



October 29, 2021

Village President  
Members of the Village Council, and  
Village Manager

It is our privilege to present for your review and consideration the 2022 Annual Budget and Capital Improvement Plan. The 2022 Annual Budget and Capital Improvement Plan totals \$94,216,912 (excluding depreciation and interfund transfers), which is an increase of \$15,936,831, or 20.36%, compared to the 2021 budget. The operating budget assumes conservative revenue estimates for 2022, and an operating expense budget increase of \$2,372,256, or 3.9%, across all funds primarily due to increases in services and supplies (purchased power), insurance, and salaries and benefits. The 2022 Annual Budget and Capital Improvement Plan is balanced and does not rely on the use of fund balance or other one-time revenue sources for operating purposes. One-time revenue sources such as the \$14.6 million in budgeted grant revenue are fully dedicated to capital projects.

At the time of the development of the FY 2022 budget, the United States appears to be nearing the end of the novel coronavirus (COVID-19), global pandemic. During the past 20 months, the financial implications from this public health emergency have been significant, with regional, national, and global impacts on the economy resulting from the initial stay at home orders implemented in spring of 2020, and continued social distancing and restrictions still in place at varying degrees of severity throughout 2021. As a result of the pandemic, the United States experienced a major recession for most of 2020. In 2021, the economy began to recover, but now faces a new set of challenges moving forward.

As we look forward to 2022 and beyond there remains an elevated level of uncertainty. Staff has made every effort to utilize conservative, yet realistic, revenue estimates in putting forth a balanced budget. The Finance Department will continue to monitor the financial environment closely and will be prepared to develop and implement revised financial plans should it be required.

The remainder of this Transmittal Letter is divided into ten sections:

1. Summary of Key Budget / Financial Policies
2. Current Economic Environment
3. Budget Initiatives
4. Budget Summary
5. Budget Impact on a Resident
6. Tax Levy Analysis
7. Explanation of Individual Fund Budgets
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9. Community Profile
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### **Summary of Key Budget / Financial Policies**

The Village's core financial policy is to maintain the long-standing tradition of fiscal discipline and stewardship, while delivering high levels of municipal services. Historically the Village's infrastructure investment has been on a pay-as-you-go basis. These guiding principles ensure that the Village delivers a high level of services and minimizes increases in operating expenses. The Village's fiscal prudence has earned it a Aaa bond rating, reduced the Village's portion of total property tax bills, ensured a steady and predictable revenue stream, and resulted in very little debt. While a comprehensive list of Financial Policies is included within this budget document, the summary below encapsulates the significant policies as they relate to maintaining fiscal discipline:

- **Balanced Budget** – We define a balanced budget as relying on recurring annual operating revenues to fund recurring annual operating expenditures. The Village does not rely on drawing down of fund balances or one-time (non-recurring) revenue sources to fund operating expenditures.
- **Revenue** – Ideal revenue sources are those that are stable and predictable, and to the greatest extent possible, they should grow in tandem with costs.
  - **Tax Levy** – In 2005, through voter referendum, the Village became a home rule municipality. As a home rule community, the Village Council can set the property tax levy at any amount it deems appropriate. As part of the voter referendum in 2005, the Village committed to operate within the non-home rule tax cap limitations. The 2022 budget continues that commitment by again exceeding the tax cap limitation (CPI – 1.40%) and not increasing the tax levy for the eighth year in a row.
  - **Fees** – When the Village charges fees, such as building permit fees, they should be set to recover the cost of providing the specific service.
  - **Utility Rates** – Retail electric, water, sanitary, refuse and stormwater sewer rates are set using a cost-of-service analysis to ensure an equitable allocation of revenue requirements.
- **Expenses** – A snapshot of the Village policies regarding operating expenses is shown below.
  - **Operating Expenses** – Increases in operating expenses generally should be equal to increases in revenues unless specific Council action is taken to increase or reduce cash balances.
  - **Personnel Expenses** – A well-trained and experienced work force is a vital component of providing high quality services at a reasonable cost. The Village strives to keep employee compensation fair and competitive, and generally in-line with neighboring communities.

- Capital Improvement Policies – The core planning tool for infrastructure investment is the Village’s five-year Capital Improvement Plan (CIP), which is updated annually for the General, Motor Fuel Tax, Village Facilities, Business District Revitalization Water, Electric, Refuse, Sanitary Sewer, and Stormwater Sewer Funds. The Village will continue to maintain and upgrade most infrastructure via routine capital improvement projects on a pay-as-you-go basis. For large scale projects (e.g., stormwater sewers), the Village will utilize cash reserves to the extent possible, pursue grant funding, and evaluate debt financing options as needed.
- Debt Policies - The costs associated with acquiring and improving many long-term capital assets are met primarily through net operating income and accumulated fund balances, but occasionally the Village will elect to issue debt. The Village reviews existing debt obligation structure, current and projected surplus from operations, and future liability levels before making decisions to issue new debt. The Village has consistently retained a Aaa bond rating with a “Stable Outlook”.
- Budget Amendments - It is the practice and policy of the Village to avoid budget amendments whenever possible by budgeting strategically during the annual process. To that end, each year the budget includes a contingency expense that is approved by the Village Council. With Council approval, contingency can be used to pay for unforeseen items, or ongoing projects that may have been advanced or delayed from a previous fiscal year.
- Fund Balance / Net Assets Policy - Fund balance/net assets policies establish a minimum end-of-year fund balance/net assets target for select funds. These policies are established to provide financial stability, cash flow for operations, and ensure that the Village will be able to respond to emergencies with fiscal strength. Additionally, detailing the availability of fund balance increases the ability of financial statement users to understand the availability of resources. A summary chart showing the budget’s impact on estimated fund balances and how those fund balances compare to policy can be found at the end of this letter.

**Current Economic Environment**

For fiscal year 2022, there are economic and legislative factors to consider. On an organization-wide basis, elected officials, staff, and residents should be aware of several opportunities and pressures related to operational revenues, operational expenditures, and capital investment.

On the revenue side, after experiencing the longest economic expansion in US history collapse overnight due to the global pandemic, we are on our way to recovery. At the height of the recession the unemployment rate, which was at a fifty year low of 3.5% in February-2020 increased to 14.7% by April-2020. The unemployment rate has improved steadily since that time currently standing at 4.8% as of September-2021.

Through August 2021, the inflation rate (CPI-U) for the last 12 months is 5.3%, the highest rate since 1990. The Fed which has previously telegraphed keeping interest rates staying at or near zero through the end of 2022 could face pressure to act earlier and raise rates if inflationary pressure continues. The United States is currently projecting to post a GDP increase of 5.9% for the year with expectations of 3.8% growth in 2022.

For 2022, the broader national economy faces heightened economic risks related to areas of ongoing uncertainty over the economic recovery. Key economic threats for the next 12 months include:

- **Pandemic** – History shows pandemics generally run their course between 18-24 months. With vaccination rates increasing and case numbers falling we seem to be in the last stages of the Covid-19 pandemic at this point. However, future variants or impacts to regions of the world could still result in significant economic impact.
- **Supply Chain Interruption / Inflation** – When the pandemic first hit, we experienced a run-on various household supplies (ex. paper towels) due to a temporary increase in demand. We are now experiencing various shortages of supplies due to broken links in the global supply chain. Items such as computer chips, aluminum, metals, and lumber etc. have all seen significant shortages over the past year. Supply chain interruptions and inflation have started to impact some aspects of Village operations.

