

**Village of Hinsdale
Finance Commission
Minutes of Meeting on September 2, 2010**

Members Present: Chairman Burridge, Commissioners Posthuma, Waldo, Kushner, and Elder

Members Absent: Commissioners Aggarwal, Hughes, Maali, and Savickas

Staff Present: Darrell Langlois, Assistant Village Manager

Others Present: Village President Tom Cauley

Meeting Called to Order at 7:32 pm.

Approval of Minutes

Chairman Burridge asked for a motion to approve the minutes of the July 29, 2010 Commission meeting. Commissioner Waldo noted one editorial change to the minutes clarifying a statement he had made regarding salary costs. Commissioner Elder motioned for the approval of the minutes for the July 29, 2010 meeting, Commissioner Posthuma seconded. The motion passed unanimously.

Discussion Items

Review and Discussion of the July, 2010 Treasurer's Report

Mr. Langlois presented information from the July 2010 Treasurer's Report. Sales tax revenue has continued to show monthly increases. Income tax revenue has increased over the last two months but has declined 10.4% so far this year. Also regarding income tax, he noted that during July the State made two income tax payments and now was four months behind, which is an improvement of one month. The State still remains \$500,000 behind in payments.

Mr. Langlois continued to present information regarding the revenue and expenses of the Village compared to the previous year and forecasted figures. Food and beverage receipts were up over the prior year and are expected to end the year over budget. Property tax revenue began to be received in June and is tracking as expected; to date we have received about 43% of the Village's \$5.57 million tax levy. Utility tax revenue has trended upward due to the water rate increase and hot summer. During July the Village received over \$433,000 in permit fee revenue with over \$300,000 being from Hinsdale Hospital. Trends for permit fees continue to be positive with over \$100,000 expected for August. Commissioner Waldo noted some trend information regarding sales tax and whether Mr. Langlois had any insight as to the causes of the changes. Mr. Langlois indicated that the State does not provide any specific tax information so that drawing any specific conclusions is difficult. In total park and recreation fees are comparable to the prior year but pool memberships will be below budget.

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Mr. Langlois noted that expenses are tracking within budget. Commissioner Elder asked if there were any new positions added this year; Mr. Langlois replied that the only two personnel changes so far were that the Village is currently in the process of hiring an employee for a vacant clerical position in the Police Department and the Village Board has authorized hiring a part time building inspector on a temporary basis, likely to be for the duration of the hospital project.

Review and Discussion of Sub-Committee Work Regarding Non-Home Rule Sales Tax Referendum Information

Chairman Burridge commended the sub-committee for their work on this project. The Commission reviewed the draft report. There was general discussion regarding the cost increase in the Infrastructure Investment Plan as compared to prior versions, but the consensus was that most of the increase was due to expanding the scope of the plan, predominately to include annual maintenance. Commissioner Waldo noted his concern regarding cost escalation due to continuing to wait to adequately fund the Plan. Commissioner Kushner noted that this issue is at least partially addressed in the draft as information is provided regarding the costs of resurfacing a street versus reconstructing a street.

Commissioner Kushner noted that she had received some feedback regarding the statement being made regarding the Village's AAA bond rating and improved reserve position possibly misleading voters to imply that the Village is OK and doesn't need the additional revenue. She noted that there remains the possibility of bonding in the early years and that these factors would result in very low borrowing costs, this is why the statement was made. Commission Waldo requested that the draft include an estimate of the cost impact on a Hinsdale property tax bill being about \$275 per home as compared to the \$100 if the sales tax is approved. Commissioner Posthuma recommended revising the statement proposed about "maintaining Hinsdale's character and quality of life" as this statement implies a quality judgment that is not the role of the Commission. A statement more along the lines of "maintaining current levels of service" would be more appropriate. For the same reason regarding the editorial nature of the comment it was the consensus to strike item #13 from the draft document.

The Commission also requested adding wording that would illustrate the cost differential for repaving one mile of streets versus reconstructing one mile of street in order to illustrate the increase cost of waiting. There was general consensus to make all of these changes. Mr Langlois will revise the document and circulate via email as it is needed prior to the next Commission meeting.

