



Village of Lincolnwood Finance Committee

Meeting
Monday, August 25, 2025
5:00 PM

in the
Gerald C. Turry Village Board Room
Lincolnwood Village Hall
6900 Lincoln Avenue

Meeting Agenda

- 1. Call to Order/Quorum Declaration**
- 2. Minutes Approval**
 - Minutes of September 9, 2024 Meeting
- 3. Financial Policies Discussion**
- 4. Property Tax Levy Discussion**
 - History of Property Tax Levy
- 5. Parks and Recreation Fund Discussion**
- 6. Financial Forecast Discussion**
- 7. Other Business**
- 8. Public Forum**
- 9. Adjournment**

Date Posted: August 21, 2025

**VILLAGE OF LINCOLNWOOD
FINANCE COMMITTEE MEETING
GERALD C. TURRY VILLAGE BOARD ROOM
SEPTEMBER 9, 2024**

DRAFT

1. Call to Order

Trustee Klatzco called the Meeting of the Lincolnwood Board of Trustees Finance Committee to order at 6:06 P.M., Monday, September 9, 2024, in the Gerald C. Turry Village Board Room of the Municipal Complex at 6900 N. Lincoln Avenue, Village of Lincolnwood, County of Cook, and State of Illinois.

Upon roll call by Finance Director John Risko, the following were:

PRESENT: Trustees Sargon, Saleem, and Klatzco

ABSENT: Trustees

A quorum was present.

Also present: Village Manager Anne Marie Gaura, Assistant Village Manager Madeline Farrell, Assistant to the Public Works Director Brendon Mendoza, Recreation Supervisor Julie R. Glowacki, Finance Director John Risko, Assistant Finance Director Antonio Washington, Fire Chief Barry Liss, Police Chief Jay Parrott, Community Development Director Scott Mangum.

2. Approval of Minutes

The September 27, 2023 Finance Committee meeting minutes were presented for approval. Trustee Sargon moved to approve the minutes as presented. Trustee Klatzco seconded the motion.

Upon Roll Call, the results were:

AYES: Trustees Sargon, Klatzco, and Saleem

NAYS: None

ABSENT: None

The motion passed

3. Calendar Year 2024 Financial Update

Finance Director John Risko presented the Calendar Year 2024 Financial Update using PowerPoint. He explained the data is a comparison to Stub Year 2023 which accounts for 8 months which is different than the normal 12-month budget cycle. Within Stub Year 2023, both revenues and expenditures resulted in under-budgeted amounts but a better performance than Fiscal Year 2022.

Trustee Sargon asked the reason for not using Fiscal Year 2023 for future projections. Mr. Risko response mentioned Fiscal Year 2023 has unaudited amounts and want to base projections on the most accurate numbers that includes an audited Fiscal Year 2022 and the most recent budget year Stub Year 2023.

Trustee Klatzco inquired about sales tax revenues and how that affects our future revenues projections. His concern was that the Governor waived the sales tax for grocery stores and we're not receiving revenues on this. Village Manager Gaura mentioned that grocery store sales tax would be waived beginning 1/1/26. Both parties agreed that further discussion on this topic will happen at a future meeting. Trustee Klatzco also asked is the Village collecting Packaged Liquor Taxes and Mr. Risko said yes.

Mr. Risko continued his presentation and mentioned the Village should receive an increase in sales tax from the State of Illinois. However, we're expecting to receive a lower amount of Personal Property Replacement Tax going into 2025.

Trustee Klatzco expressed concern that residents are moving out of Illinois each year and that will be affect the future tax revenues we'll receive such as sales taxes.

Trustee Sargon requested an LGDF (Local Government Distributive Fund) year over year comparison or snap shop to see how it's trending over the last 10 years.

Trustee Saleem asked is the fluctuation of these tax revenues because of post COVID activity by the State and Mr. Risko said yes.

Mr. Risko continued his presentation and explained the Village is receiving a great amount of interest revenue from our accounts. The conversation shifted to cannabis tax.

Trustee Sargon asked how we're budgeting for cannabis tax. Mr. Risko responded that although there's a dispensary that opened in December 2023 in Lincolnwood, there's a 3-month lag time on receiving cannabis tax from the State. He also mentioned that we're currently underbudget for cannabis tax revenues received YTD.

Presentation continued in discussing Red Light Camera revenues. Due to IDOT issues and other items, this program will not be activated in 2024 and not included as a revenue line in the Calendar Year 2025 Budget. Village Manager Anne Marie Gaura mentioned the Village has to start from scratch when it comes to these cameras. Director Welch and Police Chief Parrott will work together on this matter in the future. Chief Parrott explained the plan is get the redlight cameras operational after the construction finished on the 1860 project. So far, no timeline on this matter.

Trustee Sargon inquired about Lincolnwood Fest and if we're going over budget year after year with wages since the Village uses personnel from Police and Public Works. Her follow up question are we budgeting appropriately for this special event? Mr. Risko mentioned that we'll look closely at wages and the overtime hours in the planning stages of this special event.

Mr. Risko assured that expenditures are coming under budget for CY 24.

Trustee Klatzco asked a question pertaining to the Water & Sewer Fund. As we're increasing the water rates, are residents using less water? Trustee Klatzco based this question on water revenue data for Calendar Year 2024. Mr. Risko reminded the group that Summer water usage is billed in the Fall since residents are billed quarterly and the Village should see an increase in water revenues since residents usually consume more water in Summer months. Ms. Gaura added that she reviewed a recent report that showed a trend of resident water consumption decreasing year over year overall.

On the topic, Trustee Sargon asked Assistant to the Public Works Director, Brendon Mendoza, about the Village's low water consumption. Brendon mentioned that water leak detection has helped locate these water main break issues. Trustee Sargon asked Mr. Mendoza for the Village's water usage for the last 5 years.

4. Property Tax Levy

Mr. Risko presented the Property Tax Levy using PowerPoint. Village uses PTELL (Property Tax Extension Law Limit) which is capped at 5%. Mr. Risko proposing 6.7% increase to capture new growth. He explained that Home Rule Municipalities such as the Village can levy for more than 5%.

Trustee Klatzco asked how much did we lose in property tax revenues in 2023? He expressed concern that we haven't recouped these property taxes in the past based on The Carrington Assisted Living Facility and Cadillac Dealership being established in Lincolnwood. Trustee Klatzco brought up the idea of recouping loss property tax revenues from the previous years from the county. Village Manager Gaura assured Trustee Klatzco that we can look into recouping previous years property tax revenue but remain doubtful that the Village would be able to do so. Our best strategy would be to levy for new growth moving forward so we don't leave any money on the table.

Trustee Klatzco would like to know how much property tax revenue did we leave on the table in the past years? Mr. Risko will look into the matter.

Trustee Sargon recommended that we levy at the 4.99% and requested a comparison of the taxes paid to the Village for the average homeowner if we levied at 3.4%, 4.9%, and 6.7%. Trustee Klatzco added he wants to see dollar amounts for the average homeowner with property values at \$400k, \$500k, and \$600k. Mr. Risko will look into the matter.

Mr. Risko moved forward in discussing the current Special Recreation policy and recommends increasing the tax levy from \$110k to \$145k (\$35k increase). Ms. Gaura explained to the Trustees the total levy amount would remain the same but we'd shift \$35k to Special Recreation which would take away \$35k from another budget area of the levy.

Trustee Sargon asked how long have we been underbudgeting Special Recreation? Ms. Gaura responded that we've underbudgeted these tax revenues for years and the General Fund has been supplementing these expenditures in the past.

On the topic, Trustee Klatzco asked are we net positive with Special Recreation budget? Mr. Risko's answer was no and this is due to underbudgeting the property tax revenues for Parks and Recreation. He further explained that a big portion is the capital projects related to the Special Recreation that was subsidized by the General Fund.

Trustee Klatzco requested a financial report that shows the revenues and expenditures for Parks and Recreation that includes personnel, capital costs, and the net profit/loss for this department.

Ms. Gaura asked the Trustees about recommendations for this tax levy.

Trustee Klatzco recommends a special meeting for the COTW (Committee of the Whole) to discuss this property tax levy. Ms. Gaura mentioned the special meeting would be difficult due to everyone's schedule. Trustee Sargon said to include this info at the budget workshop along with the tax levy impact on homeowners at the average of \$500k home value.

Trustee Sargon asked how did the Village of Skokie not increase their property tax levy in years pass 4.99%. Ms. Gaura mentioned they're more sales tax revenue-dependent based on sales taxes received from their mall.

Trustee Klatzco – how down are we in sales tax at the mall in past 5 years? What's the trend? Mr. Risko said he'll find out.

5. Intergovernmental Risk Management Agency Excess Surplus

Mr. Risko presented the topic of the Intergovernmental Risk Management Agency (IRMA) excess surplus item using PowerPoint.

Background – excess surplus credit results from favorable claims (or lack thereof), and favorable investment portfolio experience. Surplus policy allows the Village to use as they determine. The Village has determined to spend the surplus funds on safety related projects. Below are staff's suggested items for Calendar Year 2025:

Forklift: \$33k

- Mr. Mendoza explained the reasons for the forklift and how it'll increase their safety practices and efficiency.
- Trustee Klatzco expressed concern on the need for a new forklift at Public Works? He asked how many times will this department use it? Where is Public Works going to put the forklift? Mr. Mendoza responded that the forklift will need only one staff member instead of two and they can save cost on offloading freight with their own forklift rather than incur freight charges when companies deliver to the Public Works department. The skid steer that this department uses takes two people. Trustee Klatzco expressed the skid

steer should perform the same job as a forklift and cannot justify the purchase of a new forklift.