The current rate of inflation is 5.3%. Is this a temporary spike or a longer-term trend? There are some indicators that this may be a sustaining trend. This includes rising wages and global trade impacts. With the number of available jobs open exceeding the number of people looking for jobs there will be significant pressure on employers to increase wages to fill open positions. Additionally, for the last several decades the United States has been able to rely on cheap imports as a buffer against inflation. Increased global shipping costs and trade tensions (and tariffs), particularly with China may contribute to a prolonged inflationary period.

- **Recession** – If the pandemic persists, and businesses and consumers also pull back on purchases due to either rising prices or lack of product availability, it could cut the economic recovery short, and the U.S. may slip back into economic recession as a result.

There also continues to be a high degree of uncertainty within the State of Illinois. With an influx of Federal money, and increased revenue from gaming and fuel taxes the State budget seems to be in better shape than in prior years. However, this budget stability is likely to be short term and future budgets will continue to be stretched with limited revenue opportunities and increasing annual costs. Before long, the State may attempt to withhold a greater share of the Local Government Distributive Fund (LGDF) remittances (currently 5%).

On a local level, the current year (2021) has been a good year to do business in Winnetka. Village shops and restaurants have been able to operate throughout the full year with minor pandemic restrictions compared to 2020. Good weather during the summer allowed for significant opportunities for locals to take advantage of Winnetka's many outdoor dining opportunities. Sales tax increased almost 50% for the first two quarters of 2021 compared to the same period of 2020 and exceeded pre-pandemic levels as well. For 2022, Village shops and restaurants are likely to continue having difficulty filling open positions and will likely see their cost of goods increase. Local businesses could also experience difficulties maintaining inventory if supply chain issues continue. Finally, over the last 12 months, the Winnetka real estate market has heated up significantly. Depending on the indicator, property values have increased between 10 to 20% over the last year. According to realtor.com the median listing price in Winnetka has increased 14.7% over the last 12 months. At some point one could expect a contraction in the housing market as continued double-digit increases are not sustainable.

With the pandemic receding, there is reason to be optimistic about the Village's economic prospects. However, the future remains uncertain, and the Village Council and staff need to remain cognizant about the above-mentioned economic threats. Therefore, it will remain an important consideration for the Village to continue contingency planning in the event of revenue interruption or increased costs.

### **Budget Initiatives**

The Village exercises strong control over its expenses, which along with revenue decisions, form the second set of considerations in the 2022 budget. There are several initiatives which will impact the Village's operational and capital expenses for the short and long-term in the proposed budget. Those initiatives include:

- **Stormwater Management / Flooding Initiatives** – The 2022 budget provides \$19,331,000 for stormwater management / flooding initiatives. Stormwater continues to be a critical policy issue within the Village. In 2016, Strand Associates drafted a “Stormwater Vision” for the Village, which included strategies for moving stormwater to the west in cooperation with the Cook County Forest Preserve. As part of the Vision, the Village signed a Memorandum of Understanding (MOU) in 2017 with the Forest Preserve District of Cook County (FPDCC). The Village also achieved intergovernmental agreements with New Trier High School, the Winnetka Park District, and Winnetka School District #36 to allow stormwater storage on their respective properties. These agreements allow the Village to proceed with further engineering utilizing these west side properties for stormwater detention and runoff. The Village hopes to have a license agreement issued by the County by 2022 and is currently proceeding with engineering and design for the Park District and New Trier sites.
- **Downtown Improvements** – The 2022 budget provides approximately \$2.7 million towards downtown improvements in the Business District Revitalization Fund. In 2018, the Village Council adopted the Downtown Streetscape and Signage Master Plan. As part of that plan, \$8.9 million of projects were identified for the downtown area. Phase I streetscape improvements were located at Chestnut and Spruce Streets while Phase II streetscape improvements were located on Elm Street between Green Bay and Birch St.

Phase III improvements were located on Lincoln Avenue, North of Elm Street. For 2022, spending will be dedicated towards improvements along Chestnut South of Elm and on Chestnut Court in the West Elm Business District. Other initiatives in this fund include installation of gateway and wayfinding signage, redevelopment of 93 Green Bay Road, development of a concept design for Hubbard Woods streetscape, and annual streetscape maintenance items. The proposed budget utilizes a \$1.95 million transfer from the General Fund.

- **Improvements to Aging Infrastructure** – The 2022 budget contains a little over \$8.12 million dedicated to funding aging infrastructure. This includes \$2,561,140 dedicated towards improvements in the power grid; \$2,194,000 towards roadway, sidewalk, parking, and bridge improvements; \$600,000 in sanitary sewer replacements; and \$2,429,146 towards water main renewal and replacement.
- **Utility Funding** – The Water and Electric Funds both underwent in-depth rate studies during 2016-2017, which yielded new rate structures generating the revenue needed to address distribution and plant infrastructure projects. The proposed residential water rates for this budget are 8.5% and is consistent with what was recommended in this study. The Electric rate study covered periods through FY2021 and the 5% average rate increase being proposed for FY2022 was developed after extensive staff analysis. The electric rate increase is expected to generate almost \$820,000 in new revenue to help offset a portion of the nearly \$1.2 million increase in the cost of purchased power. In 2022, as part of analyzing and setting a multi-year rate structure, the Village Council will need to analyze and make significant decisions regarding the long-term viability of the Electric plant. The rate increases for the Water and Electric funds are sufficient to sustain over \$2.7 million in water system improvements and \$2.6 million in electric infrastructure improvements during FY2022.

In 2017 and 2018, the Village engaged an outside consultant to perform a sanitary sewer evaluation survey. This survey identified key sources of inflow and infiltration into the Village’s sanitary sewer system along with the costs associated to mitigate defects. The report identified \$1,763,140 in rehabilitation projects that will need to be completed over a five-year period. Projects were categorized as critical, high, medium, or low priority repairs. Staff has completed approximately \$1.2 million in repairs and replacements to date and is in year 4 of a five year “pay as you go” funding plan that will address remaining repairs over the next two years. Proposed spending in FY2022 is \$400,000.

The Refuse Fund has completed the transition from a property tax-based funding model to a sustainable fee-based cost recovery approach. During the current year, staff implemented a residential curbside refuse collection option. Plans to source commercial collection to the private sector this year have been postponed to later in FY2022. While residential rates will remain flat, a 5% average rate increase for Commercial collection is planned for FY2022. The proposed Refuse fund budget does not include any capital investments this year.

- **Salaries and Benefits** - Salaries and benefits are budgeted to increase \$541,579, a modest 1.8% increase across all funds compared to 2021 primarily due to decreased pension costs. This offsets a 2.5% union contracted cost of living adjustment for FY2022. Current union contracts for police and fire expire at the end of FY2022, negotiations for future contracts will begin sometime in 2022. The number of budgeted Village-wide full-time equivalent positions in FY2022 is the same as FY2021.

