WINTRUST

How financial partnerships help local governments optimize their budgets

Whether it's a municipality seeking long-term stability, a nonprofit looking to ensure liquidity, or a school district dedicated to fiscal transparency, public sector entities have a variety of financial needs, which is why a strong partnership with a knowledgeable banking institution can make all the difference.

In an era in which local governments are expected to do more with less, financial partnerships with trusted banks have emerged as an essential tool for navigating complexity and driving efficiency.

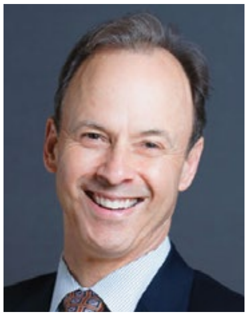
Of course, managing a local government's budget in the most advantageous manner can be anything but straightforward. In a time of shifting economic policy, fears of rising inflation, economic uncertainty, and ongoing demand for public transparency and accountability, the challenges inherent in this task are increasingly complex.

Public sector entities of all sizes must be rigorous in their quest for efficiency, meticulous in their budgetary planning, prudent in their efforts to boost interest earnings and forecast revenue, vigilant in their quest to eliminate waste, and nimble in responding to shifting priorities. Faced with the challenge of optimizing service delivery and pleasing residents, local business owners and institutional leaders, effectively managing a local government's finances and operations today can feel like an uphill battle.

That's why a local government's wisest move is often to seek outside assistance, partnering with a trusted financial institution that can provide automated and efficient processes. These partnerships help governments enhance budget forecasting and bolster fiscal transparency, putting budget managers' minds at ease and maximizing the impact of taxpayer dollars by promoting efficiency and reducing waste. Here's how partnerships like these come together, function day to day, and benefit those involved.

How a strong collaboration is built

"Our relationships come about through direct contact with governments in our communities," says Steve Trout, Senior Vice President of Municipal Lending at Wintrust Bank. What might that direct contact look like? "Calling on government officials, joining them at community events, attending government and civic association events, serving on nonprofit and government boards, and responding to requests for proposals for banking services and loans," Trout explains. In other words, banks that are committed to participating in their community and strengthening its services and institutions form partnerships by actively engaging in that community.



Steve Trout
Senior Vice President of Municipal Lending
Wintrust Bank

Aimee Briles, Director of Government Banking at Wintrust, breaks this engagement strategy down further. "Here at Wintrust," she explains, "we have some sort of relationship with around 550 local governments. It's a very nice mix of public school districts and park districts, municipalities, libraries, fire protection districts — we do anything that's public sector, anything that's on a property tax bill."

Aimee Briles
Director of Government Banking
Wintrust Bank

LOCAL GOVERNMENT ENTITIES

BY THE NUMBERS

90,387 Total units of local government in the U.S.

35,705 Municipalities and townships in the U.S.

3,031 Counties in the U.S.

12.9% Increase in Illinois township property tax revenue between 2016 and 2021

12,546 Independent school districts in the U.S.

39,555 Special districts in the U.S.

33% Increase in Illinois municipality property tax revenue between 2016 and 2021

TAX

6,930 Local government entities in Illinois

2,720 Illinois municipalities and townships

102 Illinois Counties

18.1% Increase in Illinois special district property tax revenue between 2016 and 2021

3,218 Illinois special districts

890 Illinois independent school districts

71,000 Miles of Illinois roadway maintained by township government funds

[Source 1, Source 2]

How do these partnerships come to fruition? "Our team that focuses on public sector banking collectively belongs to over 20 professional associations geared towards local government," Briles says. "We also went to 26 different conferences and trade shows last year. We do a lot of networking as well, be it monthly luncheons or get-togethers, or speaking at educational sessions throughout the year. Any way we can get in front of our audience."

What should local government entities look for in a financial partner? Start by assessing a bank's ability to seamlessly establish itself in sectors where other institutions might not have as strong of a footing — and ask around to find out who has a reputation for excellence. "In the last year, for example, we've become much more involved in the Illinois Library Association," says Briles, "which is an area many other banks have not engaged in for whatever reason. There was a conference last week, and a couple of people from my team attended. They had four or five people come up to them and say, 'So-and-so told us we need to talk to you; we're looking for a new relationship.' I think reputation and longevity are a big part of how these relationships come about."

The takeaway is clear: Being thoroughly enmeshed in the areas of local government it serves allows a financial institution to hit the ground running with the knowledge needed to advise and manage decisively and appropriately. The proof that this strategy works is evident in client stats, according to Briles. "Of the 550 local governments we've partnered with," she says, "about 325 have their main banking relationship with us, and the average longevity of those relationships is more than 10 years. We're very proud of that."

