

**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

VILLAGE OF HINSDALE
Finance Commission
Minutes of the Meeting March 14, 2013

Chairman Hughes called the meeting of the Finance Commission to order in the Board Room of the Memorial Building on March 14, 2013 at 7:30 PM.

Members Present: Chairman Hughes, Commissioners Balzekas, Maali, Morris, Posthuma, and Waldo

Staff Present: Darrell Langlois, Assistant Village Manager; Dave Cook, Village Manager and Chris Webber, Assistant Finance Director

Also Present: Trustees Doug Geoga and Chris Elder

Approval of Minutes – December 20, 2012

Commissioner Morris moved approval of the minutes. Due to the late distribution of the minutes approval was deferred to the next meeting.

Review and Discussion of the January 2013 Treasurer's Report

Mr. Langlois presented the January 2013 Treasurer's Report. This report covers the ninth month of the 2012-13 fiscal year.

Mr. Langlois reported that Base Sales Tax receipts for the month of January decreased by \$15,000, for February increased by \$64,000 and increased \$13,500 for March. Total Sales Tax receipts for the first eleven months of the fiscal year amount to \$2,750,000, an increase of 6.1%.

Mr. Langlois reported that Income Tax revenue for the month of January was up \$13,300 and for February had increased by \$19,000. Total Income Tax receipts for the first ten months of FY 2012-13 total \$1,270,000. The State still remains three months or \$382,000 behind the normal payment schedule.

Mr. Langlois reported that Building Permit revenues for January were \$134,012, an increase of \$79,426 above the prior year. Year to date permit revenue is \$873,613, which is an increase of \$10,063 from the prior year.

Mr. Langlois reported that in conjunction with the ongoing budget process for FY 2013-14, staff has now comprehensively updated the estimated end of year amounts for all budget line items in the General Corporate Fund and Water Fund. On a net basis, the end of year results project to an end of year operating surplus in the General Corporate Fund of \$1,068,877 which is \$1,068,248 greater than the amount assumed in the FY 2012-13 Budget. The proposed FY 2013-14 Budget will recommend a number of year end transfers as well as discretionary pension contributions.

Mr. Langlois noted that bonds were sold in March for the library that will refinance its 2006 Bond Issue. Consistent with past practice, in January two of the Finance commission members met with the auditors along with Trustee Elder. Commissioner Balzekas commented on the meeting and had a favorable report.

Chairman Hughes asked about the volatility of the sales tax in the last few months. Mr. Langlois explained some possible reasons for the variance it.

Review and Discussion of Draft FY 2013-14 Budget

Chairman Hughes asked Trustee Geoga to highlight the summary budget presentation that was distributed in advance of the meeting. Trustee Geoga explained the slide that summarizes the General Corporate Fund (Schedule 3 as found in the budget book). There is a surplus of money to be allocated from FY 2013. It is suggested that the funds be used for:

- \$75,000 to each of the police and fire pension funds
- \$150,000 transferred to the Departmental non-infrastructure capital fund
- \$500,000 for water main repair
- \$600,000 transferred to the MIP (above the budgeted amount of \$1.3 million)

Trustee Geoga stated that the ending General Fund fund balance would be around \$4.2 million. He also stated that the Corporate Fund would still be at least 25%. Commissioner Waldo asked Trustee Geoga about the projections for the Corporate Fund reserve fund and the unreserved fund balance would be around 28%.

Trustee Geoga asked the Commission to look at slide 19 for the schedule to the MIP. Reconstruction, resurfacing, the Woodlands and a maintenance allowance \$300,000 will result in a total of \$7 million being spent on deteriorating infrastructure. Grant money is being used for the Oak Street bridge project. Water meter replacement is being done in conjunction with the water electronic reading system.

Page 20 shows the funding sources for MIP and major project expenditures. Funding is expected to come from General Fund transfers, Motor Fuel Tax, non-home rule sales and utility taxes, bond proceeds, grants, and projected operating water department profits. Trustee Geoga explained the major expenditures from the presentation.

The Departmental Capital budget is based on the five year plan that has already been reviewed by the Finance Commission. Trustee Geoga commented on some of the larger budgeted item including the replacement fire engine. The police department follows a policy that regular cars be replaced at 85,000 miles. They have four cars that have above that mileage. Fleet cars are used for detectives with most being purchased with drug seizure money approximately two years ago. The supervisor car is in continuous use because of special equipment and needs more frequent replacement.