In 2022, the Village tax levy requirements for the police and fire pension fund are set to decrease \$102,939 (7.97%) and \$69,407 (4.87%) respectively. On November 14<sup>th</sup>, 2019, the Illinois General Assembly passed pension legislation that mandated the consolidation of investments of more than 650 individual suburban and downstate public safety pension funds into two funds, one for police and one for fire. This legislation, which was based on recommendations issued on October 10<sup>th</sup>, 2019, by the Governor's Pension Consolidation Feasibility Task Force went into effect on January 1, 2020. The legislation calls for all local pension fund assets to be transferred to the new consolidated fund as soon as practicable "but not later than 30 months after the effective date of the legislation". Once funds are fully consolidated the pension funds are expected to be adhering to funding targets set by state statute. The decrease in the Village tax levy requirements for the police and fire pension funds is due to the Village aligning funding targets in advance of consolidating the funds. The Village is expected to transfer assets to the firefighters consolidated fund in January 2022 with the transfer to the police investment fund expected to occur later in 2022. The IMRF rate is projected to decrease to 11.01%, from 13.40%. The current rate is down significantly from the all-time high of 16.21% in 1991.

The Village exercises more control over other benefit plans such as health and dental insurance benefits. Beginning in 2018, the Village moved away from a standalone self-insurance model for health benefits and into the Intergovernmental Personnel Benefit Cooperative (IPBC) pool. The IPBC, due to its size, and leveraged purchasing power in the marketplace has a significant number of resources to help control costs which would not have otherwise been available to the Village as a standalone entity. Projected premiums vary for 2022 depending on insurance coverage (ex. PPO or HMO). On average, premiums are expected to increase 5.4% for the coming year.

**Budget Summary**

Below is a summary of the FY2022 budget with comparative data from the FY2021 budget. Operational revenues have increased 4.8%, or \$3,383,137 from the 2021 budget. This is the result of increases in service charges in the utility funds, projected increases in intergovernmental revenues (i.e., sales and income tax), permits and investment income.

**Village of Winnetka  
Summary of Operating Revenues, Expenditures, and Capital (All Funds)  
Excludes Depreciation Expense / Transfers Between Funds**

Operating Revenues	2020 Actual	2021 Budget	2021 Estimate	2022 Budget	FY22 to FY21 Budget Change	
					%	\$'s
Property Tax	\$ 14,670,613	\$ 15,161,833	\$ 14,706,978	\$ 15,007,585	-1.0%	\$ (154,248)
Other Taxes	\$ 599,049	\$ 700,000	\$ 655,000	\$ 655,000	-6.4%	\$ (45,000)
Licenses/Permits	\$ 2,023,367	\$ 1,898,020	\$ 2,240,270	\$ 2,156,500	13.6%	\$ 258,480
Intergovernmental	\$ 4,484,841	\$ 4,307,378	\$ 4,248,354	\$ 4,744,724	10.2%	\$ 437,346
Service Charges	\$ 34,656,367	\$ 34,190,383	\$ 35,546,784	\$ 36,221,825	5.9%	\$ 2,031,442
Fines	\$ 110,090	\$ 212,500	\$ 61,500	\$ 189,100	-11.0%	\$ (23,400)
Interfund Services	\$ 4,296,231	\$ 4,365,008	\$ 4,445,294	\$ 4,781,218	9.5%	\$ 416,210
Payment in Lieu	\$ 1,644,847	\$ 1,634,947	\$ 1,634,947	\$ 1,646,946	0.7%	\$ 11,999
Other Revenue	\$ 4,279,102	\$ 3,307,064	\$ 3,389,808	\$ 3,135,879	-5.2%	\$ (171,185)
Investment Income	\$ 11,907,512	\$ 4,486,997	\$ 4,560,570	\$ 5,108,490	13.9%	\$ 621,493
	<b>\$ 78,672,019</b>	<b>\$ 70,264,130</b>	<b>\$ 71,489,505</b>	<b>\$ 73,647,267</b>	<b>4.8%</b>	<b>\$ 3,383,137</b>
<b>Operating Expenditures</b>						
Salaries and Benefits	\$ 29,235,663	\$ 29,853,026	\$ 29,668,529	\$ 30,394,605	1.8%	\$ 541,579
Services and Supplies	\$ 19,601,134	\$ 22,578,420	\$ 21,479,674	\$ 24,308,110	7.7%	\$ 1,729,690
Insurance	\$ 4,784,948	\$ 5,010,600	\$ 4,809,410	\$ 5,593,535	11.6%	\$ 582,935
Debt Service	\$ 543,866	\$ 1,303,377	\$ 1,303,377	\$ 809,430	-37.9%	\$ (493,947)
Payment in Lieu	\$ 1,644,847	\$ 1,634,947	\$ 1,634,947	\$ 1,646,946	0.7%	\$ 11,999
Contingency	\$ 400,000.00	\$ 300,000	\$ -	\$ 300,000	0.0%	\$ -
	<b>\$ 56,210,458</b>	<b>\$ 60,680,370</b>	<b>\$ 58,895,937</b>	<b>\$ 63,052,626</b>	<b>3.9%</b>	<b>\$ 2,372,256</b>
<b>Net Operating Income</b>	<b>\$ 22,461,561</b>	<b>\$ 9,583,760</b>	<b>\$ 12,593,568</b>	<b>\$ 10,594,641</b>	<b>10.5%</b>	<b>\$ 1,010,881</b>
<b>Other Sources / (Uses) of Funds</b>						
Grant Revenue	\$ 116,966	\$ 500,000	\$ 900,000	\$ 14,631,071	na	\$ 14,131,071
Capital Expenditures	\$ (5,127,083)	\$ (17,599,711)	\$ (11,454,973)	\$ (31,164,286)	77.1%	\$ 13,564,575

Staffing has been reduced from 169 full-time employees in 2000 to 154.0 full time equivalents in 2022. Overall staffing from FY 2021 to FY 2022 remained stable. Salary budgets are developed assuming each position is fully staffed throughout the year.

**Budget Impact on a Resident**

The Village uses two primary metrics to evaluate finances as they relate to our residential customers: 1) estimating how the budget will change a customer’s costs, and 2) measuring property tax increases over long periods of time. For FY2022, we estimate a typical residential customer will pay .9%, or \$70 more per year (\$5.83 monthly), for municipal services as the following increases are incorporated in the 2022 budget: residential electric rate 5.0% (\$95), water rate 8.5% (\$74), sanitary sewer charges 2% (\$9) and a reduction of 20% (\$108) in refuse charges as over half (53%) of our customers have selected one of the new curbside options. The FY2022 budget does not include a property tax increase. However, a .49% tax levy increase will be captured as in prior years due to new development in the Village. Residents will not see a property tax increase from the Village and could possibly experience a slight decrease in the Village’s share of their property tax bill. This is the eighth year of not increasing residential property taxes, continuing the Village’s commitment of adhering to or exceeding tax cap policy for non-home rule communities, even though the Village is home rule.