Transmission Floor Jack: \$10k

- Mr. Mendoza explained the reasons for the transmission floor jack and how it'll increase their safety practices and efficiency.
- No further discussion

Aquatic Center Crash Bars: \$19.5k

- Ms. Gaura explained these crash bars are to create an easier exit for patrons to leave the aquatic center quickly in case of an emergency.
- Recreation Supervisor, Julie Glowacki further explained their current set up involves a deadbolt lock with chain link to open their emergency exit which is time consuming during an emergency event. These crash bars will improve this process.
- No further discussion

Park Bollards: \$20k

- Ms. Gaura explained these bollards will prevent vehicles from driving onto paths that pedestrians walk. Mr. Mendoza further explained more details about the bollards and where they would be located.
- Trustee Sargon asked do we have to replace these bollards in the future, if so, would we use the IRMA surplus funds? Ms. Gaura mentioned that these new bollards will be included in a maintenance plan that Public Works will maintain as we're playing catch up on safety amenities in our parks.

Trustee Klatzco asked how the IRMA surplus worked. Trustee Saleem explained it's based on years of accumulation in excess funds unrelated to the monthly premiums we pay to IRMA. Mr. Risko agreed to this explanation. Trustee Klatzco requested a report that shows how much total claims we've paid to IRMA in the last 5 years versus how much we're paying in monthly premiums.

Ms. Gaura asked Trustees recommendations on IRMA surplus use?

Trustees Sargon, Klatzco, and Saleem approved the following items for IRMA surplus use:

1. Transmission Floor Jack: \$10k
2. Aquatic Center Crash Bars: \$19.5k
3. Park Bollards: \$20k

Trustee Klatzco made a motion to approve the 3 items (floor jack, crash bars, and park bollards) to be funded by the IRMA surplus, Trustee Sargon second. All in favor no oppose.

6. Intergovernmental Revenue Sources

Mr. Risko presented a PowerPoint that showed the dedicated revenues Year-To-Date and explained that intergovernmental revenue sources are items that produce revenue. Presentation shows results from Stub Year 2023 as well.

Trustee Klatzco asked have village stickers revenues gone down? Also, how are we enforcing patrons without the appropriate vehicle stickers displayed on their registered vehicle in Lincolnwood? Police Chief Parrott mentioned his department is waiting on supplies to ticket vehicles without the appropriate village sticker. He reminded the group that parked vehicles can only be ticketed if they're parked on the right-of-way and not on private property.

Mr. Risko expressed that he's still waiting on a file from the Secretary of State that'll show vehicles titled to Lincolnwood. The Village can use this list to see which patrons do not have a current vehicle sticker. Enforcement can commence afterwards. Mr. Risko also mentioned that online sticker purchases are trending up.

7. Other Business

Trustee Klatzco requested the Village to take inventory and not purchase the same items repeatedly. He suggests each department watch their spending and shop for the best prices. He mentioned that the municipality cooperative isn't always the better price.

Trustee Sargon inquired about the Village's rebates to residents. Are residents using these benefits offered? Mr. Risko said residents are taking advantage of it but not at a booming rate.

Village Manager Gaura asked for a Special Board Meeting on 9/25/24 at 6pm, Trustee Saleem is available, Trustee Klatzco available, Trustee Sargon is pending availability for that day and time. All three Trustees said they are available 9/24-9/26 to meet during the day rather than evening. Assistant Village Manager Madeline Farrell will be facilitating this meeting in Ms. Gaura absence.

7. Public Forum

None

8. Adjournment

A motion was made by Trustee Klatzco to adjourn the meeting at 7:45 P.M. The motion was seconded by Trustee Sargon.

Upon Roll Call, the results were:

AYES: Trustees Klatzco, Sargon, and Saleem

NAYS: None

The Meeting Adjourned

Respectfully Submitted,

Antonio Washington
Assistant Finance Director



MEMORANDUM

TO: Finance Committee
Anne Marie Gaura, Village Manager

FROM: Elizabeth Holleb, Finance Director

DATE: August 25, 2025

SUBJECT: Calendar Year 2026 Budget Discussion

Discussion

As part of the Calendar Year (CY) 2026 Budget process, staff seeks guidance from the Finance Committee on policy issues that impact the Village's budget.

Financial Policies Discussion

The Village Board Financial Policies provide important guidelines for the development of the annual budget. Staff has developed proposed revisions to the Financial Policies, which are provided for the Committee's review and discussion. It is recommended that the Financial Policies be reviewed and approved annually to initiate the annual budget development. Staff anticipates that most of the Committee's meeting will be spent reviewing the proposed revisions in detail and providing staff direction on further edits. The policies as recommended by the Committee will be placed on a future Village Board agenda for approval.

Action Requested: Provide direction on final edits and recommend Village Board approval

Property Tax Levy Discussion

In advance of discussions on the 2025 property tax levy, staff has provided a history of the Village's property tax levy. Property Tax revenue is received in two installments. The first installment is received in March and the second installment is typically received in August. As of August 18, the Cook County Treasurer's office has not printed or mailed second installment property tax bills, significantly delaying the receipt of property tax revenue by the Village.

Each year, staff prepares an estimate of the proposed annual property tax levy for the Village Board's consideration and approval. This estimate will be presented at a future Finance

Committee or Committee of the Whole meeting. A public hearing will be held for the 2025 tax levy at the December 2, 2025, Village Board Meeting.

The Village’s property tax levy has four components: General Fund, Parks and Recreation, Special Recreation and Police Pension. The Police Pension levy amount is based on an independent actuarial valuation of the police pension fund and development of a funding recommendation to meet Illinois Compiled Statute requirements. Following is the total change in the levy from 2011 to 2024:

	2011 Levy	2024 Levy	2011-2024 Change \$ Total	2011-2024 Change % ANNUALIZED
General	\$2,658,015	\$3,315,467	\$657,452	1.90%
Parks Recreation	890,000	890,000	0	0.00%
Special Recreation	110,000	145,000	35,000	2.45%
Police Pension	1,410,184	2,612,687	1,202,503	6.56%
TOTAL	\$5,068,199	\$6,963,154	\$1,894,955	2.88%

The Village’s levy is 9.4% of the total tax levy on property within the Village.

Action Requested: Informational Item for Discussion – no action requested

Parks and Recreation Fund Discussion

Historically, the Village has combined the General Fund and the Parks and Recreation Fund for budgeting and financial reporting. The Parks and Recreation portion of the property tax levy was deposited to the General Fund while expenditures were charged to the Parks and Recreation Fund, creating a large fund balance deficit in the Parks and Recreation Fund that was offset by a fund balance surplus in the General Fund. At the May 6, 2025 Committee of the Whole and Village Board meetings, the Village Board concurred with staff recommendations as follows:

- Reallocate \$23.9 million from the General Fund to the Parks and Recreation Fund to correct the prior accounting treatment of the property tax levy for greater transparency
- Prepare for separate reporting of these funds beginning in 2026
- Reassess the \$1 million Parks levy to better reflect actual costs

The following table summarizes the components of the General Fund as currently reported in the Village’s audited financial statements:

	<i>General Fund</i>	<i>Parks & Rec Fund</i>	<i>TOTAL</i>
<i>12/31/23 Fund Balance</i>	\$35,449,328	\$(17,842,300)	\$17,607,028
<i>2024 Change - Unaudited</i>	359,254	(2,372,811)	(2,013,557)
<i>2025 Change - BUDGET</i>	(904,585)	(3,316,997)	(4,221,582)
<i>2025 Reallocation</i>	(23,900,000)	23,900,000	0
<i>12/31/25 Preliminary FB</i>	\$11,003,997	\$367,892	\$11,371,889

Further discussion regarding the Parks and Recreation Fund budget will occur at the budget workshops.

Action Requested: Informational Item for Discussion – no action requested

Financial Forecast Discussion

At the August 11 Infrastructure Workshop, staff introduced a Five-Year Financial Forecast format to be introduced as part of the 2026 Budget development. Attached are the Five-Year forecasts presented on August 11 for the Motor Fuel Tax, Transportation Improvement and Stormwater Management Funds. Staff is seeking feedback from the Finance Committee on any changes desired in the format of the Five-Year Forecast so that those changes may be incorporated into the forecasts prepared for the budget workshops.

Action Requested: Finalize Format of Five-Year Forecast for 2026 Budget Discussions

Attachments

1. Financial Policies – Redlined DRAFT and Clean DRAFT
2. History of Village Property Tax Levy
3. Five-Year Forecasts – Motor Fuel Tax, Transportation Improvement, Stormwater Management Funds
4. PowerPoint Presentation



Financial Policies – Calendar Year 2026

Introduction

These Financial Policies set forth the framework for financial planning and decision-making to preserve, promote and enhance the fiscal stability in the Village of Lincolnwood. The policies represent a foundation to address changing circumstances and conditions and assist in the decision-making process while maintaining the Village's solid financial condition. These policies have been formally adopted by the Village Board and provide guidelines to the Village Manager and Village staff. The policies cover three (3) specific categories:

- Revenues
- Expenditures
- Financial Planning

The policies were developed in accordance with the Government Finance Officers Association's (GFOA) Recommended Practices for Budgeting and Fiscal Policy.

Revenues

Maintain a Diversified Revenue Structure

The Village shall attempt to maintain a diversified and stable revenue system to shelter it from short-term fluctuations in a single revenue source. The Village shall diversify its revenue base in order to reduce its dependence upon Real Estate Property Taxes. To the extent possible, the Village will minimize reliance on State or Federal revenues to fund essential services.

The Village shall follow an aggressive policy of collecting revenues and seeking public and private grants and other outside sources of revenue to fund projects. Emphasis will be made to ensure that revenues are structured to capture an appropriate level of revenue from non-residents who benefit from Village amenities and services but do not pay Village property tax.

