

**Village of Hinsdale
Finance Commission
Minutes of the Special Meeting on June 21, 2012**

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

Staff Present: Darrell Langlois, Assistant Village Manager and Dave Cook, Village Manager

Others Present:

Meeting Called to Order at 7:30 p.m.

Approval of Minutes

Chairman Hughes asked for a motion to approve the minutes of the March 20, 2012 Commission meeting. Commissioner Posthuma moved approval of the minutes, seconded by Commissioner Waldo. The minutes passed unanimously with a couple of minor corrections noted by Commissioner Waldo.

Agenda Items

Review and Discussion of the April, 2012 Treasurer's Report

The Treasurer's report presented reflects the first close of the Village's April 30, 2012 year end. Mr. Langlois reported that Base Sales Tax receipts increased by \$26,067 for March and \$21,903 for April. Sale tax revenue for May was up 2.2% and for June was up 14.3%. For FY 2012-13, total base sales tax receipts ended the year at \$2,557,000, an increase of 7.7%.

Chairman Hughes questioned whether staff could isolate how much of the tax increases was from gasoline sales. Mr. Langlois noted that the state reports sales tax revenue in ten categories according to the retailers, not sales. With the non-home rule sales tax being implemented the Village will start to receive more retailer based sale tax information.

Mr. Langlois reported that during FY 2012 the Village received seven tax distributions of the new 1% Non-Home Rule Sales tax totaling \$968,849, which is approximately 62.5% of the base sales tax amount for the same seven month period.

Mr. Langlois reported that Income Tax revenue has increased 23.4% for March and 11.4% for April. Although not yet reported, receipts for May were strong with an increase of 26.6% and tax receipts increased by 10.7% for June. Total Income Tax receipts for FY 2011-12 totaled \$1,380,353, a decrease of 1.3%. This variance is unfavorable when compared to budget as an increase of 2% was assumed in the FY 2011-12 Budget but is better than the 5% decline expected due to the change in Hinsdale's population.

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The State did not make an income tax payment during February but did make a payment in both March and April. As of the end of April, the State remained four months in arrears. However, during May the State did make two payments and was three months behind schedule.

Mr. Langlois reported that Food and Beverage tax revenue for April amounted to \$28,000, an increase of 14.9%. For the year, Food and Beverage taxes amounted to \$317,217, an increase of 11.5%. This variance is favorable when compared to budget as an increase of 2% was assumed in the FY 2011-12 Budget.

Mr. Langlois reported that property tax collections for the year amounted to \$5,914,013, which is approximately 102.6% of the Village's \$5.76 million tax levy. This is due to the Village realizing much of the 1% loss factor added on by the counties and an adjustment of \$50,000 to the DuPage levy due to "truing up" of the Cook County levy.

Combined Gas, Electric, Telecommunications, and Water Utility Taxes for April were \$177,312, which is 10.1% below previous year's receipts. Total utility tax collections for the year were \$2,124,606, which is 0.1% below the prior year. On the positive side telecommunications taxes, which had declined over the last several years, did post a year over year increase of 2.2%. On the negative side there has been a large decline in natural gas prices which has impacted utility tax revenue.

Building Permit revenue for April totaled \$99,921, which is 117% above the amount received during the same period last year. Total permit revenue for the year was \$1,253,670, which is 27.1% above budget.

Mr. Langlois stated that for FY 2011-12 most operating expenditures for all departments ended the year within budgetary expectations. He reported that total legal billings for FY 2011-12 amounted to \$188,174, which is below the budget of \$225,000. Of this amount, approximately \$45,000 is reimbursable from outside parties.

Mr. Langlois reviewed page 2 of the Treasurer's in detail to provide explanations for a number of unusual year end budget variances.

Mr. Langlois reported that on a net basis, based on this preliminary close, the end of year results indicate an end of year surplus in the General Corporate Fund of \$782,824, which is greater than the amount of \$565,833 assumed in the FY 2012-13 Budget. This favorable performance is due mostly to actual revenues exceeding our most recent projections. These results include \$200,000 in discretionary Police and Fire Pension contributions as well as an additional contribution of \$400,000 to the Capital Projects Fund. Of the surplus of \$782,824, \$400,000 has been designated as initial funding for capital reserve account with the General Fund, with much of it budgeted to be spent in FY 2013 on a number of capital items. As the fiscal year closing process is completed,

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staff expects the amount of the surplus to be reduced somewhat but still in excess of what was projected during the recent budget process.

The Commissioners asked a few questions and thanked Mr. Langlois for his report.

Overview of Future Meeting Topics

-KLM Subcommittee

Commissioner Morris gave an update on the work of the subcommittee. There are two main goals, one is to work with staff on improving operating results of the facility, including a review of the current fee structure. The second goal is to evaluate the best uses of the space at the Lodge. A legal review indicates that alternative uses could be considered provided it is open to the public, such as a restaurant operation. The committee is going to talk to others who have expertise in this area, particularly in the food and beverage area. It was also noted that Economic Development Director Tim Scott would be added to the subcommittee. The subcommittee expects to meet next in August.

-Five Year Financial Plan

Mr. Langlois noted that during the recent budget process both the Finance Commission and the Village Board noted the need to have a long range plan to address capital needs of the Village outside of the scope of the MIP. Staff has been working on this for the last two months, and once completed this will come before the Finance Commission for its review, likely in the early fall

Chairman Hughes asked Mr. Langlois on the status of Police consolidation with Clarendon Hills and the need of the Commission to review the cost savings and the cost savings allocation. This was discussed at the last meeting. Mr. Langlois indicated that this is still moving along but not yet ready for the Commission to review.

-Water Meter Replacement and Meter Reading Technology System

Mr. Langlois described the current problem of unaccounted for water, which is essentially water purchased from the DuPage Water Commission that is not being billed to water customers. The initial focus was on stopped meters, whereby over 400 meters have been changed but more are needed. Some improvement has been noted in that for the recently completed year the number of gallons billed increased by 1.3%, yet the gallons purchased from DWC declined by 7%. Mr. Langlois estimated that 75% to 78% of water purchased from DWC is being billed to residents. This is below an acceptable standard.

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Much of the Village's meter stock is over 20 years old. As over time meters slow down, the age of the meters is likely a major contributing factor to the unaccounted for water problem. The Village has tested approximately 38 residential meters of which nearly 50% failed AWWA standards. The failure was measured at "low flows", which is where most residential water consumption is measured.

There was general discussion regarding meters, how they work mechanically, flow data, and how this information can be applied to Hinsdale to estimate the potential revenue gains from a meter change out program. This issue will be brought before the commission in the next three months for their feedback.

New Business

Mr. Langlois noted that the Village has awarded two large contracts for road construction. The Washington Street project was slightly over budget, the Woodlands project came in under budget. On a net basis these two projects are within the cost contemplated by the MIP. Mr. Langlois also noted the Village is in the process of selling \$5.0 million in bonds to partially fund road work. There will also be a sale of Special Service Area bonds in the next few months totaling \$1.6 million to finance the resident's share of the Woodlands Project. Mr. Langlois also noted the referendum and process related to electric aggregation.

Adjournment

As there was no further business to come before the Commission, Commissioner Morris moved to adjourn the meeting, seconded by Commissioner Balzekas. The meeting was adjourned at 8:34 p.m.

Respectfully Submitted:

Darrell Langlois
Assistant Village Manager