Bubenik, Director of Finance

Topic: **TRUTH IN TAXATION** Hearing - 2022 Final Real Estate Tax Levy

PURPOSE

It is necessary for the Village Board to discuss setting the yearly real estate tax levy under the rules applied to non-home rule communities. These rules are often referred to as “Tax Caps”. When the recommended tax levy exceeds 5%, the tax cap, rules require a separate hearing called the Truth in Taxation hearing. That hearing will lead off the Board’s meeting on December 13. The final real estate tax levy ordinances will be brought to the Board for a vote at the regular Board meeting of December 13.

PROCESS

A tax levy is the amount of money a taxing body can request from the overall property taxes that are paid by residents within the taxing district.

Tax levy dollars provide approximately 9.5% of the revenue needed for general fund day-to-day operating expenses. They provide about 72% of the revenue to cover total pension/social security/Medicare expenses, and 100% of the revenue needed to pay General Obligation Bonds debt principle and interest expenses.

The rules for setting the levy are dictated by the State of Illinois and tax cap laws. The Village of Homewood’s tax levy is allowed to increase from the previous year’s levy based on the change in Consumer Price Index (CPI) for the preceding calendar year, and the change for new construction value for the coming calendar year.

The actual CPI is 7.0%. However, due to “tax caps”, this amount is capped at 5.0%. The change for new construction value will not be known until the summer of 2023, so at this time, we are required to make a best estimate. The Village is estimating 1.0%. This gives the Village a total of 6.0% increase over the prior year’s tax capped levy. Because the 6.0% increase is in excess of the 5.0% in the tax cap rules, the Village is required to publish and hold a Truth in Taxation Hearing at the December 13, 2022 Board meeting.

VILLAGE OF HOMEWOOD



Cook County had not released the tax capped levy amounts as of our November 8 discussion of the Draft 2022 real estate tax levy with the Village of Homewood Board. On November 8, we went ahead with the information we had at hand, and indicated to the Board that we would make the appropriate adjustments at the December 13 meeting, assuming Cook County would get the numbers out.

The State mandated consolidation of all the independently-run police pension and fire pension funds occurred in 2022, and should be an improvement in the long run, according to the State. The actuary report from the State arrived the week of November 28. It had \$515,549 in higher levy requirements than we anticipated on November 8. These additional pension levy requirements will be met here in non-home rule Homewood by an equal reduction of \$515,549 to the day-to-day operations levy.

The 6.0% increase is allocated between the cost of providing municipal services and meeting our pension obligations. An actuary calculates the Police and Fire Pension amounts. Within the actuarial report, we are provided with two options. There is a 100% pension-funded recommendation and a 90% funded recommendation. The Village has chosen the 90% funded option again for the 2022 tax levy.

Debt obligations are also included in the 2022 tax levy. This amount is not subject to tax cap rules and allows the Village to levy for the coming year's principle and interest payments on the previously issued 2020 General Obligation bond. The amount levied is \$534,770.

In conclusion, The Village of Homewood's levy is approximately 10% of the total real estate tax bill. For example, if a home's total property tax bill is \$6,000, only \$600 of the annual property taxes are allocated to pay for Homewood's high-quality police, fire, public works, and other municipal services.

OUTCOME

The total 2022 real estate tax levy for the Village of Homewood's municipal operations, pension obligations, and debt service is \$6,941,564. This is an overall increase of 3.3%.

Dollars allocated to Police and Fire Pension based on the 90% funded option and social security/Medicare, increased by \$473,137. Tax levy dollars allocated to the day-to-day operating needs decreased by \$111,180.

VILLAGE OF HOMEWOOD



FINANCIAL IMPACT

Increased pension funding levy requirements were met by an equal reduction to day-to-day operations levy. The final levy will be the basis for next fiscal year's property tax budget amounts.

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

LEGAL REVIEW

Not required

RECOMMENDED BOARD ACTION

Hold a Truth in Taxation hearing to lead off the Board meeting of December 13, 2022 where we can discuss the 2022 Real Estate Tax Levy.

ATTACHMENT(S)

- Worksheet
- Graphs

TAX LEVY WORKSHEET 2022 VERSUS 2021

DETAIL	(a) Village of Homewood <u>Levy 2021</u>	(b) Cook County Tax Cap Extended <u>Levy 2021</u>	(c) <i>Projected</i> <i>Village of</i> <i>Homewood</i> <u>Levy 2022</u>	(d) % Change Extended versus <u>Levy 2021</u>
Corporate	625,000	606,025	545,184	-10.04%
Audit	50,000	48,619	60,000	23.41%
Liability Insurance	706,208	684,506	706,208	3.17%
Crossing Guards	50,000	48,619	43,613	-10.30%
Fire Protection	375,000	363,309	327,086	-9.97%
Police Protection	187,500	181,463	163,543	-9.88%
Street & Bridges	<u>250,000</u>	<u>242,333</u>	<u>218,060</u>	<u>-10.02%</u>
(1) Subtotal General Fund (Fund 01)	2,243,708	2,174,874	2,063,694	-5.1%
IMRF/SLEP (Fund 21)	500,542	485,050	500,000	3.08%
SSI/Medicare (Fund 21)	482,095	467,057	467,416	0.08%
Police Pension (Fund 51)	2,237,677	2,168,370	2,540,920	17.18%
Fire Pension (Fund 52)	<u>762,102</u>	<u>738,486</u>	<u>823,764</u>	<u>11.55%</u>
(2) Subtotal Pensions	3,982,416	3,858,963	4,332,100	12.3%
(3) Subtotal Gen'l Fund & Pensions	6,226,124	6,033,837	6,395,794	6.0%
Fire Pension (non capped)(Fund 52)	11,000	11,330	11,000	-2.91%
GOBOND 2014/2017/2020 (fund 61)	<u>644,850</u>	<u>677,093</u>	<u>534,770</u>	<u>-21.02%</u>
(4) Subtotal Debt Service (Abated)	644,850	677,093	534,770	-21.02%
(5) TOTAL LEVY AFTER ABATEMENTS	6,881,974	6,722,260	6,941,564	3.3%
(New) Tax Levy Adjustment PA 102-0519		83,812		
TOTAL LEVY AFTER ABATEMENTS & PA102-0519 Adjustments	6,881,974	6,806,072	6,941,564	