Setting of Fees and User Charges

The Village shall establish Fees and User Charges at a level related to the total cost (i.e., operating, direct, indirect and capital expenditures and debt service) of providing that service. The Village shall review all fees and charges annually in order to keep pace with the cost of providing the service. The Village ~~and Parks & Recreation Department~~ shall strive to maintain the real estate tax levy subsidy to the Parks & Recreation Department. The balance of the Parks & Recreation department's operating costs shall be offset by user fees charged for services and programs rendered. Fees shall not be set at a level that results in revenue that is used to subsidize other non-parks & recreation services.

The revenue system of the Village shall strive to maintain equality equity and fairness in its structure. The Village shall minimize or eliminate all forms of subsidization between funds, services, utilities and customers. However, it is recognized that Public Policy decisions may lead to subsidies in certain circumstances, e.g., Senior Citizen welfare.

Water and Sewer Utility Fund

The Water and Sewer Utility Fund is established as an Enterprise Fund, which means that this ~~The Enterprise (Water and Sewer Fund)~~ operation of the Village is to be self-supporting, i.e., ~~current (charges for service) revenues~~ shall cover current operating expenses, including Debt Service and Capital Expenditures and Improvements. The Village engages an independent consultant every 3-5 years to conduct a water rate study to advise the Village on the rates to be charged to customers.

Grant Policy

The Village will seek to maximize opportunities for intergovernmental financial support. Before applying for or accepting grant funding, the Village shall confirm that the grant funded program would merit funding from local tax dollars if the grant funding was not available.

The Village Manager must approve all grant applications prior to submission. All grant requirements must be reviewed and understood prior to entering into a grant agreement, including the liability of the Village to pay unanticipated costs should a grant funded project exceed initial cost estimates.

All grant awards and supporting documentation must be filed timely with the Finance Director to ensure the Village meets all accounting, audit and financial reporting requirements of the grant.

Property Taxes

The Village will strive to ~~l~~imit total annual property tax levy increases to the Cook County Consumer Price Index (CPI).

Although the Village is not restricted in its annual levy of taxes, the Village Board has a self-imposed cap on the annual increase in the property tax levy. The Village may not increase the annual property tax levy in excess of the Cook County CPI increase applicable as of the prior December, except as the Board determines to be necessary in order to satisfy the Village's pension payment obligations or to fund capital improvements. This will limit the Village's dependence on a single source of revenue and prevent property owners from being overburdened by spikes in the tax rate.

Revenue Designations

The Village Board may designate funding sources for a specific purpose. For 2026, the following revenue designations are established:

- Home Rule Sales Tax (1.25%) – Home Rule Sales Tax revenue shall be deposited to the Stormwater Management Fund in an amount required to support debt service obligations for storm water capital improvements. The remainder shall be deposited to the General Fund.
- Food and Beverage Tax (2.00%) – One half (1.0%) of the Tax will be deposited to the Transportation Improvement Fund to support the funding of roadway resurfacing. One half (1.0%) will be deposited to the General Fund.
- Local Gas Tax (\$.05/gallon) - The Village's municipal gasoline tax shall be deposited into the Transportation Improvement Fund to provide for the necessary repair and replacement of streets and other transportation related improvements. However, 60% (3/5) of this tax revenue shall be deposited to the General Fund, with 1/5 supporting General Fund expenditures and 2/5

being transferred to the Police Pension Fund as supplemental funding for police pension obligations.

Use of One-Time Revenues

The Village will not allocate one-time revenues towards the funding of continuing operating expenses. Any one-time revenue (i.e. sale of Village property) will be used to fund a one-time capital expenditure. The Village shall avoid using temporary revenues to fund routine operating expenses.

Expenses

Personnel

Village staff are critical to the provision of services to Village residents, businesses and visitors. Personnel costs are a significant portion of the annual budget and a key driver of growth in annual expenditures. In managing personnel costs, the Village shall emphasize the following:

- The expenditure policy of the Village provides for the level of expenditures sufficient to ensure the ongoing health, safety and welfare of the citizens and the review of services to monitor if they are being provided effectively and efficiently as possible.
- Adjust salary ordinance as required to be consistent with market rates
- Provide employee benefits that attract interest in Village employment in a cost-effective manner
- Seek alternate ways of attracting and retaining quality employees
- Fund other post-employment benefits (OPEB) on a pay-as-you-go basis

Maintain Adequate Public Safety Pension Funding Policy Programs

~~The expenditure policy of the Village provides for the level of expenditures sufficient to ensure the ongoing health, safety and welfare of the citizens and the review of services to monitor if they are being provided effectively and efficiently as possible.~~ The Village shall fully fund its annual obligations for all employee Pension Plans as required by Illinois Compiled Statutes, with annual funding recommendations determined by an independent actuary consistent with the actuarial valuation requirements as presented by the Illinois Department of Insurance.

Procurement System Policies

The Village Manager shall be responsible for the purchase and contract of goods and services on behalf of the Village and shall develop and implement administrative procedures in conformity with ordinances and state statutes to perform this function.

The Village shall maintain purchasing rules and regulations for internal use and shall distribute said rules to all eligible vendors at the appropriate time. The operation of the Village's purchasing system shall encourage full and open competition on all purchases and sales subject to the competitive bidding regulations, approval of the Village Board and formal quotations as written in the Municipal Code.

The Department Directors are authorized to use State contracts in lieu of issuing bids when it is to the economic advantage of the Village.

The Village shall purchase recycled or otherwise environmentally friendly products whenever possible.

Promote Effective Local Government

The Village Board and staff will work cooperatively with State legislators, the Illinois Municipal League, Councils of Government and others to pass legislation that promotes effective local government. Efforts to reduce unfunded mandates, control pension and other personnel costs, and oppose legislation that increases costs for public services shall be given special emphasis.

Financial Planning

Annual Budget

The budget process provides the primary mechanism by which key decisions will be made regarding the levels and types of services to be provided within the estimated available resources.

The annual budget shall be developed in accordance with the financial policies and priorities as set forth by the Village Board. It shall also reflect the priorities identified in the Village's Strategic Plan.

Balanced Budget Policy

A balanced budget shall be adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The Village shall annually adopt a balanced budget for which expenditures in a given fiscal year do not exceed the sum of: 1) projected revenues for the fiscal year, plus 2) the fund balance at the beginning of the year.

Revenues shall be recognized when measurable and available. Expenditures shall be charged against the budget when measurable, a liability has been incurred and due and payable. All budgetary policies shall conform to state regulations and Generally Accepted Accounting Principles (GAAP).

The Finance Department shall maintain a budgetary control system to ensure adherence to the Budget and shall prepare monthly financial reports comparing actual revenues and expenditures with budgeted amounts. Consistent monitoring of actual revenues and expenditures allows for mid-year adjustments to spending to offset revenue shortfalls or unanticipated expenditures.

~~The Enterprise (Water and Sewer Fund) operation of the Village is to be self-supporting, i.e., current (charge for service) revenues shall cover current operating expenses, including Debt Service and Capital Expenditures and Improvements.~~

~~The Department Directors~~ shall integrate operating efficiency, operating effectiveness, customer satisfaction and human resource efficiency measurements into their department's budget. Department ~~d~~Directors shall be required to maintain service levels consistent with approved funding levels~~link service levels to funding levels.~~

The Village shall strive to fund all recurring expenses with recurring revenues and avoid short-term borrowings to meet current cash flow requirements. However, the Village may enter into short-term borrowing should a critical emergency need arise.

The Village shall estimate its budgeted revenues conservatively, using an objective and analytical approach.

Maintain Legal Appropriations and Budget Amendments

Expenditures for the Village are established by the Appropriation Ordinance approved by the Village Board on an annual basis. The annual Appropriation Ordinance is required by the Illinois Compiled Statutes and sets forth the legal maximum spending limits for the Village of Lincolnwood. Historically, the appropriation authority requested represents the budgeted amount plus 15%, which accounts for possible changes to planned expenditures that may take place during the course of the fiscal year.

The budget shall be adopted at the legal level of control of a Department within the Fund (i.e., the expenditures shall not exceed the total for any department within a fund without the Village Board approval). The ~~Director of Finance~~ Director shall have the authority to transfer within a department within the same fund from one line item to other line items. Current costs shall be financed with current revenues, including the use of authorized fund balance. The Village shall not balance current expenditures through the obligation of future year's resources. When necessary, staff will prepare budget amendments as needed for the Village Board's approval to more accurately reflect the actual expenditures of the Village.

Fund Balance Reserve Policy

The purpose of this policy is to establish guidelines in providing for an unrestricted reserve balance in the Village's General Fund as well as other operating and capital funds. The Village shall maintain positive fund balances for all funds. Fund balance reserves should be established based on the volatility and risk of revenues specific to each fund.

Adequate fund balance is necessary to provide for operational stability and to provide for needs caused by unforeseen events. Additional benefits of maintaining a strong fund balance include higher interest earnings to support the annual budget and the maintenance of the Village's bond rating. This policy provides for a minimum amount of unreserved fund balance in the General Fund and other funds ~~should maintain~~. All fund balances will be reviewed annually during the budget process.

- **General Fund:** Fund balance shall be maintained at a level equal to 25-35% of the current fiscal year's operating expenditures (excludes capital expenditures and transfers to other funds). Should fund balance drop below the 25% level, notification will be given to the Village Board and a plan developed to return the balance to the minimum level within a reasonable time.

Planned drawdown of fund balance below the 25% level will be permitted for operational purposes to cover extraordinary expenditures or bridge a revenue shortfall. Reductions in fund balance are meant to be short term only and must be resolved through the implementation of a new permanent revenue source or reduction in expenditure levels.

Surplus funds above the 35% level will be designated for the purchase of new or replacement capital equipment and capital expenditures.