The following is the calculated budget impact on a typical resident, based on an assumed \$25,000 property tax bill for all taxing districts (tax year 2020 / budget year 2021) and typical utility use:

**Homeowner Impact Analysis  
Select Taxes and Fees**

	2019	2020	2021	2022	Change 21 to 22		Change 19 to 22	
					\$'s	%	\$'s	%
Village Property Taxes *	\$ 3,150	\$ 3,150	\$ 3,150	\$ 3,150	\$ -	0.0%	\$ -	0.0%
Electric **	\$ 1,794	\$ 1,833	\$ 1,873	\$ 1,968	\$ 95	5.1%	\$ 174	9.7%
Water ***	\$ 757	\$ 821	\$ 891	\$ 965	\$ 74	8.3%	\$ 208	27.5%
Sanitary Sewer ****	\$ 412	\$ 432	\$ 454	\$ 463	\$ 9	2.0%	\$ 51	12.4%
Refuse	\$ 540	\$ 540	\$ 540	\$ 432	\$ (108)	-20.0%	\$ (108)	-20.0%
Stormwater Utility Fee	\$ 262	\$ 262	\$ 262	\$ 262	\$ -	0.0%	\$ -	0.0%
Telecommunications Tax	\$ 60	\$ 60	\$ 60	\$ 60	\$ -	0.0%	\$ -	0.0%
Natural Gas Tax	\$ 80	\$ 80	\$ 80	\$ 80	\$ -	0.0%	\$ -	0.0%
Licenses - Cars (2) & Dog	\$ 90	\$ 90	\$ 90	\$ 90	\$ -	0.0%	\$ -	0.0%
<b>Total Taxes and Fees</b>	<b>\$ 7,145</b>	<b>\$ 7,268</b>	<b>\$ 7,400</b>	<b>\$ 7,470</b>	<b>\$ 70</b>	<b>0.9%</b>	<b>\$ 325</b>	<b>4.5%</b>

\* Assumes \$25,000 property tax bill with no new growth (ex. additions).

\*\* Based on 5.0% residential increase in electric rates and 8.5% increase in water rates.

\*\*\* Based on 2.0% increase in sanitary sewer volumetric rate.

\*\*\*\* Assumes resident moves from backdoor to cheaper 65 gallon curbside pickup option in 2022. For continued backdoor service the annual refuse amount would total \$600 a year and the annual increase in taxes and fees would equal 3.2%.

### Tax Levy Analysis

Because Winnetka is largely a residential community without a large commercial tax base, the Village relies significantly on local property taxes to pay for traditional municipal services. Below is how each property tax dollar paid during calendar 2021 was allocated among the taxing districts, with the Village receiving 12.94 cents of every dollar paid.



The chart on the following page, depicts community property tax growth for tax years 2000 to 2020 (payable in 2001 to 2021, due to the one-year lag in payment) levied by all taxing districts. This assumes a home valued at \$750,000 in 2000 as a baseline and then inflated to 2020 value of \$1,189,500. The initial total property tax bill in 2000 would have been \$14,065 and is estimated to have grown to \$27,481 by tax year 2020. With these assumptions, the typical homeowner would have seen a 46.7% increase in the “Village” portion of property taxes over this time frame, which is less than the 20-year increase in the consumer price index (CPI) of 54.3% for the same period. This typical taxpayer would have experienced a 95.4% overall increase in property taxes, as all but one of the other taxing districts have had larger percentage increases than the Village.

**Comparison of Property Taxes Paid  
Typical Taxing Districts in Winnetka  
2000 Versus 2020 Tax Years**

	2000*			2020**			Increase in Taxes Paid	% Change
	Home Value - \$750,000			Home Value - \$1,189,500				
	Tax Rate	Taxes Paid	%	Tax Rate	Taxes Paid	%		
Winnetka Public Schools	2.723	\$4,455	31.67%	3.015	\$10,458	38.06%	\$6,003	134.7%
New Trier High School	1.967	\$3,218	22.88%	2.085	\$7,232	26.32%	\$4,014	124.7%
Village of Winnetka	1.481	\$2,423	17.23%	1.025	\$3,555	12.94%	\$1,132	46.7%
Cook County	1.028	\$1,682	11.96%	0.511	\$1,772	6.45%	\$90	5.4%
Winnetka Park District	0.445	\$728	5.18%	0.389	\$1,349	4.91%	\$621	85.3%
Water Reclamation District	0.451	\$738	5.25%	0.378	\$1,311	4.77%	\$573	77.6%
All Others	0.502	\$821	5.84%	0.520	\$1,804	6.57%	\$983	119.7%
<b>Total</b>	<b>8.597</b>	<b>\$14,065</b>	<b>100%</b>	<b>7.923</b>	<b>\$27,481</b>	<b>100%</b>	<b>\$13,416</b>	<b>95.4%</b>
Consumer Price Index - U	168.800			260.474			CPI Increase:	54.3%
CPI Index (1-2020 - 12- 2020)	2000			2020				

\* 2000 Property taxes paid in March and August 2001. Home Value of \$750,000.

\*\* 2020 Property taxes paid in March and August 2021. Home Value of \$750,000 in 2000 inflated to 2020 value = \$1,189,500.

Because of the one-year delay between the levy and receipt of tax funds, the FY2022 budget will be funded by the 2021 property tax levy. The proposed 2021 property tax levy is anticipated to only capture new development (estimated at .49% of the tax base). While individual homeowners may experience changes due to their assessment and that of other properties in the community, the Village's property tax levy amount on those properties is being held flat for the eighth year in a row. The proposed 2021 Property Tax Levy can be found at the end of this letter.

The supplemental information section of this document (Tab 18) contains additional historical and projected property tax levy information.

**Explanation of Individual Fund Budgets**

**General Fund:**

The General Fund is used to account for most traditional municipal services, including police, fire, public works, and administrative functions. The projected December 31, 2022, fund balance of \$28,566,434 exceeds the policy target range (six months of operating expenses) by \$15,312,427.

Sufficient cash balances are needed to serve as a buffer for unexpected items (such as late property tax receipts, economic downturns, pandemics, emergencies, etc.), shared revenue reductions or interruptions from the State of Illinois, fund significant non-routine capital expenses (stormwater projects, emergency repairs or expenses, downtown revitalization, facilities, etc.), allow for inter-fund borrowing, and serve as an asset that could be used to satisfy pension liabilities. The 2022 fund balance policy threshold is \$13,254,007, based on budgeted operational expenditures.

Our organization has an estimated fund balance reserve policy that reflects the fiscally conservative nature of the Village. The Village does not issue debt except for financing major capital improvements. Reserves allow the Village to sustain financial shocks like those listed above without needing to seek outside financing. The Village has, at times, used General Fund balances for major capital projects, such as the Public Works Facility, Village Hall renovation, and to seed the stormwater utility (\$8.2 million). What makes Winnetka different from other municipalities is that we do not have a dedicated equipment replacement fund to pay for capital equipment needs, as the Village plans and funds these purchases well in advance using a “pay-as-you-go” approach. Consequently, without appropriate General Fund reserves, the Village would need to fund these projects in a different way. Finally, a healthy fund balance helps to maintain the Village’s Aaa bond rating and allows us to be in a financial position to self-insure risks.

**Summary of Revenue and Expenditure Changes:**

The fiscal year 2022 General Fund revenues and transfers are budgeted at \$28,610,058, up 5.97%, or \$1,611,065, from the prior budget. The change in the year-to-year budget amount is mostly due to an increase in anticipated grant revenue (\$837,144), increases in sales and use tax (\$229,596), increases in income and replacement tax (\$212,750), increases in permits (\$270,000) and the early re-payment of a loan to the Water fund (\$250,000) offsetting a decrease in the amount budgeted for property taxes (\$154,248). The decrease in the budget for property tax is to account for the amount uncollected. Traditionally, the Village budgeted 100% of the property tax levy. In 2022, we are budgeting based on what we anticipate collecting (98.5%).