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Review and Discussion of Sub-Committee Work Regarding Current and Potential Public Safety Consolidation Efforts

Commissioner Waldo gave a report on a meeting he and Commissioner Hughes had Village staff regarding Public Safety Consolidation Efforts. Commissioner Waldo noted that the direction given to the sub-committee was to determine whether savings of over \$250,000 were possible at anytime in the future. Based on their meeting with staff, the subcommittee did not feel savings over this amount were possible for the Fire Department. This is based on the limited ability to reduce the number management staff significantly from current levels. In the Police Department, however, there does seem to be potential to yield savings over \$250,000 through consolidation or shared service options. There are current discussions ongoing in this area so he recommends tabling this issue for several months to allow these discussions to progress. Commissioner Posthuma questioned the ability to reduce equipment costs in the Fire Department through shared services. Commissioner Waldo indicated that there would be potential savings but the amounts would be minor and that most of the analysis to date has been on management staffing savings.


Adjournment

As there was no further business, the meeting was adjourned at 8:21 P.M.

Respectfully Submitted:

Darrell Langlois
Assistant Village Manager

MEMORANDUM

Date: November 3, 2010
To: Chairman Burrige and Members of the Finance Commission
From: Darrell J. Langlois, Assistant Village Manager/Finance Director 
RE: Minimum Police and Fire Pension Fund Funding Requirements

In prior years, the Finance Commission has reviewed actuarial data and minimum contribution requirements for the Police and Firefighters' Pension Funds. As you may recall, State Statutes require that funding requirements of both pension funds be determined based on an actuarial study. The Village has the option to utilize an actuarial valuation performed by the Pension Division of the Illinois Department of Professional Regulation (using state-wide actuarial assumptions) or they can base their contribution on an independent actuarial study (based on its own actuarial assumptions). For FY 2010-11 (tax levy year 2009) the Village based its contribution requirement on the actuarial data provided by the Pension Division.

The Pension Division has recently submitted its actuarial valuation and minimum funding requirements for the 2010 tax levy year (will be received in FY 2011-12). The updated data, along with four years of trend information, is attached for your information. The minimum funding requirement for the Police Pension Fund is \$777,470, which is a decrease of 37,884; for the Firefighters' Pension Fund the requirement is \$882,024 a decrease of \$36,474. Favorable investment returns and fewer covered members are the causes of both decreases.

State Statutes also require that both pension funds submit a funding request to the Village, but the ultimate funding decision is up to the Village Board. The Firefighters' Pension Fund has submitted a funding request of \$1,259,822 based on an actuarial valuation study performed by Sandor Goldstein. This request would be an increase of \$341,324 from the amount contributed this past year. The significant difference between the Pension Division and independent actuary amounts is due to a number of differences in assumptions used, most notably the investment return assumption and mortality table. The Police Pension Fund has not yet submitted its funding request as their actuarial study has not been completed.

At its meeting of November 2, 2010 the Village Board adopted a preliminary tax levy based on the funding requirements provided by the State. The final tax levy is expected to be adopted on December 14, 2010.

**Village of Hinsdale
State Actuarial Pension Comparison
4/30/2010**

Police Pension	4/30/2006	4/30/2007	4/30/2008	4/30/2009	4/30/2010	\$ Change
Net Present Assets	16,025,447	17,166,278	17,058,713	15,319,718	17,573,585	
Accrued Liability	20,829,437	22,473,986	24,200,582	25,817,390	27,003,624	
Over/Under Funded	(4,803,990)	(5,307,708)	(7,141,869)	(10,497,672)	(9,430,039)	
Percent Funded	76.94%	76.38%	70.49%	59.34%	65.08%	
Normal Cost	248,399	263,753	270,429	299,062	296,884	
Amortization of Unfunded Liability	214,404	244,314	339,542	516,292	480,586	
Total Recommended Tax Levy	462,803	508,067	609,971	815,354	777,470	(37,884)
Actual Levy			771,875	815,354	777,470	

Participant Data:

Active Members	28	28	27	28	26
Beneficiaries	20	20	21	21	20
Total	48	48	48	49	46

Firefighters' Pension

Net Present Assets	10,981,588	12,192,085	12,398,122	11,195,183	12,759,655	
Accrued Liability	15,600,988	18,021,789	19,657,775	21,034,153	21,897,992	
Over/Under Funded	(4,619,400)	(5,829,704)	(7,259,653)	(9,838,970)	(9,138,337)	
Percent Funded	70.39%	67.65%	63.07%	53.22%	58.27%	
Normal Cost	398,637	419,876	423,018	434,602	416,304	
Amortization of Unfunded Liability	206,165	268,342	345,142	483,896	465,720	
Total Recommended Tax Levy	604,802	688,218	768,160	918,498	882,024	(36,474)
Actual Levy			828,745	918,498	882,024	

Participant Data:

Active Members	26	27	28	26	24
Beneficiaries	16	18	20	20	21
Total	42	45	48	46	45