CITY OF HOMEWOOD

FY 26-27 BUDGET PRESENTATION

AUGUST 10, 2026

THANK YOU

TO OUR LEADERSHIP TEAM AND KEY PARTNERS
FOR YOUR DEDICATION AND HARD WORK

LEADERSHIP TEAM

SAM GASTON	MELANIE JENNINGS	ALISON PALIESCHESKEY	BECKY YORK	KRISTI SPRUELL	RUSTY HOLLEY	NAKEIA SIMS	DARCI JORDAN

A BUDGET IS A PLAN.

"Based on the best information we have today."

ESTIMATES • ASSUMPTIONS • PRIORITIES

THE BUDGET WILL EVOLVE

Our budget is a plan based on the best information we have today.

CURRENT YEAR

Still six weeks remaining

Final FY 2026 revenues & expenses are not yet known

BEFORE ADOPTION

We will refine the numbers

Open items • Updated estimates

DURING FY 2027

We will adjust as conditions change

Revenues • Expenses • Projects
Unexpected needs

The budget is adopted once. Financial management happens all year.

Council remains involved through budget amendments and major financial decisions.

SEVEN FUND GROUPS

The budget book groups the City's individual funds into broader categories for clarity and accountability.

- GENERAL
- CAPITAL PROJECTS
- COURTS
- NARCOTICS
- PARKS
- GAS TAX
- OTHER

Not all City funds are interchangeable.

Some revenues are restricted or dedicated to specific purposes.

THE FOUR MAJOR AREAS OF THE BUDGET.

Revenue, operations and personnel, debt, and capital are closely connected and impact one another.

REVENUE

Funds come from multiple sources. Growing revenue provides flexibility and supports City priorities.

OPERATIONS & PERSONNEL

People and services are at the heart of what we do. Staffing decisions drive recurring operating costs.

DEBT

Borrowing helps fund needed projects today, but creates future debt obligations and fixed costs.

CAPITAL

Investments in infrastructure, facilities and equipment improve our community and require available funding.

These four major areas are closely connected.

This becomes the organizational framework for the rest of the presentation.

USE OF FUND BALANCE

A key issue in the FY 2027 Budget

PROPOSED CARRYOVER FUND BALANCE

$4.87 MILLION

$1.00 MILLION

FOR OPEB TRUST

One-time use of reserves to begin setting aside funding for future retiree benefits.

$3.87 MILLION

REMAINS FOR OPERATIONS

Used to support recurring operating expenses.

THE BIGGER PICTURE

- **Homewood has strong reserves.** They are a significant financial asset.
- **Reserves are not a permanent source of operating revenue.**
- **We do not need to solve this in one year.**
- **We do need a long-term plan to bring recurring revenues and recurring expenses into better alignment.**

Protect our reserves today, **plan** for tomorrow, and build a **sustainable** financial future for Homewood.

THE GENERAL FUND

The General Fund is the City's **primary operating fund.**

It supports police, fire, public works, parks and recreation, the library, engineering, inspections, administration, finance, IT, fleet, and most of the City's daily operations.

$77.9 MILLION

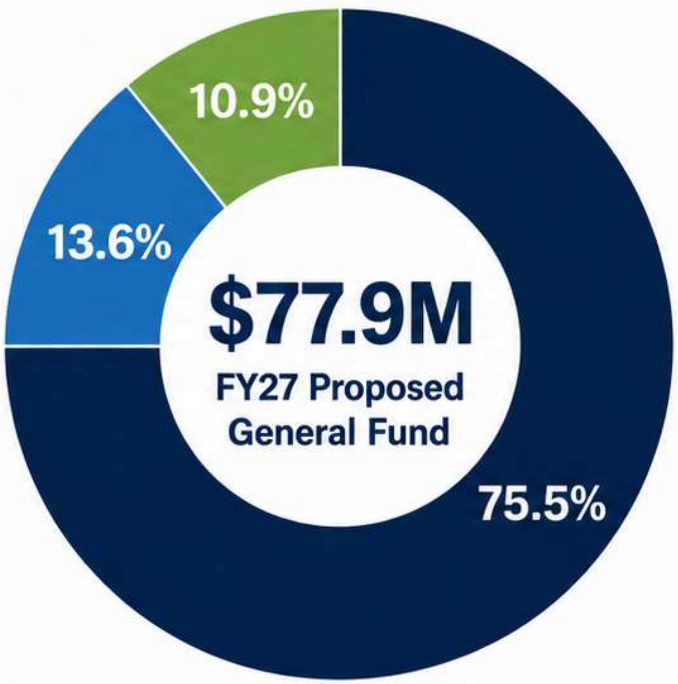
FY27 Proposed General Fund

POLICE | FIRE | PUBLIC WORKS | PARKS & RECREATION | LIBRARY | ENGINEERING | INSPECTIONS | ADMINISTRATION | FINANCE | IT | FLEET | ETC.

The budget balances on paper,
but focus not only on whether the totals match,
but also on **how that balance is achieved.**

REVENUE

General Fund revenue supports the services our community relies on every day.



Taxes — $58.8M / 75.5%
Property, sales, franchise, and other taxes.

Licenses & Permits — $10.6M / 13.6%
Business licenses, building permits, and other fees.

Other Sources — ~$8.5M / 10.9%
Intergovernmental revenue, service charges, fines, transfers, interest income, grants, and other sources.

Approximately $58.8 million, or about three-quarters of General Fund revenue, comes from taxes.

PROPERTY TAX LEVY

Homewood's total property tax levy is 31.7 mills.