Noteworthy revenue changes are displayed below:

Significant Revenue Sources Increase (Decrease) from Prior Fiscal Year	Change
Tax Levy (98.5% collection)	\$ (154,248)
Grants	\$ 837,144
Sales and Use Tax	\$ 229,596
Income and Replacement Tax	\$ 212,750
Permit Revenue	\$ 270,000
Early Repayment of Loan to Water Fund	\$ 250,000
Total	\$ 1,645,242

General Fund departmental operating expenses (excluding capital, transfers, and contingency) are budgeted at \$22,820,870, up 1.13%, or \$255,905 from fiscal year 2021. The following is a summary of General Fund operating expenses by department:

General Fund Operating Expenditures	Actual FY 2020 A	Budget FY 2021 B	Estimated FY 2021 C	Budget FY 2022 D	Dollar Change D - B	% Change D / B
Village Manager / Council	\$ 1,457,245	\$ 1,625,258	\$ 1,594,816	\$ 1,737,258	\$ 112,000	6.89%
Finance	\$ 1,601,667	\$ 1,553,646	\$ 1,542,216	\$ 1,613,929	\$ 60,283	3.88%
Police	\$ 7,386,394	\$ 7,422,831	\$ 7,187,204	\$ 7,446,450	\$ 23,619	0.32%
Fire	\$ 6,213,705	\$ 5,984,397	\$ 5,799,530	\$ 5,999,874	\$ 15,477	0.26%
Community Development	\$ 1,572,154	\$ 1,714,489	\$ 1,648,023	\$ 1,746,360	\$ 31,871	1.86%
Public Wroks	\$ 3,833,522	\$ 3,208,792	\$ 3,158,482	\$ 3,184,189	\$ (24,603)	-0.77%
Engineering	\$ -	\$ 1,055,552	\$ 981,923	\$ 1,092,810	\$ 37,258	3.53%
Dept. Operating Expenditures	\$ 22,064,687	\$ 22,564,965	\$ 21,912,194	\$ 22,820,870	\$ 255,905	1.13%

Services and Supply costs are the key driver of this increase offsetting a slight decrease in Salaries and Benefits. Budgeted pension contributions are down in FY2022 for public safety pensions as well as IMRF. Due to favorable investment performance over the last several years, budgeted pension expense is down \$407,602 compared to last year.

In total, the General Fund is budgeting for 101 FTE employees which is an increase of one-half a position compared to last year's budget due to re-structuring in the Public Works / Engineering departments. Other than salary and benefits, spending categories in the General Fund were consistent with last year.

### Annual General Fund Capital Outlay:

In a normal year, the Village will typically budget \$2.4 million to \$2.8 million in the General Fund for regular capital investment for items such as roadways, equipment, and vehicle replacements. Due to scheduling, favorable bidding, and budgeted contingencies, the Village typically does not spend 100% of the capital budget each year.

For FY2022, General Fund capital outlay is budgeted at \$2,747,000 and consists of the following noteworthy projects: streets, sidewalks, and parking lots (\$1,919,000), building improvements (\$375,000), and vehicle/equipment purchases (\$453,000).

### Transfers:

The General Fund also transfers dollars to pay for capital projects that do not have a dedicated revenue stream or to shore up fund balances in smaller funds. In FY2022, there are four scheduled transfers to other funds:

- \$1,950,000 – Transfer to the Business District Revitalization Fund, funding the cost of implementing the Chestnut area streetscape project and other downtown improvements.
- \$500,000 – Transfer to the Electric Fund to facilitate repairs to a storm damaged pier.
- \$100,000 – Transfer to the Facility Fund to help pay for an upgrade to the Village Council chambers' audio/visual system.
- \$837,144 – Transfer to the Stormwater Fund of one-half of the Federal American Rescue Plan Act (ARPA) funds received in 2021.

### **Motor Fuel Tax Fund:**

The Village finances bridge repairs and major road projects using motor fuel tax dollars. The revenue in this fund is primarily derived from the State of Illinois' allotments of motor fuel tax to the Village. Monies in this fund are highly regulated by the State and require several engineering approvals by IDOT before funds can be spent. In addition to our annual budgeted State allotment of motor fuel tax funds of \$275,000, the Village is expecting to receive an additional \$185,000 due to the state increasing the Illinois gasoline tax by 19 cents a gallon in 2019. The Village is also budgeting \$332,000 as a reimbursement for previous Oak and Cherry bridge repair. Planned 2022 spending in the MFT fund totals \$275,000. Major projects include engineering for Phase II of the Willow Road project and \$150,000 for the Village's share of the bridge repair at Cherry and Oak Street. In addition to the spending highlighted above the MFT fund will transfer \$267,724 in Rebuild Illinois Funds to the Stormwater Fund.

### **Capital Projects Funds (Village Facilities, Business District Revitalization, Special Service Areas):**

The Village establishes separate capital project funds for specific projects not financed through regular operations. The FY2022 Village Facilities Fund budget contains \$50,000 funding for general Village Hall system repairs and other minor improvements. There is also \$150,000 budgeted for a new digital Audio/Visual system for the Village Hall Council Chambers replacing the existing outdated analog system. These projects are being funded via existing fund balances and a \$100,000 transfer from the General Fund.

The Business District Revitalization Fund is funded by transfers from the General Fund along with \$300,000 in Rebuild Illinois state grant funds. Capital projects to be funded in 2022 total \$2,415,000 and include improvements associated with recommendations derived from the Streetscape Master Plan. Most significant is the Phase 4 streetscape project on Chestnut Ave. and Chestnut Court totaling \$2,040,000. Other budgeted projects include design work for the Phase 5 streetscape project on Lincoln Avenue, south of Elm Street (\$100,000), Hubbard Woods streetscape concept design (\$75,000), sidewalk, grate, and paver projects (\$50,000), and gateway and wayfinding signage (\$150,000). More information about the Business District Revitalization Fund initiatives can be found in the Budget Narrative Section and in the Capital Improvement Plan.

### **Utility Funds (Electric, Water, Sanitary Sewer, Refuse, and Stormwater):**

The Village operates utility funds that generate revenues to pay for operating and capital needs. Utility-enterprise funds use accounting similar to the private sector where charges for utilities fully support these operations. User rates are charged based on a "cost-of-service" model and a review of the marketplace.

The following revenue and expense summary illustrate that each utility fund is operating with a positive net income, which is then dedicated to fund ongoing capital improvements:

	Electric Fund				Water Fund			
	Actual FY 2020	Budget FY 2021	Budget FY 2022	% 20 to 21	Actual FY 2020	Budget FY 2021	Budget FY 2022	% 20 to 21
Operating Revenues	\$ 18,088,447	\$ 17,564,029	\$ 19,063,864	8.5%	\$ 5,315,294	\$ 5,309,158	\$ 6,043,829	13.8%
Operating Expenses	\$ (15,101,381)	\$ (15,954,530)	\$ (17,974,300)	12.7%	\$ (3,433,982)	\$ (4,073,936)	\$ (4,571,526)	12.2%
Op. Income (Loss)	\$ 2,987,066	\$ 1,609,499	\$ 1,089,564		\$ 1,881,312	\$ 1,235,222	\$ 1,472,303	

Note: The increase/decrease in revenues shown in the charts above do not solely equate to rate changes (5% electric and 8.5% in water) and incorporate changes to the estimated number of units (gallons / kwh) of water and electricity consumed based on a three-year look back in consumption patterns.