- **Debt Service Fund:** At the end of each fiscal year, there shall be a minimal fund balance in the Debt Service Fund. The annual revenues comprised of state and home rule sale taxes, as well as transfers from other funds, should equal the annual expected bond principal and interest payments in the current year.
- **Parks and Recreation Fund:** Historically, the Parks and Recreation Fund has been combined with the General Fund for budget and financial reporting. In 2026, the Village will begin presenting

Parks and Recreation as a separate Special Revenue Fund. It is anticipated that a fund balance policy will be established for this fund beginning in 2027.

- **Water and Sewer Fund:** Due to the volatility in annual revenues of the Water Fund driven by summer weather conditions, Ffund balance shall be maintained at a level equal to 30% of the current fiscal year's operating expenditures (excludes capital expenditures).

Should fund balance drop below the 30% level, notification will be given to the Village Board and a plan developed to return the balance to the minimum level within a reasonable time.

Planned drawdown of fund balance below the 30% level will be permitted for operational purposes to cover extraordinary expenditures or bridge a revenue shortfall. Reductions in fund balance are meant to be short term only and must be resolved through the implementation of a new permanent revenue source or reduction in expenditure levels.

Surplus funds above the 30% level can be used to support ongoing water and sewer capital projects or to defer or decrease future rate increases.

- **Police Pension Fund:** The fund balance shall be adequate to fully fund the Police Pension Fund by the date required by Illinois Compiled Statutes. An annual actuarial study will be performed to determine the appropriate level of funding, the cost for which is paid by the Police Pension Board and will be paid by the Village and the Police Pension Fund on rotating years.
- **All other Funds:** All other funds are used primarily for capital improvements or special revenue purposes. These balances will be reviewed annually to determine their adequacy for the expenditures scheduled.

The Village will follow fund balance classification policies and procedures as outlined in GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Investment Policy

Fund Balance reserves shall be invested in accordance with the Village's Investment Policy adopted July 15, 2025, or a subsequently approved revision to the Investment Policy. Revenues, expenditures and available cash balances will be monitored to ensure maximum cash availability and investment potential.

Update the Five-Year Operating Forecast on an Annual Basis

The Village shall prepare a five year revenue projection with an annual update. This projection shall be used for the preparation of the operating budget.

A fee schedule shall be prepared and maintained annually. This schedule shall be utilized to adjust fees and user charges. The fee schedule shall include at least the following information: the legal authorization; the revenue source; and amount of fee.

Financial Reporting

The Village's accounting and financial reporting systems shall be maintained in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the

Governmental Accounting Standards Board (GASB) and the Government Finance Officers' Association (GFOA).

An annual audit shall be performed by an independent certified public accounting firm according to Generally Accepted Auditing Standards (GAAS). The firm will publicly issue an opinion which will be included in the Annual Comprehensive Financial Report (ACFR).

The financial system shall include internal controls to monitor revenues, expenditures and program performances on an ongoing basis.

Debt Service Administration

The purpose of this policy is to establish parameters and provide guidance governing the issuance, management, evaluation of and reporting on all debt obligations issued by the Village.

The issuance of long-term debt shall be limited to capital projects, improvements or replacement equipment that cannot be financed from current resources.

When the Village utilizes long-term debt financing it shall ensure that the debt is financed soundly by: conservatively projecting the revenue sources that shall be utilized to repay the debt; every effort shall be made to limit the payback period of the debt to 80 percent of the useful life of the capital expenditure; determine that the cost benefit of the capital expenditure including interest cost shall benefit future citizens; and the amount of long-term debt financing for capital expenditures shall not exceed 90 percent of the fair market value of the cost.

The Village's annual general fund principal and interest debt service cost shall not exceed 15 percent of the amount of ~~g~~General ~~f~~Fund revenue.

The ~~Director of~~ Finance Director is responsible for maintaining relationships with the rating agencies that assign ratings to the Village's various debt obligations. This effort includes providing periodic updates on the Village's general financial condition along with coordinating meetings and presentations in conjunction with a new debt issue. The Finance Director will work with bond counsel on post-compliance reporting requirements.

The Village shall try to keep the average maturity of general obligation bonds at or below ~~ten~~10 years.

The Village shall conduct financings on a competitive bid basis. However, negotiated financings may be used to address market volatility or the use of an unusual or complex financing or security structure.

The Village will monitor the bond market and seek out refunding opportunities that will reduce interest costs.

Fixed Asset Capitalization Policy and Five-Year Capital Improvement Program

Capital expenditures will be made in accordance with a Five-Year Capital Improvement Program (CIP) developed and approved by the Village Board as a component of the annual budget development.

Following are guidelines for the preparation of the CIP:

- Conduct a detailed analysis of capital project submittals and financial implications to determine whether the project is justified at the current time
- Consider the impact of deferring the capital request

- Identify the impact on the operating budget of each capital request and incorporate that into the annual budget development
- Strive to maintain level budgeting for ongoing capital needs such as capital equipment replacement and facility maintenance
- Fund recurring/maintenance capital costs from ongoing revenues
- Explore alternative funding sources such as grants and contributions
- Include inflationary cost increases for projects in later years

In order to properly record the purchase of assets in accordance with Generally Accepted Accounting Principles (GAAP) and requirements from the Governmental Accounting Standards Board (GASB), the Village must capitalize certain expenditures each year. The purpose of this policy is to provide control and accountability over capital assets, and to gather and maintain information that complies with financial reporting requirements. Assets are capitalized at the time of acquisition. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred.

The Village shall protect assets by maintaining adequate insurance coverage.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Asset Class	Useful Life
Parks and Improvements	10-25 Years
Buildings and Structures	35 Years
Equipment and Furniture	5-30 Years
Vehicles and Heavy Equipment	5-30 Years
Streets, Sidewalks and Alleys	30 Years
Waterworks System	30 Years

The following capitalization categories and thresholds for future use to reduce the administrative burden associated with small dollar transactions.

Asset Class	Capitalization Threshold
Parks and Improvements	\$20,000
Buildings and Structures	\$100,000
Equipment and Furniture	\$20,000
Vehicles and Heavy Equipment	\$20,000
Streets, Sidewalks and Alleys	\$100,000
Waterworks System	\$100,000

A CIP shall be developed for a period of five years. As resources are available the most current year of the CIP shall be incorporated into the current year operating budget. The CIP shall be reviewed and updated annually.

~~The Village's municipal gasoline tax shall be deposited into the Transportation Improvement Fund to provide for the necessary repair and replacement of streets and other transportation related improvements.~~

Ethic Policies

Public service is a public trust. Each Village employee has a responsibility to the citizens of the Village of Lincolnwood for honesty, loyalty and the performance of their duties under the highest ethical principles.

All employees shall strive to avoid the appearance of wrongdoing by treating all contractors and vendors impartially, by not accepting gratuities, safeguarding proprietary information and avoiding conflicts of interest.

Any employee shall be prosecuted to the extent of the law in any instance where the employee is proven to have committed an illegal act, such as theft.

Approval

These Financial Policies shall be reviewed and approved annually by the Village Board.

Approved: INSERT DATE



Financial Policies – Calendar Year 2026

Introduction

These Financial Policies set forth the framework for financial planning and decision-making to preserve, promote and enhance the fiscal stability in the Village of Lincolnwood. The policies represent a foundation to address changing circumstances and conditions and assist in the decision-making process while maintaining the Village's solid financial condition. These policies have been formally adopted by the Village Board and provide guidelines to the Village Manager and Village staff. The policies cover three (3) specific categories:

- Revenues
- Expenditures
- Financial Planning

The policies were developed in accordance with the Government Finance Officers Association's (GFOA) Recommended Practices for Budgeting and Fiscal Policy.

Revenues

Maintain a Diversified Revenue Structure

The Village shall attempt to maintain a diversified and stable revenue system to shelter it from short-term fluctuations in a single revenue source. The Village shall diversify its revenue base in order to reduce its dependence upon Real Estate Property Taxes. To the extent possible, the Village will minimize reliance on State or Federal revenues to fund essential services.

The Village shall follow an aggressive policy of collecting revenues and seeking public and private grants and other outside sources of revenue to fund projects. Emphasis will be made to ensure that revenues are structured to capture an appropriate level of revenue from non-residents who benefit from Village amenities and services but do not pay Village property tax.

Setting of Fees and User Charges

The Village shall establish Fees and User Charges at a level related to the total cost (i.e., operating, direct, indirect and capital expenditures and debt service) of providing that service. The Village shall review all fees and charges annually in order to keep pace with the cost of providing the service. The Village shall strive to maintain the real estate tax levy subsidy to the Parks & Recreation Department. The balance of the Parks & Recreation department's operating costs shall be offset by user fees charged for services and programs. Fees shall not be set at a level that results in revenue that is used to subsidize other non-parks & recreation services.

The revenue system of the Village shall strive to maintain equity and fairness in its structure. The Village shall minimize or eliminate all forms of subsidization between funds, services, utilities and customers. However, it is recognized that public policy decisions may lead to subsidies in certain circumstances, e.g., Senior Citizen welfare.

Water and Sewer Utility Fund

The Water and Sewer Utility Fund is established as an Enterprise Fund, which means that this operation of the Village is to be self-supporting, i.e., charges for service shall cover current operating expenses, including Debt Service and Capital Expenditures and Improvements. The Village engages an independent consultant every 3-5 years to conduct a water rate study to advise the Village on the rates to be charged to customers.

Grant Policy

The Village will seek to maximize opportunities for intergovernmental financial support. Before applying for or accepting grant funding, the Village shall confirm that the grant funded program would merit funding from local tax dollars if the grant funding was not available.

The Village Manager must approve all grant applications prior to submission. All grant requirements must be reviewed and understood prior to entering into a grant agreement, including the liability of the Village to pay unanticipated costs should a grant funded project exceed initial cost estimates.

All grant awards and supporting documentation must be filed timely with the Finance Director to ensure the Village meets all accounting, audit and financial reporting requirements of the grant.