Chairman Hughes asked about the vehicles purchased with the drug money. Mr. Cook stated that they were replacement vehicles and the number of cars in the fleet decreased by one vehicle. Chairman Hughes asked if the sale of the vehicles is accounted for in the budget. Mr. Langlois stated that it is not in the budget and is surplus money depending on the bidding of the truck. Mr. Langlois stated that they probably only about a \$5,000 value at auction.

Mr. Langlois explained that a comprehensive listing of departmental capital items is on Schedule 4 in the budget book. Commissioner Waldo asked about the funds for the resurfacing of the pool parking lot. Mr. Cook stated that the useful life of the parking lot is about 10 years. The capital amount for the pool is around \$100,000.

Trustee Geoga explained the revenue side of the budget. Revenue assumptions have been reviewed by the Finance Commission in December and are in line with inflation. Expenses for the pool are about \$20,000 more than expected revenues.

Trustee Geoga stated that there are village employees that are subject to collective bargaining and the budget assumes a 2% cost of living adjustment for the non-union employees. There will be collective bargaining with the Police Department patrol officers this year. Public Services employee head count is lower by one employee in order to offset the cost of increasing the work week to 40 hours instead of 37.5 that had been in effect since 2009.

Trustee Geoga explained the budget assumptions regarding health insurance, legal expenses and contingency costs. The budget includes a contingency amount of \$100,000 in order to have funding for unforeseen items.

Chairman Hughes commented about the contingency surplus. Commissioner Waldo stated that he believes that this budget is on track. Chairman Hughes commented on personnel costs and asked about the reduction of public services head count. Mr. Langlois stated that the shared police services talks with Clarendon Hills have ended due primarily to social security coverage issues.

Chairman Hughes questioned the police salary and wages and asked about the police contract that is coming up. Mr. Cook stated that the contract expires April 30th. The eventual contract settlement is influenced by pay practices in other communities and should be no more expensive than the cost of living adjustment that was negotiated with Public Services employees.

Commissioner Morris thanked Trustee Geoga for his service on the Board. He asked about the salary and wages and that it seemed that they went up more than inflation. Trustee Geoga explained that some are a combination of cost of living and merit increases for those employees not at the top of their pay grade. Mr. Langlois commented that salaries and wages are up \$124,000 which is 1.72% over the prior year. Mr. Langlois stated that overall costs, including pensions, are up \$255,000.

Mr. Langlois explained that there are personnel shifts in various public service programs and there can be changes to insurance as a result from marriages etc. In addition to cost of living increases, the impact of the increase in hours for Public Services employees affects the program costs.

Chairman Hughes asked about the general budget for the Parks and Recreation Department. The personnel cost estimates for this year were below budget and next year's budget is higher than current estimates. Mr. Langlois explained that the program

supervisor position was vacant for a few months and will be funded for the entire year in FY 2014. Each program is expected to be under budget and the biggest area in the operating area is personnel. Mr. Langlois also noted that the scope for capital outlay has been increased to \$10,000 so that now a number of budget items are included in materials and supplies accounts whereas in the past they were accounted for in capital outlay accounts. This change has distorted the comparability of some of the category data. Mr. Langlois stated that he has had extensive discussions with the Parks and Rec director and most of the items are relatively flat.

Trustee Geoga stated that the biggest difference between current year estimates and next year's budget is when there is a vacant position. Trustee Geoga stated that the only revenue source for the Park and Recreation Department is user fees and we are trying to increase the amount of user fees paid for the activities. Trustee Geoga stated that efforts continue to find ways to utilize the Lodge more effectively. Pool rates have been adjusted for private rentals and swim teams. Commissioner Waldo stated that the pool is operating cash flow neutral.

The Commission noted that there is a more competitive fee structure in place for KLM and is close to breaking even. Chairman Hughes stated both the pool and KLM are both close to breaking even and the parks can't be neglected. Mr. Cook stated that maintaining the parks cost about \$1 million per year. Chairman Hughes stated that he feels the paddle tennis program should be considered a different service for revenue purposes. Trustee Geoga stated that the report shows the expenses of all the elements. There is some operating surplus with the paddle tennis program that is being applied to the court debt.

Trustee Geoga commented on the amount still owed by HPTA and how they still want to sell lifetime memberships to offset that expense. The agreement was that if surplus funds are available that it would go toward the court debt. There was expectation that there would be more users and there have been more league players.

