

**Village of Hinsdale
Finance Commission
Minutes of the Special Meeting on January 5, 2015**

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

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

Also Present: Trustee Hughes arrived at 7:50

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

Approval of Minutes

Chairman Waldo asked that the minutes for the June 24, 2014 Commission meeting be tabled until the next meeting as there are a number of revisions to the minutes he would like to propose regarding the community pool discussion.

Agenda Items

Review and Discussion of the November 2014 Treasurer's Report

Mr. Langlois presented the report. Base Sales Tax receipts for the month of November (August sales) amounted to \$261,000, which was up 15,600 or 6.4%, and for December (September sales) receipts were \$226,500, which was a decline of \$12,300 (-5.4%). Going forward, the impact of declining gasoline prices will likely start to have a negative impact on sales tax revenue. Total Sales Tax receipts (including local use taxes) for the first eight months of the fiscal year total \$2,106,227 as compared to \$2,028,000 for last fiscal year, an increase of \$78,000 (3.8%) and above the budget assumption of 3%.

Mr. Langlois reported that Income Tax revenue for the months of November (October liability) posted an increase of \$3,000 or 2.9% and for December (November liability) decreased by \$2,600 (3.1%) Total Income Tax receipts for the first eight months of FY 2014-15 amount to \$1,034,000 which is a decrease of \$28,626 (-2.7%). While down compared to the prior year, during the budget process it was noted that the May 2013 receipts were unusually high; in order to address this, during the budget process we projected a 20% decline in May receipts. In comparison with budget, the year to date amount of \$1,034,000 exceeds the year to date budget amount of \$1,029,000, which is \$5,000 or 0.53% above budget. Mr. Langlois reported that the State still is two months behind the normal payment schedule.

Mr. Langlois reported that approximately 90% of the Village's property tax base is located within Du Page County. Property tax collections through November amount to \$5.8 million, which is approximately 91.2% of the Village's \$6.37 million tax levy. We expect to be about \$25,000 short on collections this year due to a "true up" on the Du Page County extension as in FY 2014 actual collections were \$119,000 over budget. Mr.

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Langlois also noted that during December the Village Board adopted the tax levy for next year, which provides for an increase of 2.57% due to changes in CPI growth allowed under the tax cap as well as a small out for new property growth.

Mr. Langlois reported that Utility Tax revenue for the year amounts to \$1,136,000, a decrease of \$86,000 or 7.0%. For the year, utility tax collections are projected to be \$146,600 below budget of which \$131,000 is attributed to declines in telecommunications tax revenue. It was noted that several months ago Village staff received specific tax payer payment information and compiled the data for a two year period. As a result of this review, we have noted several unusual changes but most of the decline is isolated to one large tax payer. We have made inquiries with the Illinois Department of Revenue in late October and again in early December as to the causes of the unusual changes but have not yet received a response. That being said, declining telecommunications tax revenue is consistent with a statewide trend.

Mr. Langlois reported that Building Permit revenues for November were \$236,400, which is \$135,000 or 133.3% above the prior year. For the first seven months of the year, total Building Permit revenue stands at \$1,599,000 an increase of \$677,500 or 73.5%. Even though over \$300,000 of the increase relates to the Hinsdale Hospital Cancer Treatment Center, the remainder is still well above budget. The year to date amount already puts the Village over the annual revenue budget by \$245,900, with total year end receipts currently projected to be \$837,000 over budget.

Mr. Langlois reported that through November operating expenditures for all Departments are still within budgetary expectations. He noted that at the time of drafting the FY 2014-15 Budget, due to the Community Development Department reorganization and the addition of a full time plan reviewer, the amount budgeted in account 2401-7313 for outside plan review was reduced from \$100,000 to \$50,000. Although the budget last year was \$100,000, actual spending was \$217,000, which was \$117,000 over budget as building permit fees were \$283,000 over budget. There is obviously a correlation between building permit fee revenue and the amount spent on outside plan review, hopefully less with the additional staff position but some will always be needed. Actual spending this year in account 2401-7313 for outside plan review through November stands at \$95,000 on the new annual budget amount of \$50,000. Although there was a slight lag in getting the Community Development reorganization up and running, the majority of this variance is due to elevated permit levels.

Mr. Langlois noted that the report presents updated estimated end of year amounts for most major revenue accounts. On the expenditure side, staff has also 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.

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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. Letters for Phase I of the project were mailed in November with meter installing currently on-going.

Discussion of Budget Assumptions to be Used in Preparation of the 2015-16 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 2015-16 Annual Budget:

- Sales Tax and Non-Home Rule Sales Tax revenue should be budgeted based on a 3% decline through December, 2015 to account for the impact of declining gasoline prices and flat thereafter.
- Income Tax revenue should be budgeted based on a 0% increase for the remainder of FY 2015 and a 3% increase next year from current year projections.
- 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 0%; Telecommunications should be based on a decrease of 15% for the remainder of this fiscal year and a 5% decline next fiscal year; 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 2014.
- Permit revenue should be based on using a five-year average.

New Business

There was no new business discussed by the Finance Commission.

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Adjournment

As there was no further business to come before the Commission, Commissioner Morris moved to adjourn the meeting, seconded by Commissioner Maali. The meeting was adjourned at 9:52 p.m.

Respectfully Submitted:

Darrell Langlois
Assistant Village Manager/Finance Director