	Sanitary Sewer Fund				Refuse				Stormwater Fund			
	Actual FY 2020	Budget FY 2021	Budget FY 2022	% 21 to 22	Actual FY 2020	Budget FY 2021	Budget FY 2022	% 21 to 22	Actual FY 2020	Budget FY 2021	Budget FY 2022	% 21 to 22
Operating Revenues	\$ 1,526,418	\$ 1,421,193	\$ 1,632,130	14.8%	\$ 2,748,501	\$ 2,646,500	\$ 2,645,552	0.0%	\$ 2,227,520	\$ 2,102,324	\$ 2,149,824	2.3%
Operating Expenses	\$ (862,352)	\$ (1,014,158)	\$ (977,856)	-3.6%	\$ (2,260,460)	\$ (2,618,951)	\$ (2,564,568)	-2.1%	\$ (1,618,985)	\$ (1,953,901)	\$ (1,465,230)	-25.0%
Op. Income (Loss)	\$ 664,066	\$ 407,035	\$ 654,274		\$ 488,041	\$ 27,549	\$ 80,984		\$ 608,535	\$ 148,423	\$ 684,594	

Note: The increase/decrease in revenues shown in the charts above do not solely equate to rate changes (2% sanitary) and incorporate changes to the estimated number of units (gallons) of water consumed based on a three-year look back in consumption patterns.

### **Electric Fund:**

In 2017, an Electric Rate Study was completed, and a new cost of service model was approved and implemented for fiscal years 2018 - 2021. This model introduced varying customer charges and rate designs for each specific rate class in the electric utility. Money generated by the new rate structure went towards funding ongoing capital infrastructure improvements within the electric utility without necessitating a debt issuance.

The Village continues to balance the need to recover its costs for wholesale power, operating needs, and capital expenditures with the desire to have reasonable electric rates. The Village purchases wholesale power through the IMEA, which is a long-term supplier of power to participating Illinois municipal electric utilities. This protects the Village from supply concerns and the on-going fluctuations of the spot market. For 2022, the Village will need to implement a 5% average rate increase to offset a 13.65% increase in the budget for purchased power. Purchased power costs are set to add \$1.2 million to the budget in the Electric fund due to increases in transmission and supply costs passed on to the Village from IMEA.

Major capital improvements being undertaken by the Electric Fund in fiscal year 2022 include completing the interconnection with ComEd at the Northfield substation (\$883,204) and other electric system improvements (\$1,177,936) such as new switchgear, breakers, cable pulling, directional boring and underground connectors. Additionally, \$500,000 funded from a transfer from the General Fund, is budgeted to replace a pier that was damaged by a storm.

Fiscal year 2022 marks a transition period for the Electric fund. Initially built in 1900, and with many significant additions and investments since that time, the Winnetka Power Plant is nearing the end of its useful life. The five-year capital improvement plan has identified almost \$3.3 million of improvements necessary to continue generating electricity at the Electric Plant. Staff has postponed implementing these improvements to 2023 to allow time for an in-depth Council study session to discuss the long-term viability of the power plant. The outcome of the plant discussion will have a significant impact on long-term electric rates.

### **Water Fund:**

The Water Fund completed a comprehensive rate study in fiscal year 2017. The study's purpose was not only to establish an updated cost of service model, but also to create a plan to replace the Village's aging water mains over time. The study identified a watermain replacement cycle of 100 years and provided a 10-year ramp up in water rates to support this annual replacement target.

At the conclusion of the study, the Council agreed to 8.5% revenue increases for fiscal years 2018-2025 which will be realized through an increase in the cubic foot unit cost and the existing fixed cost recovery, also known as a customer charge. Even with the 8.5% increase, the Village of Winnetka still sells water at very competitive rates versus our North Shore neighbors.

One of the commitments that staff made to the Village Council during the Water Rate Study was to continue the practice of coordinating water main work with the PW street improvement and replacement schedule. This coordination lowers the cost of street repairs associated with watermain projects. The budgeted fiscal year 2022 water main replacement projects include work on Merrill Street (\$198,000), Gage St. (\$268,400), Chestnut (\$560,996), Cherry Street (\$600,000) and Sunview Lane (\$375,000). The Water Fund is making other capital investments in fiscal year 2022, such as lining an existing main underneath the Union Pacific railroad track (\$200,000) and updating the transfer services on Scott Avenue (\$166,750).

### **Sanitary Sewer Fund:**

The charge for sanitary sewer services is proposed to increase 2% in FY2022 from \$18.51 to \$18.88 per 1,000 cubic feet. The \$2 monthly customer charge introduced in 2018 will remain the same in 2022. This utility experiences cyclical challenges related to declining user charges, as many households have made the change to low consumption plumbing fixtures.

The Village hired the consulting firm of RJN in 2018 to complete a sanitary sewer evaluation study. This study identified nearly \$3.5 million in critical, high, medium, and low repairs to the system in the next few years. With the critical components of this work already completed, staff proposed funding the high and medium repairs over a five-year period utilizing a pay as you go

basis. We are in the fourth year of that process and at the end of the five-year cycle, staff will commence another sanitary sewer evaluation for the remainder of the village and identify future funding needs at that point.

The capital improvement activity budgeted in this fund for fiscal year 2022 includes high and medium level repairs from the 2018 RJN study (\$400,000) as well as routine annual sewer relining work (\$200,000).

### **Refuse Fund:**

The Refuse Fund previously relied on a combination of user charges and a portion of the Village's property tax levy to offset cost of service and capital improvements. Beginning in FY2019, the Refuse utility shifted fully to being user fee funded, and the portion of the property tax levy previously dedicated to refuse collection has been utilized for business district revitalization purposes. In 2021 the Village implemented a new curbside collection option for residential customers which provides for more streamlined operations and an opportunity for customers to lower their Refuse bill. A key project for 2022 is continued review and potential outsourcing of the Village's Commercial refuse operations.

### **Stormwater Fund:**

The Village began billing property owners for stormwater utility service effective July 1, 2014. Customers are billed for this charge based on the amount of impervious surface on their property, which is calculated as an Equivalent Runoff Unit (ERU). All properties with impervious surface above 170 square feet pay the stormwater utility fee, including residential, commercial, non-profit, governmental, and all other property types. A typical residential property has approximately 1.0 ERU.

The stormwater utility fee is billed on a customer's regular utility bill. The annualized cost of 1.0 ERU is \$262, or \$21.83 per month. This amount not only funds capital expenditures, but also operation and maintenance of existing stormwater infrastructure. There is no change to the stormwater utility fee projected for 2022.

The Stormwater Fund is the only Village operating unit, with outstanding General Obligation (GO) debt. Bonds were issued in 2013 and 2014 to help pay for capital improvements associated with the Stormwater Master Plan, including improvements to neighborhoods in Northwest and Northeast Winnetka, and two pump stations. In 2020 these bonds were refunded and replaced by a new series of bonds. As part of this refunding, we were able to shorten the payback period by 6 years, free up about \$500,000 in annual debt service capacity and achieve savings of \$3.5 million (NPV).

The current outstanding debt as of January 1, 2022, is listed in the table below:

Issuance Year / Purpose	Repaid By:	Par Amount	Par Outstanding 1/1/2022	Final Maturity	Interest Rate
Series 2020 (Refunded 2013 and 2014 G.O. Bonds)	G.O. Debt anticipated to be repaid with stormwater utility revenues	\$ 12,035,000	\$ 11,845,000	12/15/2040	2.61%

In 2016, Strand Associates drafted a “Stormwater Vision” for the Village, which included strategies for moving stormwater to the west in cooperation with the Cook County Forest Preserve and Winnetka’s sister taxing bodies. Components of the Strand Vision started progressing significantly in 2018 and there are several capital projects derived from the Vision budgeted in 2022. These major projects constitute portions of the Cook County Wetland-Duke Childs / Landfill projects of the Strand Vision, which involves the engineering and construction of stormwater detention and runoff infrastructure on the property of the Forest Preserve District of Cook County property, and also involves utilizing property at Duke Childs Field and Park District to store detained stormwater.