The Commission commented that the KLM Lodge is an underutilized asset. Mr. Langlois stated that the revenue and usage is reported regularly to the ACA committee.

There was discussion regarding the Capital Fund Balance. Mr. Cook explained why the Christmas lights budget was increased. There was discussion regarding the bonds for debt services. Chairman Hughes commended staff and Trustee Geoga for their work on the budget. Trustee Geoga stated that it is ultimately the elected board members that make the final decisions. Chairman Hughes confirmed the issues for the budget and the Commission was in favor of its adoption.

New Business

Chairman Hughes commented on the revision to the village code regarding having 7 members on the Commission instead of nine in order to have a quorum. The Finance Commission is seven years old and the original Commission had nine members. The Commission reviews draft budget and looks at the financials and receive them monthly.

There was discussion among the Commission regarding having meetings quarterly rather than monthly. The Commission requested that Tim Scott be asked to attend a future meeting for an update on Economic Development activities.

Adjournment

As there was no further business to come before the Commission, Trustee Morris motioned to adjourn. Trustee Waldo seconded and the motion passed unanimously. The meeting was adjourned at 9:20 P.M.

Respectfully Submitted:

Darrell Langlois
Assistant Village Manager/Director of Finance

**Village of Hinsdale
Hinsdale Community Pool Operating Statement
2005-2013**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Revenues</u>									
Pool Service Fees	\$298,428	\$307,320	\$301,193	\$320,379	\$333,020	\$315,204	\$328,382	\$330,731	\$316,517
<u>Expenses</u>									
Personal Services	\$168,222	\$177,443	\$171,853	\$145,431	\$137,784	\$182,663	\$146,173	\$154,507	\$155,574
Contractual Services	55,002	50,459	62,963	54,555	37,845	26,422	27,142	26,532	24,246
Purchased Services	33,040	43,269	51,637	41,711	71,254	51,501	39,563	41,668	37,749
Materials and Supplies	26,937	30,720	34,312	40,550	31,961	34,201	33,394	31,846	33,369
Repairs and Maintenance	9,474	22,823	51,488	43,127	17,997	15,818	23,316	17,791	19,215
Other Expenditures	9,928	9,267	12,623	8,742	9,052	12,203	10,542	6,241	5,993
Risk Management	-	-	-	462	274	-	-	-	0
Total Expenses	\$302,603	\$333,981	\$384,876	\$334,578	\$306,167	\$322,808	\$280,130	\$278,585	\$276,146
Operating Income (Loss)	\$ (4,175)	\$ (26,661)	\$ (83,683)	\$ (14,199)	\$ 26,853	\$ (7,604)	\$ 48,252	\$ 52,146	\$ 40,371
Capital Outlay	(40,476)	-	(9,853)	(70,526)	(23,668)	(37,426)	(22,158)	(45,697)	(19,741)
Net Income (Loss)	\$ (44,651)	\$ (26,661)	\$ (93,536)	\$ (84,725)	\$ 3,185	\$ (45,030)	\$ 26,094	\$ 6,449	\$ 20,630

**Village of Hinsdale
KLM Lodge Operating Statement
2005-2013**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Revenues</u>									
KLM Lodge Rentals	\$ 141,863	\$ 133,300	\$ 131,616	\$ 140,795	\$ 153,870	\$ 137,429	\$ 133,959	\$ 110,993	\$ 133,302
Caterer Fees	11,850	13,325	13,200	14,800	19,800	19,600	14,900	12,100	12,080
Total Revenue	\$ 153,713	\$ 146,625	\$ 144,816	\$ 155,595	\$ 173,670	\$ 157,029	\$ 148,859	\$ 123,093	\$ 145,382
<u>Expenses</u>									
Personal Services	\$ 50,605	\$ 54,833	\$ 58,398	\$ 46,469	\$ 51,254	\$ 56,549	\$ 60,491	\$ 53,394	\$ 54,575
Contractual Services	29,348	30,785	20,664	31,194	26,403	22,674	18,870	19,266	20,881
Purchased Services	35,568	49,160	35,098	49,037	44,630	35,969	34,472	38,448	46,271
Materials and Supplies	8,690	8,595	13,358	8,080	7,843	8,522	11,229	6,847	7,555
Repairs and Maintenance	11,268	13,326	16,223	22,120	14,874	9,131	17,969	11,762	14,103
Other Expenditures	512	606	1,174	828	601	521	658	577	744
Total Expenses	\$ 135,991	\$ 157,305	\$ 144,915	\$ 157,728	\$ 145,605	\$ 133,366	\$ 143,689	\$ 130,294	\$ 144,129
Operating Income (Loss)	\$ 17,722	\$ (10,680)	\$ (99)	\$ (2,133)	\$ 28,065	\$ 23,663	\$ 5,170	\$ (7,201)	\$ 1,253
Capital Outlay	(6,840)	(17,145)	(22,652)	-	-	(3,076)	(61,119)	(21,494)	(19,741)
Net Income (Loss)	\$ 10,882	\$ (27,825)	\$ (22,751)	\$ (2,133)	\$ 28,065	\$ 20,587	\$ (55,949)	\$ (28,695)	\$ (18,488)

