

**Village of Hinsdale
Finance Commission
Minutes of the Special Meeting on April 4, 2016**

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

Members Absent: Commissioner Maali

Staff Present: Kathleen Gargano, Village Manager, Darrell Langlois, Assistant Village Manager/Finance Director, Chris Webber, Assistant Finance Director, Suzanne Ostrovsky, Management Analyst

Also Present: None

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

Agenda Items

Review and Discussion of the January 2016 Treasurer's Report

Mr. Langlois noted that base sales tax receipts for the month of January (October sales) decreased by \$2,500 or 1.1% and for February decreased by 10,766 or 4.8%. Year-to-date base sales tax receipts for the first ten months of FY 2015-16 total \$2,271,357 as compared to \$2,363,573 for the same period last fiscal year, a decrease of \$92,216 (-3.9%). This variance is unfavorable when compared to budget as this revenue source was projected to decrease 3% through December 2015 due to the expected impact of declining gasoline prices. Total Sales Tax receipts (including local use tax, which has increased 17.9% over the prior year) for the first ten months of the fiscal year total \$2,583,847 as compared to \$2,628,541 for last fiscal year, a decrease of \$44,694 (-1.7%).

Income Tax revenue increased by \$29,023 (21.2%) for January and decreased by \$22,717 (-11.1%) for February. Total Income Tax receipts for the first ten months of FY 2015-16 total \$1,524,220 as compared to \$1,375,505 for last fiscal year, an increase of \$148,712 (10.8%). This variance is favorable when compared to budget as this revenue source was projected to increase 3% in the FY 2015-16 Budget. Please note that although actual receipts have increased significantly from the prior year, the end of year result is expected to be approximately \$175,000 below budget in order to implement an accounting change recommended by the auditors as to the timing of when income tax receipts are recognized as revenue.

Food and Beverage tax revenue for January amounted to \$28,619 as compared to the prior year amount of \$27,760, an increase of \$859 (3.1%). Year to date Food and Beverage taxes earned for the first ten months of the year amount to \$343,245 as compared to the prior year amount of \$304,780, an increase of \$38,465 (12.6%). This variance is favorable when compared to budget as an increase of 3% was assumed in the FY 2015-16 Budget.

**Village of Hinsdale
Finance Commission
Minutes of Meeting On
April 4, 2016**

Property tax collections through January amounted to \$6,099,107, which is approximately 93.33% of the Village's \$6.53 million tax levy and should end the year close to budget. Gas, Electric, Telecommunications, and Water Utility Taxes for January was \$162,111, which is \$21,521 or 11.72% below previous year's receipts. Year to date Utility Tax receipts amount to \$1,476,778, an increase of \$736 or 0.05% from the previous year.

Building Permit revenue for January was \$96,827, which is \$38,667 or 66.48% above the prior year. For the first nine months of the year, total Building Permit revenue stands at \$1,693,067, a decrease of \$144,616 or 7.87% from the prior year but in comparison to budget we have now collected 106.8% of the annual budget through only 75.00% of the year. We are currently over \$100K over the annual budget

As January is the ninth month of the fiscal year, operating expenditures for all Departments are still well within budgetary expectations. Commissioner Tobia asked for clarification regarding the accounting change related to income tax revenue.

Review and Discussion of the Draft FY 2016-17 through FY 2020-21 Capital Improvement Plan

Village Manager Gargano presented an overview of the FY 2016-17 through FY 2020-21 Capital Improvement Plan (CIP). Ms. Gargano noted that spending for next year is projected to be \$1.7 million in capital, which is higher than previous years due to deferral of several items to next year as staff held back on spending on some capital items due to uncertainty of the State budget and its possible effect on village finances.

Mr. Langlois reviewed a presentation of the CIP. Mr. Langlois noted that the annual transfer of \$1.2 million supports the spending on the CIP. The total spending in the CIP is projected at \$7.4 million for the next five years, which will be funded using annual transfers of \$1.2 million annually plus the current fund balance that is available. There was general discussion between staff and the Finance Commission regarding the various sources of funding for the CIP and the MIP.

