

**VILLAGE OF HINSDALE**  
**Finance Commission**  
**Minutes of the Meeting July 25, 2013**

Chairman Waldo called the meeting of the Finance Commission to order in the Board Room of the Memorial Building on July 25, 2013 at 7:30 PM.

**Members Present:** Chairman Waldo, Commissioners Balzekas, Morris, Posthuma, and Tobia

**Staff Present:** Darrell Langlois, Assistant Village Manager

**Also Present:** None

**Approval of Minutes – December 20, 2012**

Commissioner Balzekas moved approval of the minutes, Commissioner Posthuma seconded. Motion passed unanimously.

**Approval of Minutes – March 14, 2013**

The Commissioners requested that some minor points of clarification be added to the FY 2014 Budget discussion part of the minutes. Commissioner Balzekas moved approval of the minutes, Commissioner Posthuma seconded. Motion passed unanimously.

**Review and Discussion of the April 2013 Treasurer's Report**

Mr. Langlois reviewed the April 2013 Treasurer's Report. This report covers the twelfth and last month of the 2012-13 fiscal year. Base Sales Tax receipts for the year were \$2,703,000, an increase of \$146,000 or 5.7%. This variance is favorable when compared to budget as this revenue source was projected to increase 3% in the FY 2012-13 Budget. Total Sales Tax receipts (including local use taxes) for Fiscal Year 2013 amount to \$2,970,000, an increase of \$165,000 or 5.9%. Mr. Langlois noted that the year to date amount noted on page 10 and elsewhere in the report is \$3,082,000. This difference is due to one-time recognition of additional sales tax revenue of \$112,000 that dates back to the late 1980's as recommended by the Village auditors.

Income Tax revenue ended the year at \$1,515,000, an increase of \$135,000 (9.8%). This variance is favorable when compared to budget as no increase was assumed in the FY 2012-13 Budget. Regarding the delay in income tax payments from the State of Illinois, the State made a second tax distribution on April 29, shortening the delay (by one day) from three months to two months, which is now \$245,000 behind the normal payment schedule.

Total Food and Beverage taxes earned for the year amounted to \$320,600 as compared to the prior year amount of \$318,000 an increase of \$2,600 (0.83%). This variance is slightly unfavorable when compared to budget as an increase of 3% was assumed in the FY 2012-13 Budget.

Property tax collections for FY 2012-13 amount to \$5,876,755, which is 97.8% of the Village's \$6 million tax levy and is \$129,421 below budget. The primary reason for the under budget performance is due to a tax cap reduction in the Village's 2011 tax levy. The two primary factors causing the tax cap reduction are Du Page County not carrying forward a large adjustment in the 2010 tax levy to 2011 for tax cap purposes, and the new growth estimate of \$20 million used by the Village in calculating its levy was too high as the actual new growth amount was \$12.5 million. The shortfall is also impacted by the timing of receipts from Cook County, which are difficult to precisely predict since the tax levy collection overlap fiscal years, which is not the case with Du Page County collections.

Combined Gas, Electric, Telecommunications, and Water Utility Taxes for the year are \$2,137,500, which is \$2,212 or 0.10% above the prior year. This is a mixed bag and electric and water utility taxes were up and natural gas and telecommunications were down. Total Building Permit revenue for the year was \$1,125,500, which is a decrease of \$128,000 or 10.2% from the prior year. As both February and March were below budget expectations, the end of the year results are \$70,581 below the year end estimate used in the FY 2013-14 budget preparation.

For FY 2012-13 most operating expenditures for all Departments ended the year well within budgetary expectations. Total legal billings for the year amounted to \$157,887 of which \$28,256 is reimbursable to outside parties. The net cost of legal services to the Village is \$129,631, which is well below the budgeted amount of \$250,000.

Water and sewer fees for FY 2012-13 total \$7,993,000 as compared to the prior year amount of \$6,237,000, which is an increase of \$1,756,000 or 28.3% and is \$503,000 or 6.7% above budget. The cause of the over budget performance is due to a large consumption increase due to the dry summer months in 2012, creating a significant positive impact on water revenues.

Mr. Langlois reviewed page 2 of the Treasurer's report. On a net basis, based on this preliminary close the end of year results indicate an end of year operating deficiency of \$329,802. As these results include \$1.6 million in discretionary end of year transfers and pension contributions as a result of the 2013-14 Budget process, the actual operating results would have been an operating surplus of \$1,270,198. Also, based on this preliminary close the end of year fund balance is \$4,228,021, which is \$1,322 above the amount project in the 2013-14 Budget. As there are still a number of year end accounting adjustments that need to be made that will impact both revenues and expenses, it is possible that the end of year fund balance could be slightly below the amount project during the budget process but still well above the 25% minimum reserve amount. Should this occur, the major reason for the variance would be the lower than expected Building Permit and Property Tax revenue discussed earlier in this summary.