Property Taxes

The Village will strive to limit total annual property tax levy increases to the Cook County Consumer Price Index (CPI).

Although the Village is not restricted in its annual levy of taxes, the Village Board has a self-imposed cap on the annual increase in the property tax levy. The Village may not increase the annual property tax levy in excess of the Cook County CPI increase applicable as of the prior December, except as the Board determines to be necessary in order to satisfy the Village's pension payment obligations or to fund capital improvements. This will limit the Village's dependence on a single source of revenue and prevent property owners from being overburdened by spikes in the tax rate.

Revenue Designations

The Village Board may designate funding sources for a specific purpose. For 2026, the following revenue designations are established:

- Home Rule Sales Tax (1.25%) – Home Rule Sales Tax revenue shall be deposited to the Stormwater Management Fund in an amount required to support debt service obligations for storm water capital improvements. The remainder shall be deposited to the General Fund.
- Food and Beverage Tax (2.00%) – One half (1.0%) of the Tax will be deposited to the Transportation Improvement Fund to support the funding of roadway resurfacing. One half (1.0%) will be deposited to the General Fund.
- Local Gas Tax (\$.05/gallon) - The Village's municipal gasoline tax shall be deposited into the Transportation Improvement Fund to provide for the necessary repair and replacement of streets and other transportation related improvements. However, 60% (3/5) of this tax revenue shall be deposited to the General Fund, with 1/5 supporting General Fund expenditures and 2/5

being transferred to the Police Pension Fund as supplemental funding for police pension obligations.

Use of One-Time Revenues

The Village will not allocate one-time revenues towards the funding of continuing operating expenses. Any one-time revenue (i.e. sale of Village property) will be used to fund a one-time capital expenditure. The Village shall avoid using temporary revenues to fund routine operating expenses.

Expenses

Personnel

Village staff are critical to the provision of services to Village residents, businesses and visitors. Personnel costs are a significant portion of the annual budget and a key driver of growth in annual expenditures. In managing personnel costs, the Village shall emphasize the following:

- The expenditure policy of the Village provides for the level of expenditures sufficient to ensure the ongoing health, safety and welfare of the citizens and the review of services to monitor if they are being provided effectively and efficiently as possible.
- Adjust salary ordinance as required to be consistent with market rates
- Provide employee benefits that attract interest in Village employment in a cost-effective manner
- Seek alternate ways of attracting and retaining quality employees
- Fund other post-employment benefits (OPEB) on a pay-as-you-go basis

Public Safety Pension Funding Policy

The Village shall fully fund its annual obligations for all employee pension plans as required by Illinois Compiled Statutes, with annual funding recommendations determined by an independent actuary.

Procurement System Policies

The Village Manager shall be responsible for the purchase and contract of goods and services on behalf of the Village and shall develop and implement administrative procedures in conformity with ordinances and state statutes to perform this function.

The Village shall maintain purchasing rules and regulations for internal use and shall distribute said rules to all eligible vendors at the appropriate time. The operation of the Village's purchasing system shall encourage full and open competition on all purchases and sales subject to the competitive bidding regulations, approval of the Village Board and formal quotations as written in the Municipal Code.

The Department Directors are authorized to use State contracts in lieu of issuing bids when it is to the economic advantage of the Village.

The Village shall purchase recycled or otherwise environmentally friendly products whenever possible.

Promote Effective Local Government

The Village Board and staff will work cooperatively with State legislators, the Illinois Municipal League, Councils of Government and others to pass legislation that promotes effective local government. Efforts to reduce unfunded mandates, control pension and other personnel costs, and oppose legislation that increases costs for public services shall be given special emphasis.

Financial Planning

Annual Budget

The budget process provides the primary mechanism by which key decisions will be made regarding the levels and types of services to be provided within the estimated available resources.

The annual budget shall be developed in accordance with the financial policies and priorities as set forth by the Village Board. It shall also reflect the priorities identified in the Village's Strategic Plan.

Balanced Budget Policy

A balanced budget shall be adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The Village shall annually adopt a balanced budget for which expenditures in a given fiscal year do not exceed the sum of: 1) projected revenues for the fiscal year, plus 2) the fund balance at the beginning of the year. Revenues shall be recognized when measurable and available. Expenditures shall be charged against the budget when measurable, a liability has been incurred and due and payable. All budgetary policies shall conform to state regulations and Generally Accepted Accounting Principles (GAAP).

The Finance Department shall maintain a budgetary control system to ensure adherence to the Budget and shall prepare monthly financial reports comparing actual revenues and expenditures with budgeted amounts. Consistent monitoring of actual revenues and expenditures allows for mid-year adjustments to spending to offset revenue shortfalls or unanticipated expenditures.

Department Directors shall integrate operating efficiency, operating effectiveness, customer satisfaction and human resource efficiency measurements into their department's budget. Department Directors shall be required to maintain service levels consistent with approved funding levels.

The Village shall strive to fund all recurring expenses with recurring revenues and avoid short-term borrowings to meet current cash flow requirements. However, the Village may enter into short-term borrowing should a critical emergency need arise.

The Village shall estimate its budgeted revenues conservatively, using an objective and analytical approach.

Maintain Legal Appropriations and Budget Amendments

Expenditures for the Village are established by the Appropriation Ordinance approved by the Village Board on an annual basis. The annual Appropriation Ordinance is required by the Illinois Compiled Statutes and sets forth the legal maximum spending limits for the Village of Lincolnwood. Historically, the appropriation authority requested represents the budgeted amount plus 15%, which accounts for possible changes to planned expenditures that may take place during the course of the fiscal year.

The budget shall be adopted at the legal level of control of a Department within the Fund (i.e., the expenditures shall not exceed the total for any department within a fund without the Village Board approval). The Finance Director shall have the authority to transfer within a department within the same fund from one line item to other line items. Current costs shall be financed with current revenues, including the use of authorized fund balance. The Village shall not balance current expenditures through

the obligation of future year's resources. When necessary, staff will prepare budget amendments as needed for the Village Board's approval to more accurately reflect the actual expenditures of the Village.

Fund Balance Reserve Policy

The purpose of this policy is to establish guidelines in providing for an unrestricted reserve balance in the Village's General Fund as well as other operating and capital funds. The Village shall maintain positive fund balances for all funds. Fund balance reserves should be established based on the volatility and risk of revenues specific to each fund.

Adequate fund balance is necessary to provide for operational stability and to provide for needs caused by unforeseen events. Additional benefits of maintaining a strong fund balance include higher interest earnings to support the annual budget and the maintenance of the Village's bond rating. This policy provides for a minimum amount of unreserved fund balance in the General Fund and other funds. All fund balances will be reviewed annually during the budget process.

- **General Fund:** Fund balance shall be maintained at a level equal to 25-35% of the current fiscal year's operating expenditures (excludes capital expenditures and transfers to other funds). Should fund balance drop below the 25% level, notification will be given to the Village Board and a plan developed to return the balance to the minimum level within a reasonable time.

Planned drawdown of fund balance below the 25% level will be permitted for operational purposes to cover extraordinary expenditures or bridge a revenue shortfall. Reductions in fund balance are meant to be short term only and must be resolved through the implementation of a new permanent revenue source or reduction in expenditure levels.

Surplus funds above the 35% level will be designated for the purchase of new or replacement capital equipment and capital expenditures.

- **Debt Service Fund:** At the end of each fiscal year, there shall be a minimal fund balance in the Debt Service Fund. The annual revenues comprised of state and home rule sale taxes, as well as transfers from other funds, should equal the annual expected bond principal and interest payments in the current year.
- **Parks and Recreation Fund:** Historically, the Parks and Recreation Fund has been combined with the General Fund for budget and financial reporting. In 2026, the Village will begin presenting Parks and Recreation as a separate Special Revenue Fund. It is anticipated that a fund balance policy will be established for this fund beginning in 2027.
- **Water and Sewer Fund:** Due to the volatility in annual revenues of the Water Fund driven by summer weather conditions, fund balance shall be maintained at a level equal to 30% of the current fiscal year's operating expenditures (excludes capital expenditures).

Should fund balance drop below the 30% level, notification will be given to the Village Board and a plan developed to return the balance to the minimum level within a reasonable time.

Planned drawdown of fund balance below the 30% level will be permitted for operational purposes to cover extraordinary expenditures or bridge a revenue shortfall. Reductions in fund

balance are meant to be short term only and must be resolved through the implementation of a new permanent revenue source or reduction in expenditure levels.

Surplus funds above the 30% level can be used to support ongoing water and sewer capital projects or to defer or decrease future rate increases.

- **Police Pension Fund:** The fund balance shall be adequate to fully fund the Police Pension Fund by the date required by Illinois Compiled Statutes. An annual actuarial study will be performed to determine the appropriate level of funding, the cost for which is paid by the Police Pension Board.
- **All other Funds:** All other funds are used primarily for capital improvements or special revenue purposes. These balances will be reviewed annually to determine their adequacy for the expenditures scheduled.

The Village will follow fund balance classification policies and procedures as outlined in GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Investment Policy

Fund Balance reserves shall be invested in accordance with the Village's Investment Policy adopted July 15, 2025, or a subsequently approved revision to the Investment Policy. Revenues, expenditures and available cash balances will be monitored to ensure maximum cash availability and investment potential.

Update the Five-Year Operating Forecast on an Annual Basis

The Village shall prepare a five year revenue projection with an annual update. This projection shall be used for the preparation of the operating budget.

A fee schedule shall be prepared and maintained annually. This schedule shall be utilized to adjust fees and user charges. The fee schedule shall include at least the following information: the legal authorization; the revenue source; and amount of fee.

Financial Reporting

The Village's accounting and financial reporting systems shall be maintained in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers' Association (GFOA).