Knowledgeable support, positive results

When a partnership between a local government and a financial institution is forged, the crux of the relationship is often less about strategic financial advice than helping the entity navigate highly nuanced financial endeavors.

As Trout explains, "Borrowing can allow a government to fund a project that would otherwise be deferred, allocate projects between current and future users, and offer financial flexibility to address other priorities." Trout continues, "When government officials ask for terms for a loan, my impression is that they are often wondering: Is the project financeable? How much will the loan cost on both an annual basis and over the life of the project? How will this cost fit into the current or next year's budget? Should the government proceed with the project, pay for it from cash on hand, or borrow to fund it? How quickly can the loan be arranged?"

For local governments, accessing quick and authoritative answers to these questions can be the difference between a pie-in-the-sky idea and getting a well-considered project off the ground.

Briles points out that local governments often benefit from updates to their longstanding modes of operation, which can often be an uncomfortable transition. "Nobody really likes change," she says. "So, I think sometimes there's this way of thinking that's like, we've done it this way for years, and it works fine. And that's where we come in and say, well, here are some new ways of doing things that might automate some of your processes and might save you some dollars."

Saving dollars is, of course, a vital need in scenarios where the budget is limited — and certainly when that budget is publicly funded. “The biggest thing for the entities that I’m working with is that it’s not their money; it’s taxpayer money,” says Briles. “The questions become: How can we do more for less? How can we maximize your earnings?”

As Trout explains, “When local governments depend on funding that is receivable sporadically, such as property taxes, they must maintain sufficient reserves to operate until funds become available.”

So, when local governments experience hiccups in those distributions — property tax funds arrive late, for example, or federal and state funding sources become uncertain, as they have this year — having a trusted partner available to fund a shortfall can be of tremendous benefit.

“When there’s any sort of disruption,” says Briles, “we get more questions from our clients, and more requests for guidance arise. We help them evaluate short-term financing needs, for example, or tackle liquidity needs in terms of allocating where those dollars go. A big part of what we do is try and stay on top of those conversations as best we can.”

After all, Briles says, the name of the game for local governments will always be securing funds as responsibly as possible. “For these entities, the priorities are safety, then liquidity, then yield,” she explains. “They can’t lose any money; it’s not their money to lose. They have to be very cautious about that, and that’s where we come in.”

Finally, because every public sector entity must generate annual financial reports, a financial partner can be helpful in submitting the needed figures to regulatory bodies. But that doesn’t mean that an entity’s financial reporting related work comes but once a year. “The entity’s accountants will want to see a collateral statement as of X date. They want to make sure, obviously, that funds that are not covered by FDIC are backed in some other way. I think it’s important that your banking partner is reviewing that collateral position often — and we here at Wintrust do so daily,” Briles says.

Product maximizes stability, confidence

Two of the most valuable financial tools available to local governments are Wintrust’s MaxSafe® Public Funds CD ($100,000 to open) and Wintrust’s MaxSafe Public Funds Money Market[1] account ($1,000 to open and $10,000 minimum daily balance required to avoid a $10 monthly analysis fee). Any depositor, public or private, is afforded a certain amount of FDIC insurance per bank. But what sets MaxSafe apart is that it allows Wintrust to maximize that coverage, providing well above the standard amount of FDIC insurance per depositor,[2] with over $7 million in total coverage at our Illinois charters.

“Because Wintrust operates 16 individually chartered banks —14 of them in Illinois — we’re able to accept a deposit and automatically distribute it across those charters to ensure no single bank exceeds the FDIC insured limit,” explains Briles. “MaxSafe leverages the FDIC coverage of all 16 charters, offering up to $7 million in coverage for deposits placed with in-state banks and up to an additional $250,000 at our Wisconsin and Michigan charters, for a total of up to $7.5 million.”

From establishing strong, community-rooted collaborations to providing critical support in liquidity management and strategy in times of uncertainty, knowledgeable banking institutions offer local governments the expertise and stability they need to meet their mandates responsibly. With tools like MaxSafe and a proactive, engaged approach, Wintrust is not only helping to safeguard public funds but also empowering municipalities, school districts, and other public sector entities to make every taxpayer dollar count. Ultimately, these partnerships are about more than dollars and cents — they’re about building stronger, more resilient communities through shrewd financial stewardship.

Banking products provided by Wintrust Financial Corp. banks.

1. MaxSafe® Public Funds Money Market. Fees may reduce earnings. We may change the interest rate on your account at any time.

2. FDIC Insurance. Based on current FDIC deposit insurance coverage rules – see fdic.gov/resources/deposit-insurance/understanding-deposit-insurance/.

WINTRUST

To learn more about Wintrust’s partnerships with local governments and its innovative MaxSafe program, visit us.

Member FDIC

EQUAL HOUSING LENDER