

**Village of Hinsdale
Finance Commission
Minutes of the Special Meeting on December 16, 2010**

Members Present: Chairman Burrridge, Commissioners Maali, Waldo, Kushner, and Elder

Members Absent: Commissioners Aggarwal, Hughes, and Posthuma

Staff Present: Darrell Langlois, Assistant Village Manager

Others Present: Trustee Doug Geoga,

Meeting Called to Order at 7:38 p.m.

Approval of Minutes

Chairman Burrridge asked for a motion to approve the minutes of the November 8, 2010 Commission meeting. Commissioner Kushner motioned for the approval of the minutes for the November 8, 2010 meeting, Commissioner Elder seconded. The motion passed unanimously with one minor correction.

Discussion Items

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

Mr. Langlois presented the October 2010 Treasurer's Report, which covers the sixth month of the 2010-11 Fiscal Year. In preparation for this month's report, staff has updated the end of year estimates for the General Corporate Fund based on year-to-date results as well as what is currently expected for the remainder of the year. These revised projections are contained in a number of exhibits and will be further refined as the budget year progresses.

Mr. Langlois noted that the Base Sales Tax receipts for the months of October (July sales) and November (August sales) increased by 12% for October and an increase of 6.2% for November. This marks the eleventh consecutive monthly increase since posting an average monthly decline of 13% for the previous twelve months, and for the eleven month period receipts in the aggregate have increased 7.6%. Year-to-date base sales tax receipts for the first seven months of FY 2010-11 totals \$1,352,185, an increase of 8.8%. This variance is favorable when compared to budget as this revenue source was projected to be unchanged in the FY 2010-11 Budget. Total Sales Tax receipts (including local use taxes) for the first seven months of the fiscal year total \$1,481,204 which is an increase of 8.2%.

Mr. Langlois stated that Income Tax revenue for the months of October (September liability) and November (October liability) increased of 2% for October and an increase of 1.9% for November. Although results for the last five months have been favorable (up 3.4%), in the aggregate this revenue had declined by 13.2% for the prior five months. Total Income Tax receipts for the first seven months of FY 2010-11 total \$808,663 as

**Village of Hinsdale
Finance Commission
Minutes of Meeting On
November 8, 2010**

compared to \$854,319 for last fiscal year, a decrease of -5.3%. 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 seven month total is \$219,041 below the comparable 2009 amounts.

Regarding the delay in income tax payments from the State of Illinois, the State has not made an income tax distribution since September 21, 2010. They are now five months or \$536,830 behind, which reverses the progress they had made during the summer months when the delay had been shortened to three months.

Food and Beverage tax revenue for October amounted to \$26,435 as compared to the prior year amount of \$20,485, an increase of 29.05%. Year to date, Food and Beverage taxes earned for the first six months of the year amount to \$142,736 as compared to the prior year amount of \$126,827, an increase of 12.5%. This variance is favorable when compared to budget as no increase was assumed in the FY 2010-11 Budget.

Property tax collections through October amount to \$4,710,700 which is approximately 84.5% of the Village's \$5.57 million tax levy. This should end the year very close to budget

Combined Natural Gas, Electric, Telecommunications, and Water Utility Taxes for October were \$199,420, which is 25.2% above previous year's receipts. Year to date utility tax collections are \$1,099,581, which is 11.8% 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.

Building Permit revenues for October totaled \$73,940, which is 14.5% above the same period last year. Year-to-date permit revenue is \$866,135, which is 85.5% 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 at the end of October, most operating expenditures for all Departments are still well within budgetary expectations. Staff has continued to monitor departmental expenditures, including overtime, and the Village Manager continues to stress the need for proper fiscal management by each department.

Mr. Langlois also reported that total legal billings through October amount to \$83,715, which is tracking well below budget for the first six months of the year. He also reported that as indicated on the Summary of Corporate Fund Expenses (Page 9), the year-to-date percent expended for Public Safety of 57.4% exceeds the straight line allocation of 50.0%. This variance is due largely to the cost of Police and Firefighters' Pension, which is

**Village of Hinsdale
Finance Commission
Minutes of Meeting On
November 8, 2010**

recognized as property taxes are received and do not follow a straight line spending pattern.

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 the Village 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.

Mr. Langlois stated that as indicated in the Corporate Fund Budget Summary, the end of year estimated amounts for revenues in total have been increased by \$260,412 due to current year projections. In addition, staff currently projects expenditures to be \$344,389 below budget, much of it due to the assumption that the Village will not need to utilize the \$300,000 contingency amount due to the positive revenue variance. In total staff currently projects that revenues will exceed expenditures by \$604,802. Staff will continue to refine these estimates as we work through the budget process.

Discussion of Budget Assumptions to be Used in Preparation of the 2011-12 Annual Budget

The Commission reviewed historical trend information on many of the Village's major revenue sources as well as expenditures and recommended that the following assumptions be used in the preparation of the 2011-12 Annual Budget:

- Sales Tax revenue should be budgeted based on a 4% increase from current year projections.
- Food and Beverage Tax revenue should be budgeted based on a 2% increase from current year projections.
- Income and Replacement Tax revenue should be based on a 2% increase from current year projections.
- For Utility Tax revenue, Electric and Water should be based on a 2% increase from current projections; natural gas at a 4% increase from current projections; and telephone at a 3% decline from current projections.
- Permits should be based on an increase of 5% from current year projections after adjusting for the large one-time payments from Hinsdale Hospital.
- Departmental Capital targeted at \$550,000 to \$650,000.
- Legal costs set at \$225,000.

The Commission discussed whether there was still need to include a Contingency amount in the budget now that it is expected that the ending Corporate Fund fund balance will exceed the 25% of expenditures target previously established. Although the Village is expected to have a fund balance in excess of 25%, the Commission was concerned that some of this excess is tied up in receivables from the State of Illinois due to their delay in

**Village of Hinsdale
Finance Commission
Minutes of Meeting On
November 8, 2010**

making timely income tax distributions as well as the fact that current revenue sharing formulas could be altered in the future. It was the consensus of the Commission to recommend that the combination of a budget Contingency and surplus funds over the 25% policy level should at least be equal to the amount owed by the State of Illinois, not to exceed \$500,000 in case the State gets further behind.

New Business

Trustee Geoga appeared before the Commission to request assistance with the following three finance-related items:

- membership and fee structure for the Community Pool
- the financial aspects of Village's membership in Gateway Special Recreation Association
- convening of a committee to review the Village's audit engagement

After some discussion it was determined to form a subcommittee for each item and then a report would be made either to the Commission or the ACA committee. Commissioners Elder and Waldo will work on the Community Pool project, Commissioners Kushner and Maali would meet with the auditors. Assistant Village Manager Langlois would contact Commissioners Aggarwal and Posthuma to check on their availability to work on the review of the Gateway Special Recreation Association.

Adjournment

As there was no further business to come before the Commission, the meeting was adjourned at 9:27 p.m.

Respectfully Submitted:

Darrell Langlois
Assistant Village Manager