

**Village of Hinsdale  
Finance Commission  
Minutes of the Special Meeting on December 20, 2011**

Members Present: Chairman Hughes, Commissioners Rose, Morris, Kushner, Waldo and Posthuma

Members Absent: Commissioner Maali

Staff Present: Darrell Langlois, Assistant Village Manager

Others Present: Trustee Geoga and Trustee Elder

Meeting Called to Order at 7:30 p.m.

**Approval of Minutes**

Chairman Hughes asked for a motion to approve the minutes of the November 17, 2011 Commission meeting. Commissioner Morris noted the need to clarify that as it relates to the option to increase the IRMA deductible that the Commission was in favor with increasing it to no more than \$50,000 but did not specify a dollar amount. Commissioner motioned for the approval of the minutes for the November 17, 2011 meeting, Commissioner Waldo seconded. Motion passed.

**Agenda Items**

**Review and Discussion of the October, 2011 Treasurer's Report**

Mr. Langlois presented the October Treasurer's report. The report covers the sixth month of the 2011-12 fiscal year. Base Sales Tax receipts for the month of October increased by 0.7% and 15.5% for November. This marks the twenty-fourth consecutive monthly increase since posting an average monthly decline of 13% for the previous twelve months. Total Sales Tax receipts (including local use taxes) for the first seven months of the fiscal year total \$1,584,142 as compared to \$1,481,204 for last fiscal year.

During early December the Village received its third tax distribution of the new 1% Non-Home Rule Sales tax. The amounts received are right on track with what we estimated during the referendum campaign.

Mr. Langlois reported that Income Tax revenue for the month of October increased by 5.3% but posted a decline of 10.9% for November. Total Income Tax receipts for the first seven months of FY 2011-12 total \$796,763 as compared to \$808,763 for last fiscal year. This variance is unfavorable when compared to budget as an increase of 2% was assumed in the FY 2011-12 Budget. Mr. Langlois reported that the State has only made one income tax payment in the last 60 days and is now four months behind schedule.

Mr. Langlois reported that Food and Beverage tax revenue for October amounted to \$29,197 as compared to the prior year increase of 10.4%. Year to date, Food and

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Beverage taxes earned for the first six months of the year amount to \$158,926, an increase of 11.3%. This variance is favorable when compared to budget as an increase of 2% was assumed in the FY 2011-12 Budget.

Mr. Langlois reported that property tax collections through September amount to \$5,105,740 which is approximately 88.6% of the Village's \$5.76 million tax levy. Combined Gas, Electric, Telecommunications, and Water Utility Taxes for October were \$150,802, which is 24.4% below previous year's receipts. \$43,000 of this decrease is attributed to telecommunications taxes, which were down 40% for the month. Although sometimes these declines are followed up by positive numbers, the November amount was only 2.8% higher. Year to date utility tax collections are \$1,048,021, which is 4.7% below the prior year.

Building Permit revenue for October totaled \$100,280, which is 35.6% above the amount received during the same period last year. Year to date permit revenue is not comparable to the prior year due to the Village receiving significant non-recurring permit revenue from Hinsdale Hospital related to its expansion project in 2010. Year to date permit revenue is \$630,162, which is above the straight line budget allocation for this revenue source.

Legal services are tracking below budget. Water and sewer revenue are down due to the wet summer, but changing water meters has resulted in improved water accountability as the decline in water purchased has exceeded the decline in water billing. There was general discussion regarding the declines in water usage in comparison with declines in Oak Brook and Clarendon Hills. At the present time an end of year surplus is expected in the General Fund. Mr. Langlois reported on activities related to the Special Service Area in the Woodlands; approximately \$525,000 was collected by residents to opt out of the special service area, a bond sale of \$1.5 million is expected next year to finance the remaining property owners share.

**Discussion of Budget Assumptions to be Used in Preparation of the 2012-13 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 2012-13 Annual Budget:

- Sales Tax revenue should be budgeted based on a 3% increase from current year projections.
- There was no consensus as to an assumption to be used for Income and Replacement Tax revenue. Mr. Langlois will collect additional economic data and will circulate it to Commission members via email in order to try to come up with a

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consensus.

- Food and Beverage Tax revenue should be budgeted based on a 4% increase from current year projections.
- For Utility Tax revenue, Electric should be based on an increase of 2% for current collections; Natural Gas should be based on an increase of 4%; Telecommunications should be based on a decline of 5%; Water should be based on the increase in water rates.
- Permits should be based on an increase of 5% from current year projections.
- Legal costs set at \$225,000, which is the same amount used in FY 2011-12
- Departmental Capital targeted at a minimum of \$600,000 to \$650,000.
- A transfer to the Infrastructure Fund of at least \$1 million consistent with the Infrastructure Investment Plan.

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. It was the consensus of the Commission that the need to include a contingency amount is strongly reduced now that the fund balance reserve is in excess of 25%. The commission requested that the budget target a minimum ending reserve of at least \$200,000 over the 25% policy level; if this is achieved the Commission did not see a need to include a Contingency line item in the budget.

There was general discussion between the Commission, Mr. Langlois, and Trustee Geoga regarding pension contributions, past history, and recent statutory changes in how police and fire pensions are required to be funded. Commissioner Waldo asked whether the upcoming budget would have any savings related the possible consolidation of Police services with Clarendon Hills. Mr Langlois indicated that this is not far enough along to have any impact next year and would likely not appear until the FY 2013-14 Budget.

### **New Business**

Commissioner Posthuma gave a brief update on the activities of a sub-committee consisting of him, Commissioner Morris, and Trustee Elder on the performance of the Village's independent auditor. The sub-committee recommended retaining Sikich, LLP for at least the next fiscal year and will obtain a two year engagement letter that would allow the Village to cancel after one year in their discretion. Gina Hassett and Darrell Langlois will coordinate an initial meeting.

Chairman Hughes indicated that he has spoken with President Cauley who has requested Finance Commission assistance on creating a subcommittee to review the operating activities results of KLM Lodge. Commissioners Morris and Rose will work on

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this sub-committee, along with Trustee Elder and possibly one or two members of the Park and Recreation Commission.

Chairman Hughes indicated that he has spoken with President Cauley who has requested Finance Commission assistance in the methodology used to share cost savings with Clarendon Hills through Police and Fire consolidation. This issue was discussed and Chairman Hughes indicated he will seek two volunteers to work on a subcommittee at future meeting

**Adjournment**

As there was no further business to come before the Commission, Commissioner Kushner moved to adjourn the meeting, seconded by Commissioner Waldo. The meeting was adjourned at 10:06 p.m.

Respectfully Submitted:

Darrell Langlois  
Assistant Village Manager