

FY 2022-2023

Annual Financial Report Summary

(Audit for Fiscal Year May 1, 2022 through April 30, 2023)

Audit Summary

- Net position summary (*The net position accounts for all municipal accounts, not just general fund*)
 - FY 2022 Net Position - \$22,302,796
 - FY 2023 Net Position - \$25,262,197

The difference between total assets and liabilities are reported as the net position. Over time, increases or decreases in the Village's net position may serve as a useful indicator of whether the financial position of the Village is improving, deteriorating or remaining constant. Homewood's financial position is doing well.

- General Fund Revenue and Expense summary

	FY 2022 5/1/2021 to 4/30/2022	FY 2023 5/1/2022 to 4/30/2023
Revenues	\$25.5M	\$27.0M
Expenses	\$22.8M	\$23.5M

FY 2022-2023 Audit Results

1. Overall, the total net position of the Village increased by 13.2% (*A positive trend.*)
2. After all obligations are met at the end of a fiscal year, all remaining money goes into the Village's Fund Balance.

3. \$4.66M was added to the General Fund's fund balance

a. Where did this revenue come from?

- \$1.65M related to initial Ground Emergency Transport (GEMT) ambulance fees (*This revenue will now be absorbed by general fund expenses moving forward.*)
- \$650k as a result of sales tax performing better than expected from budgeted estimates.
- \$272k over our budgeted estimates for "Building Permits" because of Casino parking garage permit revenue.
- Personal Property Tax, State Income Tax, Utilities Tax, and Interest Income revenues also came in over our budgeted estimates.
- Our overall expenses came in at 95% of what was anticipated; or, expenses came in \$1.1M under budget; mainly due to open/unfilled budgeted positions.

FY 2022-2023 Fund Balance (*Non-Spendable, Assigned and Unassigned*)

Total General Fund - fund balance - is currently \$17.3M.

1. \$1.85M is categorized as Non-spendable fund balance.
2. \$1.32M is categorized as Assigned fund balance.
3. **\$14.2M** in Fund Balance remains and is categorized as unassigned fund balance.

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Unassigned Fund Balance

1. 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.
2. Village's fund balance policy requires at least 5 months of operating expenses (*Village's current monthly operating cost is \$2.1M.*) or \$10.5M.
3. Village's current fund balance now has nearly 7 months of operating expenses (\$14.2M).
4. \$3.7M is available (unassigned) over the minimum required fund balance policy level.
Priorities for spending funds over required 5 months minimum:
 - a. Fund Capital Projects
 - b. Fund Non-TIF and Economic Development Incentives
 - c. Increase unassigned fund balance up to a maximum of 6 months
 - d. Contribute funding to pensions

Water/Sewer Fund

1. After saving for nearly 10 years in anticipation of changing our water supplier, the Village used \$12M in water/sewer fund balance to transition from Chicago/Harvey water to Hammond/Chicago Heights.
2. Village is currently rebuilding its water fund balance to cover costs for major future capital-infrastructure needs (new central water tower replacement and Village-wide lead service line program). The water fund must also be able to support current capital-infrastructure projects.
3. Current Water Fund Balances:
 - Operations - \$3M
 - Capital - \$1.5M
 - Current Pending Capital for current year \$955k