An annual audit shall be performed by an independent certified public accounting firm according to Generally Accepted Auditing Standards (GAAS). The firm will publicly issue an opinion which will be included in the Annual Comprehensive Financial Report (ACFR).

The financial system shall include internal controls to monitor revenues, expenditures and program performances on an ongoing basis.

Debt Service Administration

The purpose of this policy is to establish parameters and provide guidance governing the issuance, management, evaluation of and reporting on all debt obligations issued by the Village.

The issuance of long-term debt shall be limited to capital projects, improvements or replacement equipment that cannot be financed from current resources.

When the Village utilizes long-term debt financing it shall ensure that the debt is financed soundly by: conservatively projecting the revenue sources that shall be utilized to repay the debt; every effort shall be made to limit the payback period of the debt to 80 percent of the useful life of the capital expenditure; determine that the cost benefit of the capital expenditure including interest cost shall benefit future citizens; and the amount of long-term debt financing for capital expenditures shall not exceed 90 percent of the fair market value of the cost.

The Village's annual general fund principal and interest debt service cost shall not exceed 15 percent of the amount of General Fund revenue.

The Finance Director is responsible for maintaining relationships with the rating agencies that assign ratings to the Village's various debt obligations. This effort includes providing periodic updates on the Village's general financial condition along with coordinating meetings and presentations in conjunction with a new debt issue. The Finance Director will work with bond counsel on post-compliance reporting requirements.

The Village shall try to keep the average maturity of general obligation bonds at or below 10 years.

The Village shall conduct financings on a competitive bid basis. However, negotiated financings may be used to address market volatility or the use of an unusual or complex financing or security structure.

The Village will monitor the bond market and seek out refunding opportunities that will reduce interest costs.

Fixed Asset Capitalization Policy and Five-Year Capital Improvement Program

Capital expenditures will be made in accordance with a Five-Year Capital Improvement Program (CIP) developed and approved by the Village Board as a component of the annual budget development.

Following are guidelines for the preparation of the CIP:

- Conduct a detailed analysis of capital project submittals and financial implications to determine whether the project is justified at the current time
- Consider the impact of deferring the capital request
- Identify the impact on the operating budget of each capital request and incorporate that into the annual budget development
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- Explore alternative funding sources such as grants and contributions
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In order to properly record the purchase of assets in accordance with Generally Accepted Accounting Principles (GAAP) and requirements from the Governmental Accounting Standards Board (GASB), the Village must capitalize certain expenditures each year. The purpose of this policy is to provide control and accountability over capital assets, and to gather and maintain information that complies with

financial reporting requirements. Assets are capitalized at the time of acquisition. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred.

The Village shall protect assets by maintaining adequate insurance coverage. Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Asset Class	Useful Life
Parks and Improvements	10-25 Years
Buildings and Structures	35 Years
Equipment and Furniture	5-30 Years
Vehicles and Heavy Equipment	5-30 Years
Streets, Sidewalks and Alleys	30 Years
Waterworks System	30 Years

The following capitalization categories and thresholds for future use to reduce the administrative burden associated with small dollar transactions.

Asset Class	Capitalization Threshold
Parks and Improvements	\$20,000
Buildings and Structures	\$100,000
Equipment and Furniture	\$20,000
Vehicles and Heavy Equipment	\$20,000
Streets, Sidewalks and Alleys	\$100,000
Waterworks System	\$100,000

A CIP shall be developed for a period of five years. As resources are available the most current year of the CIP shall be incorporated into the current year operating budget. The CIP shall be reviewed and updated annually.

Ethic Policies

Public service is a public trust. Each Village employee has a responsibility to the citizens of the Village of Lincolnwood for honesty, loyalty and the performance of their duties under the highest ethical principles.

All employees shall strive to avoid the appearance of wrongdoing by treating all contractors and vendors impartially, by not accepting gratuities, safeguarding proprietary information and avoiding conflicts of interest.

Any employee shall be prosecuted to the extent of the law in any instance where the employee is proven to have committed an illegal act, such as theft.

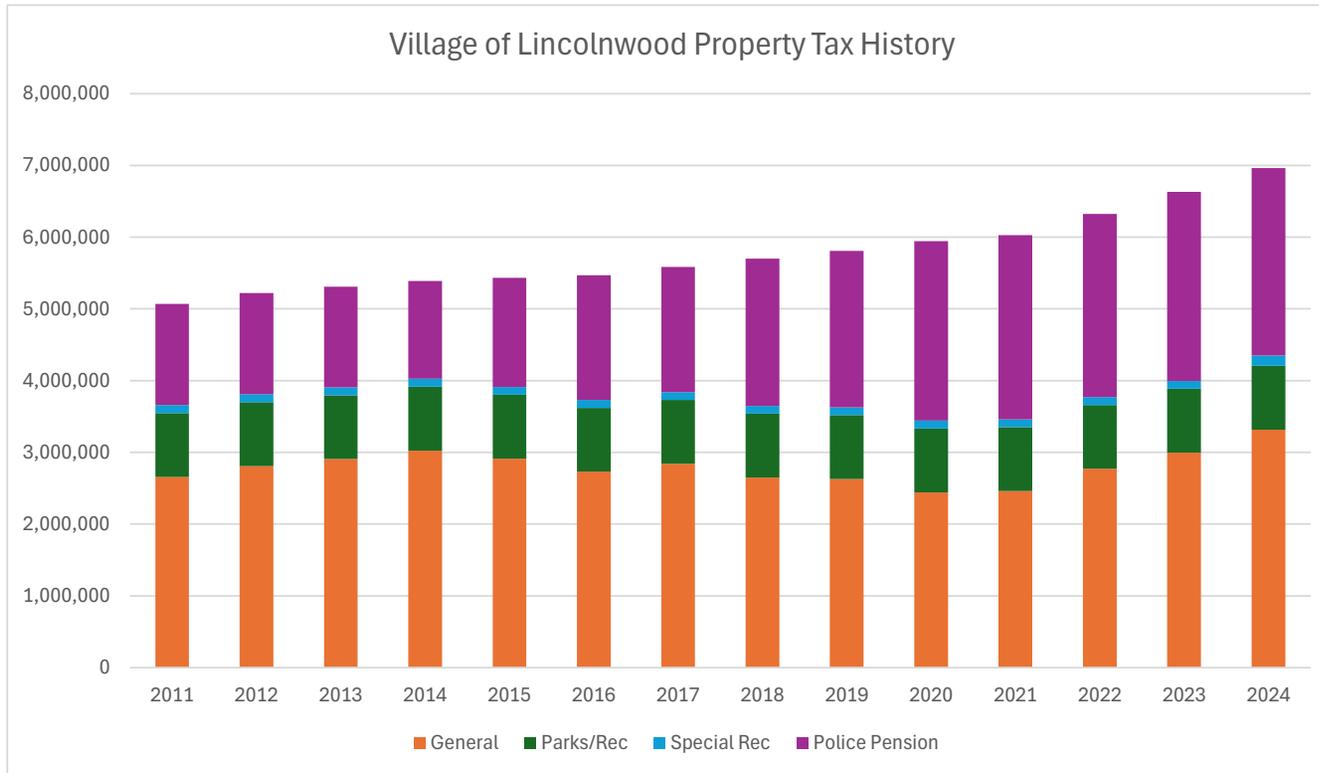
Approval

These Financial Policies shall be reviewed and approved annually by the Village Board.

Approved: **INSERT DATE**

Village of Lincolnwood
Property Tax Levy History

Adopted	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General	2,658,015	2,810,061	2,906,960	3,025,923	2,912,481	2,731,115	2,839,726	2,648,518	2,628,925	2,442,484	2,460,867	2,771,137	2,996,503	3,315,467
Parks/Rec	890,000	890,000	890,000	890,000	890,000	890,000	890,000	890,000	890,000	890,000	890,000	890,000	890,000	890,000
Special Rec	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	145,000
Police Pension	1,410,184	1,410,184	1,402,029	1,362,701	1,519,252	1,738,640	1,744,894	2,053,379	2,181,308	2,501,384	2,566,215	2,551,272	2,635,704	2,612,687
TOTAL	5,068,199	5,220,245	5,308,989	5,388,624	5,431,733	5,469,755	5,584,620	5,701,897	5,810,233	5,943,868	6,027,082	6,322,409	6,632,207	6,963,154
<i>% Increase</i>		<i>3.00%</i>	<i>1.70%</i>	<i>1.50%</i>	<i>0.80%</i>	<i>0.70%</i>	<i>2.10%</i>	<i>2.10%</i>	<i>1.90%</i>	<i>2.30%</i>	<i>1.40%</i>	<i>4.90%</i>	<i>4.90%</i>	<i>4.99%</i>



**Village of Lincolnwood
Five-Year Financial Forecast
Motor Fuel Tax Fund (212)**

	FY22 Actual	FY23 Actual	SY23 Actual	2024 Preliminary	2025 Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Revenue:									
Motor Fuel Tax*	779,381	718,010	438,737	605,761	620,000	632,400	645,048	657,949	671,108
Grant				36,829	100,000				
Interest Income	6,270	135,249	146,688	166,400	150,000	15,312	16,266	17,544	19,185
Bond Proceeds	2,878,911			3,200,000					
Transfers In					1,850,000				
TOTAL REVENUE	3,664,562	853,259	585,425	4,008,990	2,720,000	647,712	661,314	675,493	690,293
Expenditures:									
Bond Issuance Costs									
Capital Expenditures	2,514,010	2,071,930	1,021,074	3,829,844	4,060,000				
Debt Service Transfers	49,211	313	595,502	678,576	614,712	615,919	618,699	620,801	617,404
TOTAL EXPENDITURES	2,563,221	2,072,243	1,616,576	4,508,420	4,674,712	615,919	618,699	620,801	617,404
Change in Fund Balance	1,101,341	(1,218,984)	(1,031,151)	(499,430)	(1,954,712)	31,793	42,615	54,692	72,889
Fund Balance, Beginning	4,113,341	5,214,682	3,995,698	2,964,547	2,465,117	510,405	542,198	584,813	639,505
Fund Balance, Ending	5,214,682	3,995,698	2,964,547	2,465,117	510,405	542,198	584,813	639,505	712,395