**Village of Hinsdale
Water Operations Fund Operating Statement
2005-2013**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Revenues</u>									
Service Charges									
Water Sales	\$ 3,881,731	\$ 4,163,264	\$ 3,972,690	\$ 3,579,666	\$ 3,684,939	\$ 4,040,911	\$ 5,576,549	\$ 5,741,260	\$ 7,169,156
Sewer Use	394,959	411,270	351,279	371,972	391,800	394,859	586,009	597,238	763,597
Lost Customer Discount	13,751	16,356	23,494	30,571	20,040	23,611	38,572	23,140	57,326
Miscellaneous	30,470	40,364	34,220	1,298,341	17,540	8,488	12,911	39,263	56,318
Investment Income	12,942	8,533	11,945	28,305	(4,340)	2,292	2,948	-	695
Total Revenues	\$ 4,333,853	\$ 4,639,787	\$ 4,393,628	\$ 5,308,855	\$ 4,109,979	\$ 4,470,161	\$ 6,216,989	\$ 6,400,901	\$ 8,047,092
<u>Expenses</u>									
Personal Services	\$ 1,539,125	\$ 1,625,660	\$ 1,346,767	\$ 1,473,974	\$ 1,510,698	\$ 1,571,366	\$ 1,673,675	\$ 1,715,891	\$ 1,795,355
Professional Services	46,514	66,580	177,863	302,519	55,434	35,304	14,359	21,833	17,404
Contractual Services	1,629,722	1,521,532	1,459,502	1,392,510	1,438,133	1,689,265	2,112,324	2,288,791	3,071,008
Purchased Services	86,869	108,806	88,080	149,107	126,468	169,335	153,788	131,136	142,435
Materials and Supplies	28,088	36,240	21,107	43,292	29,573	25,982	36,077	34,853	42,071
Repairs and Maintenance	143,141	186,113	136,799	129,757	123,983	121,142	145,669	192,257	125,630
Other Expenses	195,973	218,679	192,820	196,285	253,325	203,659	284,384	299,635	419,134
Risk Management	124,189	109,107	136,980	152,385	170,214	177,558	133,161	89,665	122,256
Total Expenses	\$ 3,793,621	\$ 3,872,717	\$ 3,559,918	\$ 3,839,829	\$ 3,707,828	\$ 3,993,611	\$ 4,553,437	\$ 4,774,061	\$ 5,735,293
Operating Income (Loss)	\$ 540,232	\$ 767,070	\$ 833,710	\$ 1,469,026	\$ 402,151	\$ 476,550	\$ 1,663,552	\$ 1,626,840	\$ 2,311,799
Capital Outlay	(189,133)	(98,440)	(138,773)	(254,181)	(53,852)	(49,100)	(54,333)	(239,535)	(28,131)
Net Income (Loss) Before Transfer:	\$ 351,099	\$ 668,630	\$ 694,937	\$ 1,214,845	\$ 348,299	\$ 427,450	\$ 1,609,219	\$ 1,387,305	\$ 2,283,668
Transfer to Water Debt Service	(297,115)	(299,323)	(299,108)	(298,666)	(379,681)	(494,692)	(496,061)	(450,564)	(493,655)
Transfer to Water Capital	(199,828)	(147,345)	(611,198)	(745,869)	-	(296,235)	(1,120,891)	(700,000)	(1,950,000)
Net Income (Loss)	\$ (145,844)	\$ 221,962	\$ (215,369)	\$ 170,310	\$ (31,382)	\$ (363,477)	\$ (7,733)	\$ 236,741	\$ (159,987)