Commissioner Tobia questioned showing the parking pay box item in the Police Department. Mr. Langlois noted that the Police Department is responsible for managing the parking program of the Village. The CIP includes \$247,000 for the parking pay boxes downtown, but this item is not in the operating budget pending further review by the Village Board. Ms. Gargano noted there is a building study contemplated for the Police/Fire facility as this came up during the recent police accreditation process. Commissioner Morris questioned how estimates for the CIP are obtained, and Commissioner Tobia questioned how purchasing is done and whether there should be a purchasing agent on staff. Mr. Langlois estimate that the costs associated with this type of position would outweigh the potential benefits. Commissioner D'Arco questioned

**Village of Hinsdale
Finance Commission
Minutes of Meeting On
April 4, 2016**

expenditures and staffing related to Information Technology and information on the outsourcing proposal.

Chairman Waldo questioned the walkway project for the platform tennis courts and user group cost sharing for these types of expenditures. Village staff noted that this was a safety issue and the repair had to be completed. There was general discussion about the costs associated with the building in KLM that used to house the Center for the Arts. Mr. Langlois noted that we are close with finalizing a lease for the building with a Montessori preschool tenant, and there was discussion about an appropriate time frame for recovering the cost of the improvements. Mr. Langlois noted that the payback would be less than seven years. There was general discussion about tentative lease terms with the proposed tenant.

Mr. Langlois gave an overview of the capital for the Water Fund. It was noted that the list includes a capital item to study possibly having an interconnect agreement with Burr Ridge that may result in a reduction in the number of wells the Village needs to have on “standby” in the event of an emergency. Chairman Waldo asked for clarification regarding the bridge loan from the MFT Fund to the MIP Projects Fund.

Review and Discussion of the FY 2016-17 Budget

Ms. Gargano provided an overview of the transmittal letter. Mr. Langlois presented the Draft 2016-17 Annual Budget. The General Corporate Fund, which is the major operating fund of the Village, is projected to end FY 2015-16 with an operating surplus of \$600,000, which is \$400,000 better than budget. The surplus is being used to make \$150,000 in extra contributions to the Police and Firefighters’ Pension Funds and to make a contribution of \$700,000 to the Annual Infrastructure Fund. The ending fund balance is estimated at 25.6% of expenditures.

The budget for FY 2016-17 includes a budgeted transfer of \$300,000 to the Annual Infrastructure Fund and the Contingency has been increased to \$350,000 due to the possible reduction in State revenues should the State adjust the current revenue sharing formulas.

The revenues are based on the directions given by the Finance Commission, the maximum amount available for property taxes under the tax cap, and fee increases approved by the Village Board in 2015. Total revenues are projected to increase by over \$700,000, total expenditures are projected to increase by less than 1%.

Total General Fund expenditures are budgeted at \$20.1 million, of which approximately 46% is allocated to police and fire services. Transfers have been increased by \$400,000 from the prior year. Commissioner D’Arco asked for the status of possibly outsourcing IT service, which staff noted this was still being evaluated but the budget includes the most expensive option. Mr. Langlois updated the commission regarding the status of the two

**Village of Hinsdale
Finance Commission
Minutes of Meeting On
April 4, 2016**

collective bargaining agreements. Commissioner Morris noted the low investment performance of the two pension funds due to poor market conditions.

Mr. Langlois reviewed the budgets of the funds that fund the infrastructure program. For FY 2016-17 the total budget for infrastructure is just short of \$18 million; this includes the costs associated with Oak Street Bridge; the State is managing the work, the Village will recognize the cost once the final billing is done. The budget includes the cost of the project in Graue Mill, which all but \$104,000 of the funding this coming from grants. Mr. Langlois gave an overview of the history of the Annual Infrastructure Fund.

Ms. Gargano noted that the staff was evaluating the pool operations and a survey was developed, but due to the limited response the survey was being expanded to encompass more residents and to make sure that current users are contacted. Chairman Waldo asked about the funding level differences between the Police and Fire Pension funds, Mr. Langlois noted that a lot of the difference is due to a number of legislative changes that were more favorable to Fire Pension Fund members and lowered the funded percentage.

New Business

There was no new business discussed by the Finance Commission.

Adjournment

As there was no further business to come before the Commission, Commissioner D'Arco moved to adjourn the meeting, seconded by Commissioner Morris. The meeting was adjourned at 10:06 p.m.

Respectfully Submitted:

Darrell Langlois
Assistant Village Manager/Finance Director