

**Village of Hinsdale
Finance Commission
Minutes of the Special Meeting on December 17, 2013**

Members Present: Chairman Waldo, Commissioners D'Arco, Posthuma, Morris, and Tobia

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

Also Present: Trustee Hughes

Meeting Called to Order at 7:35 p.m.

Approval of Minutes

Chairman Waldo asked for a motion to approve the minutes of the October 24, 2013 Commission meeting. Commissioner Morris moved approval of the minutes, Commissioner D'Arco seconded. The minutes were unanimously approved.

Agenda Items

Review and Discussion of the October 2013 Treasurer's Report

Mr. Langlois presented the report. Base Sales Tax receipts for the month of October increased by 8.7% and for November increased by 28.1%. Year-to-date base sales tax receipts for the first seven months of FY 2013-14 total \$1,622,000, an increase of 6.6%. Total Sales Tax receipts (including local use taxes) for the first seven months of the fiscal year total \$1,778,000, an increase of 6.7%.

Mr. Langlois reported that Income Tax revenue for the month of October increased by 12.9% and for November decreased by (1.1%). Total Income Tax receipts for the first seven months of FY 2013-14 total \$979,000, an increase of 10.2%. Mr. Langlois reported that the State still is \$262,000 or two months behind the normal payment schedule.

Mr. Langlois reported that property tax collections through October amount to \$5,605,551, which is approximately 91.2% of the Village's \$6.14 million tax levy. Utility Taxes for October were \$184,731, which is 3.1% below previous year's receipts. Year to date Utility Tax receipts amount to \$1,056,288, a decrease of 6.6%. Receipts from telecommunications, electric, and water utility taxes continue to decline, and based on current projections the end of year results for utility tax revenue are expected to be \$74,000 below budget.

Mr. Langlois reported that Building Permit revenues for October were \$179,542, an increase of 141%. For the first six months of the year, total Building Permit revenue stands at \$819,855 an increase of 65.3%. Based on current projections, the end of year results for permit fee revenues are expected to be \$135,000 above budget.

Mr. Langlois reported that operating expenditures for all Departments are still well within budgetary expectations. Staff has updated the estimated end of year amounts for

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most major revenue accounts. On the expenditure side, we have updated the estimates on most personnel accounts, major operating accounts, and known savings on capital projects that have already been bid/awarded or will be deferred. On a net basis, the end of year results project to an end of year surplus in the General Corporate Fund of \$580,257 which is \$521,908 greater than the amount assumed in the FY 2013-14 Budget. Most of the positive results are due to favorable budget performance on the revenue side of the budget. There are factors outside of the budget that have impacted the projections, about \$162,000 due to an increase in the IPBC deposit due primarily to favorable health insurance claims experience and \$40,000 due to expected IRMA premium savings due to our share of an interest income credit.

Mr. Langlois reported on the water meter project. There have been three interviews with firms that have submitted proposals and we hope to have a finalist selected soon. An informal audit committee, led by Finance Commissioners Tobia and Balzekas, reviewed last year's audit and the recommendation was to get a two year proposal from the current auditing firm. Mr. Langlois also provided an overview of the recently approved pension reform legislation, noting that although most of the changes impact State pension funds it could serve as a roadmap for possible changes in local pension funds should the new law survive a likely long and lengthy court challenge.

Discussion of Budget Assumptions to be Used in Preparation of the 2014-15 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 0% increase for the remainder of FY 2013 and 3% next year from current year projections. For purposes of projections, the May 2013 receipts will be adjusted downward by 20% due to the unusually high amount received in May, 2013
- Replacement Tax revenue should be budgeted using a 0% increase 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 3% from current collections; Natural Gas should be based on an increase of 3%; Telecommunications should be based on a decrease of 3%; Water should be based on an increase of 10% due to the recent rate increase and seasonal factors resulting in lower water consumption in the summer of 2013.
- Permits should be based on an increase of 3% from current year projections. For purposes of projections, the September, 2013 and October, 2013 receipts will be

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adjusted downward by 20% due to the unusually high amount received in those months not likely reoccurring in 2014.

- Legal costs set at \$200,000 reflective of some increase 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 \$1.5 million, which is the minimum amount required to fund the MIP.

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 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

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