Chairman Waldo noted that after subtracting out the one-time impact of lifetime paddle tennis revenue Park and Recreation Service fees had increased by 7% year over year but were \$30,000 below budget. Of this change, Chairman Waldo noted that pool fees were \$54,00 below budget, so it was the pool that drove the negative performance.

## **Review and Discussion of the Historical Operating Results for Select Business Units-the Community Pool, KLM Lodge, and the Water Utility**

Chairman Waldo provided background information on this subject and noted that this information would be used in more detailed analysis on these business units at subsequent meetings. Commissioner Morris noted that in his opinion these business units should break even, but that may not be in keeping with Village Board policy as these policies have not been communicated. Mr. Langlois clarified that the budget philosophy of each of these business is to at least break even. Chairman Waldo noted that funding the larger long-term capital improvements is a problem.

There was general discussion on the financial result of these business units. Commissioner Morris noted an apparent discrepancy in one of the capital outlay number for the pool. Mr. Langlois noted he would research and get back to the commission. Commissioner Posthuma questioned variances in the historical personnel costs for the pool. Mr. Langlois provided explanation for the year to year changes.

Commissioner Tobia asked whether a tour of KLM Lodge could be arranged as many of the Commissioners have not been there before. Mr. Langlois indicated we would try to schedule an upcoming Finance Commission meeting at the Lodge so that a tour can be part of the agenda for the meeting.

## **Review and Discussion of the May 2013 Treasurer's Report**

Mr. Langlois presented the May 2013 Treasurer's Report. This report covers the first month of the 2013-14 fiscal year (8.33% on a straight-line basis).

Base Sales Tax receipts for the month of May increased by \$16,000 (8.4%) and for June decreased by of \$22,600 (-9.9%) for June. Although not reported, receipts for July are up \$15,300 or 6.9%. Counting July, receipts for the year are \$8,900 or 1.4% above the prior year, slightly below the 3% budget increase assumptions. This variance is unfavorable when compared to budget as this revenue source was projected to increase 3% in the FY 2013-14 Budget. Total Sales Tax receipts (including local use taxes) for the first three months of the fiscal year total \$717,000 an increase of \$10,900 or 1.5%.,

Income Tax revenue for the months of May (April liability) increased by \$76,000 and for June (May liability) decreased by \$13,600 or (-12.3%). For July revenue was up \$6,600 or 4.7%. Total Income Tax receipts for the first three months of FY 2013-14 total \$533,700, an increase of \$68,600 (14.8%). This variance is favorable when compared to budget as no increase was assumed in the FY 2013-14 Budget. Regarding the delay in income tax payments from the State of Illinois, the State still is \$247,000 or two months behind the normal payment schedule.

Food and Beverage tax revenue for May amounted to \$27,728 as compared to the prior year amount of \$24,197, an increase of \$3,531 (14.6%). This variance is favorable when compared to budget as an increase of 3% was assumed in the FY 2013-14 Budget.

For the month of May, property tax collections amounted to \$5,547. Approximately 40% of the Village's \$6.14 million tax levy is expected to be received in June due to the first installment of the 2012 tax levy in Du Page County being due on June 1, 2013.

Combined Gas, Electric, Telecommunications, and Water Utility Taxes for May were \$166,745, which is \$7,506 or 4.7% above previous year's receipts. Although slightly below the prior year amount, Building Permit revenues for May were strong at \$98,653. Park and Recreation Fees totaled \$266,661 as compared to \$283,696 for the prior year, which is a decrease of \$17,035 or 6.0%. Pool revenue is the primary cause of this decrease, but some of this decrease may be strictly timing-related. The June results will give us a better indication on pool revenues.

As May is only the first month of the fiscal year, operating expenditures for all Departments are still well within budgetary expectations. Staff will continually monitor departmental expenditures, including overtime, and the Village Manager continues to stress the need for proper fiscal management by each department. Total legal billings for the month of May amounted to \$21,760, which is tracking above budget for the first month of the year due to over \$9,800 in reimbursable legal fees being incurred this period.

### **New Business**

The Commission discussed its upcoming meeting schedule and indicated an interest in having a mid-August meeting to discuss Economic Development issues with the Village's Economic Development Director Tim Scott. A late September meeting will be scheduled to further discuss KLM Lodge and Community Pool operations.

### **Adjournment**

As there was no further business to come before the Commission, Trustee Balzekas motioned to adjourn. Trustee Tobia seconded and the motion passed unanimously. The meeting was adjourned at 8:28 P.M.

Respectfully Submitted:

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Darrell Langlois  
Assistant Village Manager/Director of Finance