

**Village of Hinsdale
Finance Commission
Minutes of the Special Meeting on December 20, 2012**

Members Present: Chairman Hughes, Commissioners Balzekas, Posthuma, Rose, and Tobia

Staff Present: Darrell Langlois, Assistant Village Manager/Finance Director, Chris Webber, Assistant Finance Director

Also Present: Trustee Doug Geoga and Trustee Chris Elder

Meeting Called to Order at 7:45 p.m.

Approval of Minutes

Chairman Hughes asked for a motion to approve the minutes of the August 30, 2012 Commission meeting. Commissioner Rose moved approval of the minutes, Commissioner Posthuma seconded. The minutes were unanimously approved.

Chairman Hughes asked for a motion to approve the minutes of the October 11, 2012 Commission meeting. Commissioner Balzekas moved approval of the minutes, Commissioner Posthuma seconded. Chairman Hughes requested that the minutes be clarified regarding the discussion on the Illinois Department of Natural Resources requirements related to water accountability. The minutes were unanimously approved.

Agenda Items

Review and Discussion of the October 2012 Treasurer's Report

Mr. Langlois presented the October Treasurer's Report. Base Sales Tax receipts for the month of October increased by 3.5% and for November decreased by 14.5% or \$32,435. The November amount is the first monthly decline since December, 2010. Although monthly declines in sales tax revenue can be expected periodically, the 14.5% decline experienced in November is concerning because it is large, and it is also unusual in that the non-home rule sales tax actually increased by 1.3% in November. Although confidentiality rules do not allow us to receive individual tax payer remittance information, we sent a request to the State to review the November payment. They have indicated that a more significant payer of sales tax (and very little non home rule sales tax) had not filed their August return by the due date, and other one-time issues were also noted. They believe much of the decline is due to non-recurring items. Mr. Langlois noted that total Sales Tax receipts (including local use taxes) for the first seven months of the fiscal year amount to \$1,667,902, an increase of 5.2%.

Income Tax revenue for the month of October increased 2.2% for October, increased 21.3% for November, and increased by 6.3% in December. Year to date receipts are now up over 11%, which is over budget as no increase was assumed on the FY 2013 Budget. The State remains three months or \$334,000 behind the normal payment schedule.

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Property tax collections through October amount to \$5,263,908, which is approximately 88% of the Village's \$6 million tax levy. Combined Gas, Electric, Telecommunications, and Water Utility Taxes for the year are \$1,130,409, which is 7.9% above the prior year. Building permit revenues were under budget but favorable results are expected for November.

Mr. Langlois reported that most operating expenditures for all Departments are still well within budgetary expectations. Total legal billings through October amount to \$91,092, which is tracking well below the prior year and is tracking below budget.

Mr. Langlois reported that for the first six months of the year total water and sewer billing revenue was tracking at \$5.1 million, which is \$1.6 million over the prior year and \$814,000 over budget. After posting large increases in water purchased from DWC during May through August, water purchases have actually declined by 1.5% in September and 5.6% in October. Mr. Langlois noted that water rates were increased by 7.3% in December on order to pass along a Du Page Water Commission rate increase schedule for January 1, 2013.

Mr. Langlois reported that as we are now through the first six months of the year, staff has updated the estimated end of year amounts for most major revenue accounts. On a net basis, the end of year results project to an end of year surplus in the General Corporate Fund of \$629,617 which is greater than the amount assumed in the FY 2012-13 Budget.

Mr. Langlois reported that the major causes of the favorable budget projections include:

- Personnel savings of over \$200,000 across all departments
- \$65,000 of expected savings for the Village of Hinsdale's IRMA contribution
- \$68,000 on capital projects due to current savings or expected deferrals
- An expected surplus of \$125,000 from the Village's participation in IPBC (the village health insurance pool)
- Recognition of the "advance sales tax payment" of \$112,000 that had been deferred but was recommended to be recognized as revenue by the Village's auditors.

Commissioner Balzekas questioned how the Village invests money and discussed earnings expectations. Mr. Langlois provided information on the pooled funds the Village uses to invest funds.

Continuation of Discussion of the Five-Year Departmental Capital Plan

Mr. Langlois provided an explanation for a building listing and a fixed asset listing provided to the Commission in order to assess the completeness of the Five-Year Departmental Capital Plan that was discussed at the August meeting. Commissioner Posthuma questioned what percentage of vehicles will be replaced over the next five

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years. Mr. Langlois indicated about 100% of police vehicles, about 25% to 30% of Fire Vehicles, and Public Services somewhere in between. Mr. Langlois noted that neither the assets listing nor the five year plan contain a provision for the replacement of the pool, consistent with a prior sub-committee recommendation that the eventual replacement of the pool will likely be subject to a referendum question and bonded for.

After further discussion, it was the consensus of the Commission that the Five Year Departmental Capital Plan was a complete and accurate representation of the capital needs for the next five years and that a favorable recommendation should be made to ACA.

Discussion of Budget Assumptions to be Used in Preparation of the 2013-14 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 2013-14 Annual Budget:

- Sales Tax revenue should be budgeted based on a 3% increase from current year projections.
- Income Tax revenue should be budgeted based on a 3% increase for the remainder of FY 2013 and 0% next year from current year projections.
- Food and Beverage Tax revenue should be budgeted based on a 3% increase from current year projections.
- For Utility Tax revenue, Electric should be based on an increase of 0% from current collections; Natural Gas should be based on an increase of 3%; Telecommunications should be based on an increase of 0%; Water should be based on an increase of 3%.
- Permits should be based on an increase of 3% from current year projections.
- Legal costs set at \$175,000 reflective of continued declines in cost.
- A transfer of \$1,250,000 to the Departmental Capital reserve based on the average expenditures in the Five-Year Departmental Capital Plan.
- A transfer to the Infrastructure Fund of at least \$1.3 million, which is the same amount budgeted in FY 2013.

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 once again 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%. Some of the Commissioners also expressed an interest in gradually increasing the fund balance over the 25% minimum. After further discussion, the commission requested that the budget target a minimum ending reserve of at least \$200,000 over a fund balance amount of

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26%; if this is achieved the Commission did not see a need to include a Contingency line item in the budget.

New Business

Commissioners Balzekas and Tobia volunteered to work on the Finance Commission/ACA Audit committee that meets each year with the Village's auditor. A meeting will be held in January.

Adjournment

As there was no further business to come before the Commission, Commissioner Rose moved to adjourn the meeting, seconded by Commissioner Balzekas. The meeting was adjourned at 9:10 p.m.

Respectfully Submitted:

Darrell Langlois
Assistant Village Manager/Finance Director