31.7 TOTAL MILLS → **14.2** MILLS — BOARD OF EDUCATION (BOE) + **17.5** MILLS — CITY OF HOMEWOOD → CITY'S 17.5 MILLS: **9.0** MILLS — OPERATIONS (City Services); **8.5** MILLS — DEBT SERVICE

1 MILL | ≈ $871,785
FY 2025 CALCULATED VALUE

9 MILLS ≈ $7.85 MILLION
FY 2027 PROJECTED REVENUE FOR CITY OPERATIONS

CONSERVATIVE APPROACH TO REVENUES
We budget below what we ultimately collect rather than assume growth that may not materialize.

10¢ TOTAL SALES TAX

4¢ COMES TO THE CITY OF HOMEWOOD

$ 1 PENNY ≈ $11.574 MILLION

1¢	¼¢ TO CAPITAL	1½¢ TO CITY	1½¢ TO CITY
DEDICATED TO BOARD OF EDUCATION	$2.894 MILLION (25% OF A PENNY)	OPERATIONS, DEBT, AND OTHER OBLIGATIONS	OPERATIONS, DEBT, AND OTHER OBLIGATIONS
$11.574 MILLION			

FOUR PENNIES COME TO HOMEWOOD.
How we allocate them determines how we fund operations, capital, and other obligations.

PERSONNEL: OUR LARGEST INVESTMENT

Employees deliver the services our community depends on.

LARGEST OPERATING EXPENSE

$42.2M

PERSONNEL

≈ 68% OF OPERATING EXPENDITURES*

* Excludes pass-through items and fund-balance accounting.

1% COLA

Continuing to recognize employee contributions.

NO EMPLOYEE HEALTH PREMIUM INCREASE

Maintaining employee contributions at current levels.

HEALTH COSTS: +5% PROJECTED

Reflects anticipated increase in plan costs.

RSA CONTRIBUTION RATE

20.20% → 22.45%

A real cost to the City and an important part of total compensation.

Investing in our people through compensation, **health benefits**, and **retirement security**.

PERSONNEL GROWTH & INVESTMENTS

Significant growth and investment since FY 25

~20
ADDITIONAL FTEs
in recent years

Building capacity to serve our community.

~8.5%
CUMULATIVE PRIOR COLAS

Recognizing and rewarding employee contributions.

>$6M
INCREASE
in annual personnel expense

More than $6 million increase in annual cost.

≈68%
OF OPERATING EXPENDITURES
is personnel

Most of what we provide is delivered by people.

GOAL: SUSTAINABLE STAFFING AND COMPENSATION.

DEBT: FUNDING OUR OBLIGATIONS

FY 2027 debt obligations are approximately $10.5 million.

TOTAL DEBT OBLIGATIONS

~$10.5M

FY 2027

$7.41M	From 8.5 mills of property tax dedicated to debt service
+	
~$530K	Interest income
+	
~$2.16M	General Fund contribution *To fully fund debt obligations while maintaining an appropriate reserve*
+	
= **~$10.5M**	Total Debt Obligations (FY 2027)

OUR OBJECTIVE: TRANSPARENCY AND ACCOUNTABILITY

DEDICATED DEBT REVENUES should be clearly identified.

DEBT OBLIGATIONS should be transparent.

ANY GENERAL FUND SUPPORT should be easy for Council to see and evaluate.

CAPITAL: INVESTING IN OUR COMMUNITY

Planned investments today build a stronger Homewood tomorrow.

STREETS & SIDEWALKS	STORMWATER & DRAINAGE	FACILITIES	VEHICLES	TECHNOLOGY	MAJOR EQUIPMENT




FY 2027 CAPITAL BUDGET

$8.85M

TOTAL CAPITAL EXPENSES

=

CAPITAL FUND CARRYOVER FUND BALANCE

~$2.95M

Estimated Available Carryover

+

OTHER FUNDING SOURCES

~$5.90M

Current Revenues, Grants & Other Sources

GOAL: A **CONSISTENT, SUSTAINABLE** APPROACH TO CAPITAL FUNDING
that protects our infrastructure and our financial future.

FY 27 BUDGET: STARTING POINT

KEY FINANCIAL QUESTIONS FOR COUNCIL

- Are revenue assumptions reasonable?
- How much fund balance should we use?
- What reserve level should we maintain?
- How much should we invest in capital?
- How should we fund debt?
- What staffing/service levels can we sustain?

FY 2027 BUDGET: NEXT STEPS

BUDGET HEARINGS – SEPTEMBER 2026

SEPTEMBER 8, 2026

Budget Overview and Revenue

SEPTEMBER 15, 2026

General Funds:

- Fund 01 – General Fund
- Fund 23 – Sales Tax
- Fund 99 – AP Clearing

Other Funds:

- Fund 02 – Grants
- Fund 06 – BOE
- Fund 08 – Opioid
- Fund 11 – Debt Services
- Fund 13 – Environmental
- Fund 15 – EMA
- Fund 25 – Inspection Technology

SEPTEMBER 17, 2026

Courts Funds:

- Fund 21 – Correction Fund - Jail
- Fund 22 – Correction Fund - Court
- Fund 24 – Municipal Court Special
- Fund 27 – Municipal Court Fund
- Fund 28 – Judicial Admin

Narcotics Funds:

- Fund 30 – Narcotics - Seized
- Fund 32 – Narcotics - Operating

SEPTEMBER 21, 2026

Capital Projects Funds:

- Fund 12 – Capital Projects
- Fund 26 – GO Warrants

Gas Tax Funds:

- Fund 04 – Five Cents
- Fund 05 – Four Cents

Park Funds:

- Fund 40 – Park Donation
- Fund 41 – Park Tower

SEPTEMBER 24, 2026

Final Budget Hearing (if needed)

SEPTEMBER 28, 2026

Budget Adoption by Council

THANK YOU!