**Insurance Funds (Workers’ Compensation, Liability, and Health Insurance):**

Below is a summary of the Workers’ Compensation, Liability, and Health Insurance Funds:

	Health Insurance			Workers' Compensation			Liability Fund		
	Actual FY 2020	Budget FY 2021	Budget FY 2022	Actual FY 2020	Budget FY 2021	Budget FY 2022	Actual FY 2020	Budget FY 2021	Budget FY 2022
Inflows	\$ 3,755,472	\$ 3,834,567	\$ 4,140,168	\$ 584,160	\$ 551,114	\$ 340,000	\$ 47,970	\$ 22,291	\$ 628,550
Outflows	\$ 3,669,901	\$ 3,930,100	\$ 4,461,200	\$ 524,325	\$ 770,800	\$ 916,800	\$ 736,481	\$ 788,000	\$ 626,285
Cash-Flow	\$ 7,425,373	\$ 7,764,667	\$ 8,601,368	\$ 1,108,485	\$ 1,321,914	\$ 1,256,800	\$ 784,451	\$ 810,291	\$ 1,254,835
Estimated Fund Balance:		\$ 891,292		Estimated Fund Balance:	\$ 656,496		Estimated Fund Balance:	\$ 523,386	

The insurance funds’ revenues consist largely of user department charges, interfund transfers and interest income. In terms of cash balances, all funds can meet operating needs. Because of the uncertainty in self-funding these risks, these insurance funds have appropriate expense contingencies. The Village generally has fewer losses than provided for in the budget, which often results in actual expenditures coming in below budget.

To provide benefits under its employee health insurance plans, the Village joined the Intergovernmental Personnel Benefit Cooperative (IPBC) pool in 2018 and has had a good experience. The Village added an HMO option in 2020, which is expected to provide for significant long-term savings depending on employee participation. For the full insurance package including existing PPO, HMO, and dental coverages IPBC is projecting rate increases that average 5.4%. It should be noted that the projected rate increase is lower than what the Village's experience was when we were a standalone fully self-insured program. At that time, rate increases typically ranged from 6%-10% annually. Staff will continue to monitor the Village's participation in the pool and make additional recommendations to the Village Council if necessary.

Beyond the health insurance operation, the projected expenses in the Liability and Workers' Compensation Funds are based on an analysis of claims, administrative costs, and self-insured retention amounts. The Village's self-insured retention amounts per claim as of January 1<sup>st</sup>, 2022, are: \$100,000 for general liability, \$250,000 for equipment breakdown (electric plant equipment is \$500,000), and \$250,000 for workers' compensation.

The Village annually reviews reserve targets for these funds, considering recent loss history, the commercial insurance market, outstanding claims, reserves, and the Village's home-rule status. For 2022, the recommended fund balance target for the Workers Compensation fund is being reduced to account for the Village's reduced risk exposure in this fund. Previously the fund balance target was to accumulate funds equal to four months operating expenses plus have cash on hand to plus a \$600,000 claim. In 2022, the Village secured workers compensation coverage at a \$250,000 retention (deductible) versus the \$600,000 retention in prior years and propose reducing the minimum fund balance to four-months operating expenses plus a \$250,000 claim. The fund balance information later in the budget document indicates that there are adequate reserves for the Village's self-insurance funds.

### **Fleet Services Fund:**

The Fleet Services Fund accounts for maintaining the Village's rolling stock and some equipment. The actual cost of buying equipment is borne by the user departments. User fees for equipment are assessed based on a four-year rolling average of historical costs, with some limitations imposed for stability purposes.

### **GFOA Recognition**

The Village submitted its fiscal year 2021 budget document to the Government Finance Officers Association (GFOA) to be considered for the Distinguished Budget Presentation Award and recently received notification that it had won the award. In addition to winning the award we received special recognition for our 5-year CIP which received an “outstanding” rating by the GFOA’s reviewers. Staff is further enhancing this year’s budget document and intends to submit for the award again in 2022.

### **Community Profile**

The Village of Winnetka is located seventeen miles north of the City of Chicago on the west shore of Lake Michigan and is primarily a residential community. The Village was incorporated in 1869, prior to the adoption of the first State of Illinois Constitution, and thus enjoys Special Charter status with the State of Illinois. In 2005 the Village adopted Home-Rule status that provides additional legislative and revenue raising powers. To date, the Village has not utilized any of these new revenue-raising powers.

The Village is approximately 3.9 square miles. The Village population totals 12,744 persons according to 2020 federal census records. There are three business districts within the Village, all located adjacent to three commuter rail stations. The Village is one of the most affluent in the Chicago area, having a median household income over \$250,000. The Village obtained a Aaa bond rating from Moody's Investors Service in 1989 on General Obligation debt issued. At that time, the Village was only one of three communities having a Aaa bond rating within the State of Illinois based solely upon the merits of the Community. Moody’s has reaffirmed this rating on several occasions, most recently on October 15, 2020.

Our community is over 75% residential and its economic base is rooted primarily in the service industry, which includes restaurants, professional practices, and light retail. The most recent assessed value of all Village property was \$1,480,422,687 for the 2020 levy year. This represents a slight decrease from the previous levy year. Given the recent trend in home prices it’s likely EAV will increase over the next several years. Due to the high per capita income level in the Village and correspondingly large homes, the Village’s ten principal property taxpayers are individual residences with an average assessed property value of \$4.5 million. The top ten employers in the Village represent 35.07% of total Village employment. These employers include the local high school district, the local elementary school district, the Village itself, and various non-profit and commercial entities.

### Closing Comments

The proposed budget continues the Village's long-standing practice of controlling operating costs while investing in capital to repair and enhance the Village's aging infrastructure. The budget initiatives will allow the Village to make progress on many fronts, including rehabilitating the infrastructure of the electric and water utilities, additional stormwater management projects to reduce flooding, aggressive downtown redevelopment, and continued improvement of the Village's human capital.

The Village is fortunate to have made good long-range financial decisions in the past. Due to operational efficiencies, we have made staffing reductions when able over the past several years. We have constrained property tax and other revenue growth to keep the cost of services roughly in line with inflation, unlike many taxing districts.

At this point in time, the Village can make major investments to modernize our infrastructure which will significantly improve our residents' quality of life and property values. Additionally, the Village should continue making investments in other infrastructure, such as our electric, water, sanitary sewer, refuse, and stormwater utilities.

Winnetka is an exceptional community in many respects. With continued sound management, solid long-range planning, adequate resources, and a strong personal commitment from all involved, we are excited about making an already outstanding community even better.

Respectfully submitted,

A handwritten signature in blue ink that reads "Timothy J. Sloth". The signature is written in a cursive style and is positioned above the typed name and title.