Fund Balance Policy: N/A

Assumptions: Motor Fuel Tax (2.00%); Interest Income (3% of PY Fund Balance)

* Includes monthly State MFT allotment and annual High Growth payment

**Village of Lincolnwood
Five-Year Financial Forecast
Transportation Improvement Fund (213)**

	FY22 Actual	FY23 Actual	SY23 Actual	2024 Preliminary	2025 Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Revenue:									
Local Gas Tax*	582,110	566,241	149,841	346,444	260,000	265,200	270,504	275,914	281,432
Food and Beverage Tax*			471,476	650,693	650,000	663,000	676,260	689,785	703,581
Grant					650,000				
Interest Income	1,315	16,696	27,402	63,604	40,000	49,976	59,597	70,062	81,410
Bond Proceeds									
Transfers In					1,054,000				
TOTAL REVENUE	583,425	582,937	648,719	1,060,741	2,654,000	978,176	1,006,361	1,035,762	1,066,423
Expenditures:									
Bond Issuance Costs									
Capital Expenditures	265,103	217,105	32,684	99,841	1,765,750	657,500	657,500	657,500	657,500
Transfer to MFT Fund					1,850,000				
TOTAL EXPENDITURES	265,103	217,105	32,684	99,841	3,615,750	657,500	657,500	657,500	657,500
Change in Fund Balance	318,322	365,832	616,035	960,900	(961,750)	320,676	348,861	378,262	408,923
Fund Balance, Beginning	784,201	1,102,523	1,390,435	1,666,725	2,627,625	1,665,875	1,986,551	2,335,412	2,713,673
Prior Period Adjustment		(77,920)	(339,745)						
Fund Balance, Ending	1,102,523	1,390,435	1,666,725	2,627,625	1,665,875	1,986,551	2,335,412	2,713,673	3,122,597

Fund Balance Policy: N/A

Assumptions: Local Taxes (2.00%); Interest Income (3% of PY Fund Balance)

*2/5 of gas tax and 50% of food and beverage tax goes to this fund.

**Village of Lincolnwood
Five-Year Financial Forecast
Stormwater Management Fund (461)**

	FY22 Actual	FY23 Actual	SY23 Actual	2024 Preliminary	2025 Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Revenue:									
Home Rule Sales Tax* Grant	874,564	956,401	625,300	681,451	625,000 700,000	637,500	650,250	663,255	676,520
Interest Income	2,344	41,450	137,833	208,333	200,000	36,506	35,170	34,197	33,481
Bond Proceeds	2,399,247		3,670,000						
TOTAL REVENUE	3,276,155	997,851	4,433,133	889,784	1,525,000	674,006	685,420	697,452	710,002
Expenditures:									
Bond Issuance Costs	39,247		49,995						
Capital Expenditures	2,293,213	310,055	2,802,378	1,087,178	1,250,000				
Debt Service Transfers			409,250	1,420,200	718,375	718,525	717,855	721,305	778,685
TOTAL EXPENDITURES	2,332,460	310,055	3,261,623	2,507,378	1,968,375	718,525	717,855	721,305	778,685
Change in Fund Balance	943,695	687,796	1,171,510	(1,617,594)	(443,375)	(44,519)	(32,435)	(23,853)	(68,683)
Fund Balance, Beginning	474,823	1,418,518	2,106,314	3,277,824	1,660,230	1,216,855	1,172,336	1,139,901	1,116,048
Fund Balance, Ending	1,418,518	2,106,314	3,277,824	1,660,230	1,216,855	1,172,336	1,139,901	1,116,048	1,047,364

Fund Balance Policy: N/A

Assumptions: Sales Tax (2.00%); Interest Income (3% of PY Fund Balance)

*25% of Home Rule Sales Tax goes to this fund.

Finance Committee

AUGUST 25, 2025

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Approval of Minutes

SEPTEMBER 9, 2024 MEETING

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Financial Policies

Financial Policies Best Practice

BEST PRACTICES



Adopting Financial Policies

Governments should formally adopt financial policies. Steps to consider when making effective financial policies include (1) scope, (2) development, (3) design, (4) presentation, and (5) review.

Scope. There are some basic financial policy categories (but not limited to) that all governments should consider adopting.

- General Fund Reserves
- Reserves – Other Funds
- Grants
- Debt
- Investment
- Economic Development
- Accounting/Financial Reporting
- Risk Management/Internal Controls
- Procurement
- Long Term Financial Planning
- Structural Balance
- Capital
- Revenues
- Expenditures
- Operating Budget

Financial Policies

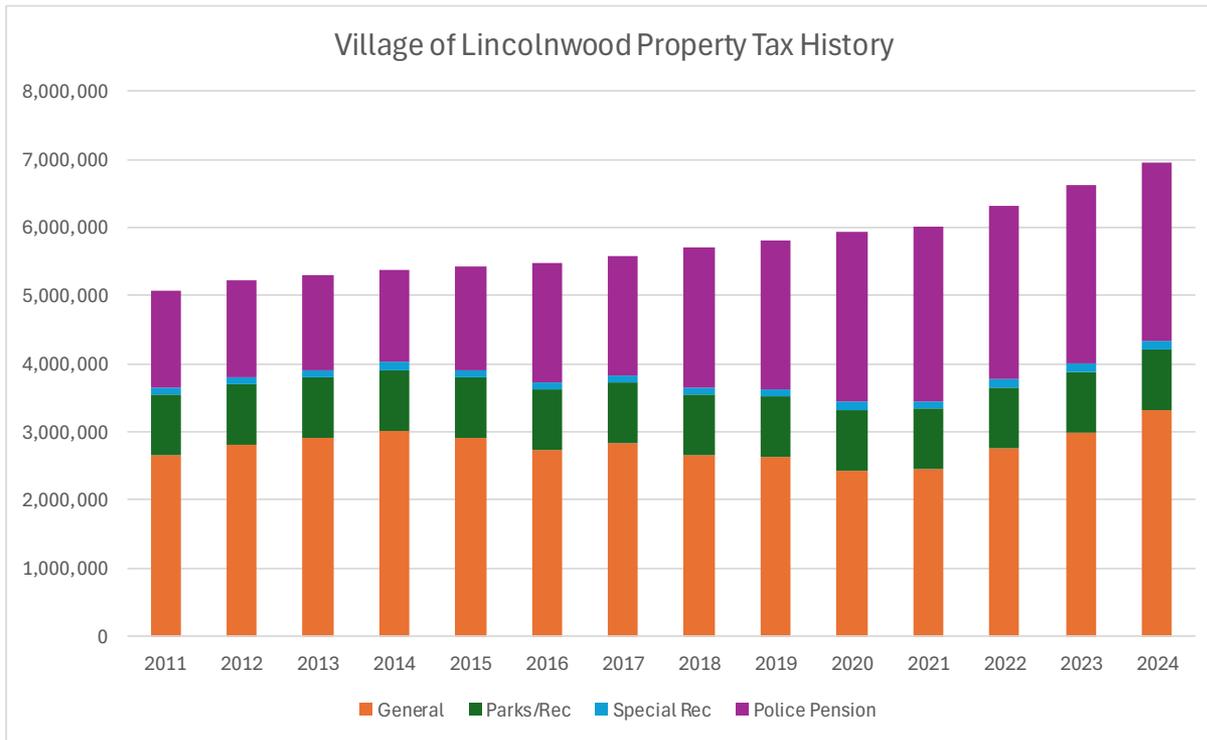
Proposed Revisions for Discussion

- Introduction
- Revenues
- Utility Fund Enterprise
- Grant Policy
- Property Taxes
- Revenue Designations
- Expenses
- Personnel
- Pension Funding
- Procurement
- Promote Effective Local Government
- Financial Planning
- Annual Budget
- Balanced Budget
- Appropriations/Amendments
- Fund Balance Reserves
- Investment Policy – reference
- Five Year Forecast
- Financial Reporting
- Debt
- Capital Assets
- Ethics

