

**Village of Hinsdale
Finance Commission
Minutes of the Special Meeting on November 8, 2010**

Members Present: Chairman Burridge, Commissioners Maali, Hughes, Waldo, Kushner, and Elder

Members Absent: Commissioners Aggarwal and Posthuma

Staff Present: Darrell Langlois, Assistant Village Manager, Tim Scott, Economic Development Director

Others Present: Trustee Doug Geoga, Economic Development Commission Chairman John Karstrand

Meeting Called to Order at 7:35 p.m.

Approval of Minutes

Chairman Burridge asked for a motion to approve the minutes of the September 2, 2010 Commission meeting. Commissioner Elder motioned for the approval of the minutes for the September 2, 2010 meeting, Commissioner Hughes seconded. The motion passed unanimously.

Discussion Items

Review and Discussion of the September, 2010 Treasurer's Report

Mr. Langlois presented the September Treasurer's Report. Base Sales Tax receipts for the months of September (June sales) and October (July sales) increased by \$27,251 (14.6%) for September and an increase of \$22,246 (12.0%) for October. This marks the tenth consecutive monthly increase since posting an average monthly decline of 13% for the previous twelve months, and for the ten month period receipts in the aggregate have increased 7.75%. Total Sales Tax receipts (including local use taxes) for the first six months of the fiscal year total \$1,269,652 as compared to \$1,171,392 for last fiscal year, an increase of \$98,260 (8.4%).

Income Tax revenue increased by 8.2% for September and 2.0% for October. Although the results for the last four months are favorable, in the aggregate this revenue had declined by 13.2% for the prior five months. Total Income Tax receipts for the first six months of FY 2010-11 total \$710,955 as compared to \$758,460 for last fiscal year, a decrease of \$47,405. This variance is slightly unfavorable when compared to budget as a decrease of 5% was assumed in the FY 2010-11 Budget. In order to further illustrate the longer-term weakness in this revenue source, the six month total is \$216,072 or 23.3% below the comparable 2009 amounts. During September the State once again made two income tax payments and is now three months or \$309,294.42 behind. Although not yet current, this is an improvement from the five-month lag that was in existence at the end of June.

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Mr. Langlois reported that Food and Beverage tax revenue for September amounted to \$23,859 as compared to the prior year amount of \$22,092, an increase of 8.03%. Year to date, Food and Beverage taxes earned for the first five months of the year amount to \$116,301 as compared to the prior year amount of \$106,343, an increase of 9.4%. This variance is favorable when compared to budget as no increase was assumed in the FY 2010-11 Budget.

Mr. Langlois reported that combined utility tax revenue for September was \$193,686, which is 15.2% above previous year's receipts. Year to date utility tax collections are \$900,161, which is 9.2% above the prior year. Most of the monthly and year to date increase is due to higher receipts from the utility tax on water as a result of the 31% rate increase that took effect at the beginning of the fiscal year and increased receipts on the utility tax on electric due to the 14% tax rate increase and the warm summer weather.

Mr. Langlois reported that Building Permit revenues for September totaled \$87,418, which is 23.5% above the same period last year. Year to date permit revenue is \$792,195, which is 96.9% above the prior year and it is expected will end the year well over budget. Much of this variance is due to receipt of permit revenue related to the Hinsdale Hospital expansion.

Mr. Langlois reported that total legal billings through September amount to \$73,427, which is tracking well below budget for the first five months of the year. He also stated that salary costs for some public safety programs are slightly above the year to date budget amount due to separation payments being made on some employees who terminated at the end of FY 2009-10. These variances are expected to level off as the year progresses. Overtime costs in the Fire Department will likely end the year over budget due to two extended sick leave situations and one employee resignation necessitating frequent overtime coverage in order to maintain minimum manpower requirements.

Mr. Langlois reported that as indicated on the Summary of Corporate Fund Expenses (Page 9), the year to date percent expended for Public Safety of 47.3% exceeds the straight line allocation of 41.67%. This variance is due largely to the cost of Police and Firefighters' Pension, which is recognized as property taxes are received (primarily June and September) and do not follow a straight line spending pattern.

Mr. Langlois also reported that the State of Illinois has passed a Capital Bill that includes an additional \$500 million for local governments in the form of additional MFT distributions through 2012. On September 29, 2010 we received notice that the Governor has released the first \$100 million of these additional funds. Hinsdale's share of the first installment is \$77,908 and was received in October.

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Presentation Regarding Village Economic Development Efforts

Economic Development Director Tim Scott and EDC Chairman John Karstrand made a presentation to the Commission regarding Village economic development efforts. The focus of the presentation was on the work and accomplishments of the Economic Development Commission, marketing strategies to attract new businesses, the impact of high rents acting as a deterrent to new business, and the impact of vacant stores on the Village's revenue stream. There was general dialogue between the Commission members and Mr. Scott and Mr. Karstrand on these issues. Chairman Burrridge expressed a willingness to provide whatever assistance would be needed to attract new businesses. For an upcoming Commission meeting, Chairman Burrridge requested that staff estimate the amount of lost sales tax revenue due to store vacancies.

Minimum Police Pension Fund and Firefighters' Pension Fund Funding Requirement

Mr. Langlois gave the Commission an update on the funded status of the Police and Firefighters' Pension Fund. Based on State of Illinois calculations, the funded status of both pension funds improved approximately 5%. The favorable results are due to investment returns exceeding the actuarial assumption, which should result in a residual benefits of stabilizing or slightly reducing the Village's required contributions. Commissioner Waldo inquired as to the specific differences in the actuarial assumptions used by the Firefighters' Pension Fund's actuary Goldstein and Associates as compared to those used by the State. Mr. Langlois noted that the Goldstein report uses an investment return assumption of 6.5% and a 1994 mortality table whereas the State uses a 7% investment return assumption and a mortality table from 1971, which the state has been using since that time. Commissioner Waldo and Mr. Langlois reviewed prior Village funding history as it relates to using the State amounts or the private actuary amounts in determining the Village's contributions. Mr. Langlois also reviewed recent pension reform legislation with IMRF and work ongoing in reforming Police and Fire Pension benefit levels.

Commissioner Waldo asked Trustee Geoga to comment on the Village's decision to fund pensions using the State actuarial amounts. Trustee Geoga noted that at the time the Village set the preliminary tax levy amount neither pension fund had completed its study. That being said, he also noted that funding amounts beyond the State required contributions would be difficult and is consistent with the sense of the entire Village Board. He also noted that funding at the State amounts does meet the Village's statutory obligation for pension fund funding.

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New Business

For an upcoming meeting, Commission Waldo requested that the Finance Commission undertake a review of the fees charged to home builders and developers due the damage caused by street cutting.

Adjournment

As there was no further business to come before the Commission, Commissioner Kushner motioned to adjourn, Commissioner Hughes seconded. The motion passed unanimously and the meeting was adjourned at 9:12 P.M..

Respectfully Submitted:

Darrell Langlois
Assistant Village Manager