Timothy J. Sloth, CPA  
Director of Finance

**VILLAGE OF WINNETKA  
FUND BALANCE COMPARISON  
(ALL FUNDS, WITH CAPITAL AND TRANSFERS)**

<b>FUND</b>	<b>12/31/2020 Audited Fund Balance</b>	<b>2021 Estimated Revenue</b>	<b>2021 Estimated Expense*</b>	<b>12/31/2021 Estimated Fund Balance</b>	<b>2022 Budgeted Revenue</b>	<b>2022 Budgeted Expense*</b>	<b>12/31/2022 Projected Fund Balance</b>	<b>FY 2021 Policy Amount</b>	<b>Surplus / (Deficiency)</b>	<b>Explanation of Target Amount</b>
General Fund	26,596,414	28,248,882	25,633,906	29,211,390	28,610,058	29,255,014	28,566,434	13,254,007	15,312,427	Six (6) months of operating expenses
Motor Fuel Tax Fund	3,246,307	666,354	811,586	3,101,075	1,062,724	542,724	3,621,075	230,000	3,391,075	Fifty percent (50%) of annual MFT revenue
Foreign Fire Tax Fund	126,267	85,195	79,250	132,212	85,200	79,250	138,162	-	138,162	None, current balance is policy amount
Special Service Area #3	72,284	26,620	-	98,904	-	-	98,904	-	98,904	None, current balance is policy amount
Village Facilities Fund	187,280	450	10,000	177,730	100,500	205,000	73,230	-	73,230	None, current balance is policy amount
Downtown Revitalization Fund	1,026,432	1,657,685	1,796,240	887,877	2,258,500	2,875,500	270,877	-	270,877	None, current balance is policy amount
Electric Fund**	8,053,765	18,249,442	18,692,618	7,610,589	19,063,864	20,535,440	6,139,013	5,991,433	147,580	Four (4) months of operating expenses
Water Fund**	5,318,274	6,034,295	5,941,338	5,411,231	6,043,829	7,245,672	4,209,388	1,523,842	2,685,546	Four (4) months of operating expenses
Refuse Fund**	1,415,857	2,585,311	2,731,900	1,269,268	2,645,552	2,564,568	1,350,252	854,856	495,396	Four (4) months of operating expenses
Stormwater Sewer Fund**	14,488,509	2,595,118	3,943,744	13,139,883	17,048,619	20,796,230	9,392,272	488,410	8,903,862	Four (4) months of operating expenses
Sanitary Sewer Fund**	1,633,116	1,470,514	1,384,209	1,719,421	1,632,130	1,577,856	1,773,695	325,952	1,447,743	Four (4) months of operating expenses
W.C. Insurance Fund**	1,254,308	589,788	610,800	1,233,296	340,000	916,800	656,496	463,933	192,563	Four (4) months of operating expenses + \$250,000 deductible
Liability Insurance Fund**	1,238,221	38,500	755,600	521,121	628,550	626,285	523,386	302,095	221,291	Four (4) months of operating expenses + \$100,000 claim
Health Insurance Fund**	1,256,253	3,875,296	3,919,225	1,212,324	4,140,168	4,461,200	891,292	665,328	225,964	Two months of IPBC invoices.
Information Technology Fund**	170,048	673,117	778,570	64,595	873,117	865,289	72,423	288,430	(216,007)	Four (4) months of operating expenses
Fleet Services Fund**	775,464	949,750	860,393	864,821	958,654	1,300,433	523,042	350,144	172,898	Four (4) months of operating expenses
Police Pension Fund	38,147,156	3,613,710	2,456,490	39,304,376	3,837,050	2,578,790	40,562,636	44,723,075	(4,160,439)	State Statute - Funding pension at 90% by 2040
Fire Pension Fund	36,060,699	3,631,064	2,546,897	37,144,866	3,859,319	2,720,729	38,283,456	43,670,038	(5,386,582)	State Statute - Funding pension at 90% by 2040
<b>TOTAL</b>	<b>\$ 141,066,654</b>	<b>\$ 74,991,091</b>	<b>\$ 72,952,766</b>	<b>\$ 143,104,979</b>	<b>\$ 93,187,834</b>	<b>\$ 99,146,779</b>	<b>\$ 137,146,033</b>	<b>\$ 113,131,544</b>	<b>\$ 24,014,489</b>	

\* - Expense totals omit depreciation

\*\* - Fund Balance is Current Assets less Current Liabilities

NOTE: The purpose of this spreadsheet is to show the effects of budgeted revenues and expenditures / expenses on Fund Balances / Net Assets and to show progress towards meeting targets set for the individual funds. Final Fund Balance is determined annually as part of the Village's audit and completion of the Comprehensive Annual Financial Report.



# VILLAGE OF WINNETKA

## Personnel Summary

### Budgeted FTE Counts

<u>Department</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
Village Manager's Office	7.5	7.5	7.0	7.0	7.0
Finance Department	11.5	10.5	9.5	9.5	9.5
Police Department	35.5	35.5	35.5	35.5	35.5
Fire Department	27.67	27	27	27	27
Community Development Department	6.7	7	7	7	7
Public Works Department	16.85	17.35	16.35	11.8	12.15
Engineering	0	0	0	2.6	2.85
Electric Department	25.55	25.55	25.55	24.05	24.05
Water Department	9.2	9.2	9.2	10.45	10.45
Sanitary Sewer Department	2.95	2.95	2.95	3.3	3.3
Refuse Department	7.75	8	8	8	7.5
Stormwater Department	2.95	2.95	2.95	3.8	3.7
Data Processing Department	1	1	1	1	1
Fleet Services Department	3	3	3	3	3
<b>Total</b>	<b>158.12</b>	<b>157.5</b>	<b>155.0</b>	<b>154.0</b>	<b>154.0</b>

**Village of Winnetka**  
**Schedule of Property Tax Levy Calculations**

<u>Tax Levy Category</u>	<b>2020 Actual Tax Levy</b>	<b>2021 Proposed Tax Levy</b>	<b>\$ - Change</b>	<b>% - Change</b>
<u>General Fund:</u>				
Corporate*	\$12,445,282	\$12,691,921	\$246,639	1.982%
<u>Other Funds:</u>				
Police Pension	\$1,291,013	\$1,188,074	(\$102,939)	-7.974%
Fire Pension	\$1,425,539	\$1,356,132	(\$69,407)	-4.869%
Total Village-wide Tax Levy	\$15,161,834	\$15,236,127	\$74,293	<b>0.490%</b>
Less: New Development @ .49%		(\$74,293)	(\$74,293)	-0.490%
Existing Tax Payer Increase	\$15,161,834	\$15,161,834	\$0	<b>0.000%</b>

Increase (Decrease) Based on Total Property Tax Bill
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Total Property Taxes Paid 100.00%	Other Taxing Distr. 87.06%	Village 12.94%	0.0% Change / Village
\$10,000	\$8,706	\$1,294	\$0
\$15,000	\$13,059	\$1,941	\$0
\$20,000	\$17,412	\$2,588	\$0
\$25,000	\$21,765	\$3,235	\$0
\$30,000	\$26,118	\$3,882	\$0
\$35,000	\$30,471	\$4,529	\$0
\$40,000	\$34,824	\$5,176	\$0
\$50,000	\$43,530	\$6,470	\$0
\$60,000	\$52,236	\$7,764	\$0

\* Included in the Corporate fund levy is \$1.1 million levied for the Business District Revitalization F

Note: New development is calculated based on \$7,308,348 of new value per 8/23/2021 Cook County Agency Tax Rate Report. Last year new property value totaled \$10,802,600.

<https://www.cookcountyclerk.com/service/tax-agency-reports>

\* Included in the Corporate fund levy is \$1.1 million levied for the Business District Revitalization F