Property Tax Levy

Village of Lincolnwood
Property Tax Levy History

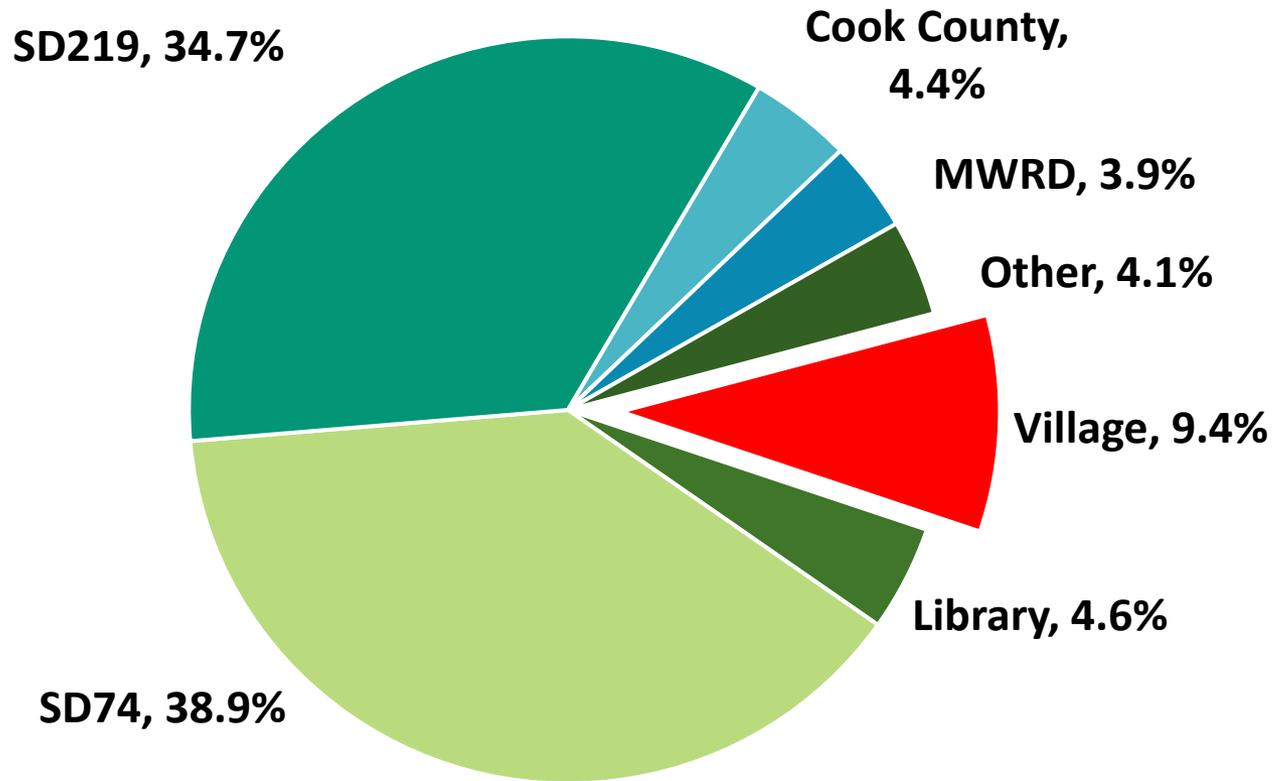
Adopted	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General	2,658,015	2,810,061	2,906,960	3,025,923	2,912,481	2,731,115	2,839,726	2,648,518	2,628,925	2,442,484	2,460,867	2,771,137	2,996,503	3,315,467
Parks/Rec	890,000	890,000	890,000	890,000	890,000	890,000	890,000	890,000	890,000	890,000	890,000	890,000	890,000	890,000
Special Rec	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	145,000
Police Pension	1,410,184	1,410,184	1,402,029	1,362,701	1,519,252	1,738,640	1,744,894	2,053,379	2,181,308	2,501,384	2,566,215	2,551,272	2,635,704	2,612,687
TOTAL	5,068,199	5,220,245	5,308,989	5,388,624	5,431,733	5,469,755	5,584,620	5,701,897	5,810,233	5,943,868	6,027,082	6,322,409	6,632,207	6,963,154
% Increase		3.00%	1.70%	1.50%	0.80%	0.70%	2.10%	2.10%	1.90%	2.30%	1.40%	4.90%	4.90%	4.99%



Property Tax Levy Change 2011 to 2024

	2011 Levy	2024 Levy	2011-2024 Change \$ Total	2011-2024 Change % ANNUALIZED
General	\$2,658,015	\$3,315,467	\$657,452	1.90%
Parks Recreation	890,000	890,000	0	0.00%
Special Recreation	110,000	145,000	35,000	2.45%
Police Pension	1,410,184	2,612,687	1,202,503	6.56%
TOTAL	\$5,068,199	\$6,963,154	\$1,894,955	2.88%

Distribution of Property Taxes 2023 Levy



Parks and Recreation Fund

May 6, 2025 Committee of the Whole Allocation of Fund Balance to General Fund and Parks & Recreation Fund

- Overview of Accounting Treatment Historically
- Direction provided:
 - Reallocate \$23.9 million from the General Fund to the Parks and Recreation Fund to correct the prior accounting treatment of the property tax levy for greater transparency
 - Prepare for separate reporting of these funds beginning in 2026
 - Reassess the \$1 million Parks levy to better reflect actual costs

Allocation of Fund Balance to General Fund and Parks & Recreation Fund

	<i>General Fund</i>	<i>Parks & Rec Fund</i>	<i>TOTAL</i>
<i>12/31/23 Fund Balance</i>	\$35,449,328	\$(17,842,300)	\$17,607,028
<i>2024 Change - Unaudited</i>	359,254	(2,372,811)	(2,013,557)
<i>2025 Change - BUDGET</i>	(904,585)	(3,316,997)	(4,221,582)
<i>2025 Reallocation</i>	(23,900,000)	23,900,000	0
<i>12/31/25 Preliminary FB</i>	\$11,003,997	\$367,892	\$11,371,889

Further discussion to occur at the 2026 budget workshops

Five-Year Financial Forecasts

**Village of Lincolnwood
Five-Year Financial Forecast
Motor Fuel Tax Fund (212)**

	FY22 Actual	FY23 Actual	SY23 Actual	2024 Preliminary	2025 Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Revenue:									
Motor Fuel Tax*	779,381	718,010	438,737	605,761	620,000	632,400	645,048	657,949	671,108
Grant				36,829	100,000				
Interest Income	6,270	135,249	146,688	166,400	150,000	15,312	16,266	17,544	19,185
Bond Proceeds	2,878,911			3,200,000					
Transfers In					1,850,000				
TOTAL REVENUE	3,664,562	853,259	585,425	4,008,990	2,720,000	647,712	661,314	675,493	690,293
Expenditures:									
Bond Issuance Costs									
Capital Expenditures	2,514,010	2,071,930	1,021,074	3,829,844	4,060,000				
Debt Service Transfers	49,211	313	595,502	678,576	614,712	615,919	618,699	620,801	617,404
TOTAL EXPENDITURES	2,563,221	2,072,243	1,616,576	4,508,420	4,674,712	615,919	618,699	620,801	617,404
Change in Fund Balance	1,101,341	(1,218,984)	(1,031,151)	(499,430)	(1,954,712)	31,793	42,615	54,692	72,889
Fund Balance, Beginning	4,113,341	5,214,682	3,995,698	2,964,547	2,465,117	510,405	542,198	584,813	639,505
Fund Balance, Ending	5,214,682	3,995,698	2,964,547	2,465,117	510,405	542,198	584,813	639,505	712,395

Fund Balance Policy: N/A

Assumptions: Motor Fuel Tax (2.00%); Interest Income (3% of PY Fund Balance)

* Includes monthly State MFT allotment and annual High Growth payment

**Village of Lincolnwood
Five-Year Financial Forecast
Transportation Improvement Fund (213)**

	FY22 Actual	FY23 Actual	SY23 Actual	2024 Preliminary	2025 Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Revenue:									
Local Gas Tax*	582,110	566,241	149,841	346,444	260,000	265,200	270,504	275,914	281,432
Food and Beverage Tax* Grant			471,476	650,693	650,000	663,000	676,260	689,785	703,581
Interest Income	1,315	16,696	27,402	63,604	40,000	49,976	59,597	70,062	81,410
Bond Proceeds									
Transfers In					1,054,000				
TOTAL REVENUE	583,425	582,937	648,719	1,060,741	2,654,000	978,176	1,006,361	1,035,762	1,066,423
Expenditures:									
Bond Issuance Costs									
Capital Expenditures	265,103	217,105	32,684	99,841	1,765,750	657,500	657,500	657,500	657,500
Transfer to MFT Fund					1,850,000				
TOTAL EXPENDITURES	265,103	217,105	32,684	99,841	3,615,750	657,500	657,500	657,500	657,500
Change in Fund Balance	318,322	365,832	616,035	960,900	(961,750)	320,676	348,861	378,262	408,923
Fund Balance, Beginning	784,201	1,102,523	1,390,435	1,666,725	2,627,625	1,665,875	1,986,551	2,335,412	2,713,673
Prior Period Adjustment		(77,920)	(339,745)						
Fund Balance, Ending	1,102,523	1,390,435	1,666,725	2,627,625	1,665,875	1,986,551	2,335,412	2,713,673	3,122,597

Fund Balance Policy: N/A

Assumptions: Local Taxes (2.00%); Interest Income (3% of PY Fund Balance)

*2/5 of gas tax and 50% of food and beverage tax goes to this fund.

**Village of Lincolnwood
Five-Year Financial Forecast
Stormwater Management Fund (461)**

	FY22 Actual	FY23 Actual	SY23 Actual	2024 Preliminary	2025 Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Revenue:									
Home Rule Sales Tax* Grant	874,564	956,401	625,300	681,451	625,000 700,000	637,500	650,250	663,255	676,520
Interest Income	2,344	41,450	137,833	208,333	200,000	36,506	35,170	34,197	33,481
Bond Proceeds	2,399,247		3,670,000						
TOTAL REVENUE	3,276,155	997,851	4,433,133	889,784	1,525,000	674,006	685,420	697,452	710,002
Expenditures:									
Bond Issuance Costs	39,247		49,995						
Capital Expenditures	2,293,213	310,055	2,802,378	1,087,178	1,250,000				
Debt Service Transfers			409,250	1,420,200	718,375	718,525	717,855	721,305	778,685
TOTAL EXPENDITURES	2,332,460	310,055	3,261,623	2,507,378	1,968,375	718,525	717,855	721,305	778,685
Change in Fund Balance	943,695	687,796	1,171,510	(1,617,594)	(443,375)	(44,519)	(32,435)	(23,853)	(68,683)
Fund Balance, Beginning	474,823	1,418,518	2,106,314	3,277,824	1,660,230	1,216,855	1,172,336	1,139,901	1,116,048
Fund Balance, Ending	1,418,518	2,106,314	3,277,824	1,660,230	1,216,855	1,172,336	1,139,901	1,116,048	1,047,364

Fund Balance Policy: N/A

Assumptions: Sales Tax (2.00%); Interest Income (3% of PY Fund Balance)

*25% of Home Rule Sales Tax goes to this fund.

Other Business

Public Forum

Adjournment