DEBT SERVICE ABATEMENT SCHEDULE

	Net Levy	Abatement	Net Levy
GO 2023	<u>644,850</u>	-	<u>534,770</u>
TOTAL DEBT SERVICE LEVY	644,850	-	534,770

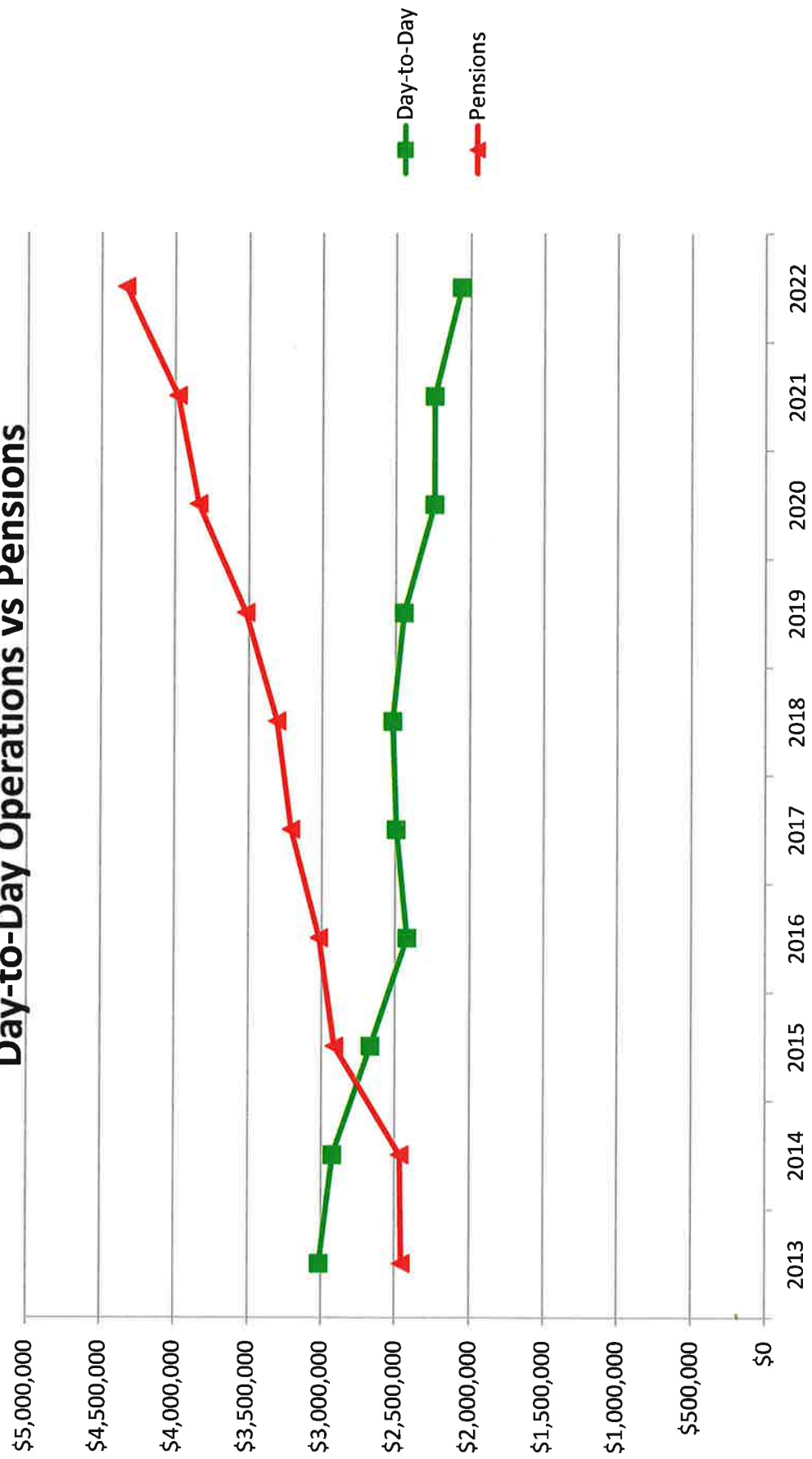
SUMMARY

Total General Fund (capped)	2,243,708	2,063,694
Total Pension (capped)	3,982,416	4,332,100
Total Pension (not capped)	11,000	11,000
Total Debt Service (not capped)	<u>644,850</u>	<u>534,770</u>
TOTAL LEVY AFTER ABATEMENTS	6,881,974	6,941,564

- (a) what the Homewood Village Board discussed and voted on in Nov 2021 and Dec 2021
- (b) what Cook County gave Homewood in late Fall 2022 based on tax cap rules
- (c) what Homewood Village Board will discuss and vote on in Nov. & Dec. 2022
- (d) percentage change between (c) and (b)

the effect of the State's passage of PA 93-0689 is shown separately from the capped fire pension

Village of Homewood 2013-2022 Real Estate Tax Levy Day-to-Day Operations vs Pensions



Where Do Your Property Tax Dollars Go?

