

**Village of Hinsdale
Finance Commission
Minutes of the Special Meeting on December 12, 2016**

Members Present: Chairman Waldo Commissioners Boomer, Booras, and Tobia

Staff Present: Darrell Langlois, Assistant Village Manager/Finance Director, Kathleen Gargano, Village Manager; Alison Brothen, Assistant Finance Director, Brad Bloom, Assistant Village Manager/Director of Public Safety

Also Present: Trustee Hughes

Meeting Called to Order at 5:34 p.m. Chairman Waldo noted the departure of Scott Morris and Matt Posthuma from the Finance Commission and then introduced new Commissioners Peter Boomer and Gary Booras.

Approval of Minutes

Chairman Waldo asked that the minutes for the April 4, 2016 meeting be deferred to the next meeting as they are still being prepared.

Agenda Items

Review and Discussion of the October 2016 Treasurer's Report

Mr. Langlois presented the October 2016 Treasurer's Report. This report covers the sixth month of the 2016-17 fiscal year (50% on a straight-line basis). Additional information on major revenues received through the date of this report is also addressed in some of the narrative sections.

Base Sales Tax receipts for the months of November (August sales) decreased by 8.4%, and for December increased by 3.9%. Sales tax revenues have fluctuated up and down due to changes in gasoline prices. Total Sales Tax receipts (including local use taxes) for the first eight months of the fiscal year total \$2,054,001 as compared to \$2,036,199 for last fiscal year, an increase of \$17,802 (.8%).

Income Tax revenue for the month of November (October liability) amounted to \$99,000 as compared to prior year receipts of \$113,000 a decrease of \$14,000 (-12.7%) November. Total Income Tax receipts for the first seven months of FY 2016-17 total \$931,928 as compared to the prior year amount of \$1,088,074, which is \$156,146 or 14.4% below the prior year. Approximately \$60,000 of this variance was expected as May receipts in 2015 were unusually high, but the remaining negative variance was not expected as Income Tax receipts for the remainder of the year are budgeted to be flat.

The FY 2016-17 Budget amount for income tax equates to \$104.47 per capita, which is very close to the per capita amount of \$104 that was projected by a consultant hired by the Illinois Municipal League in July, 2016 to make revenue projection for

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municipalities. Village staff recently corresponded with IML and they are currently researching the decrease in income tax distributions and expect to have revised projections issued by January 2017. The state is still two months behind in disbursing income tax revenue.

Food and Beverage tax revenue for October amounted to \$37,000 an increase of \$3,700 (11.2%). Year to date Food and Beverage taxes earned for the first six months of the year amount to \$221,000 as compared to the prior year amount of \$201,000, an increase of \$20,000 (10.2%). This variance is favorable when compared to budget as an increase of 5% was assumed in the FY 2016-17

Approximately 90% of the Village's property tax base is located within DuPage County. Property tax collections through October amounted to \$6,098,452 which is approximately 91.7% of the Village's \$6.64 million tax levy. Combined Gas, Electric, Telecommunications, and Water Utility Taxes for October were \$164,864, which is \$11,082 or 6.3% below previous year's receipts. Year to date Utility Tax receipts amount to \$1,004,512, a decrease of \$9,335 or 0.9% from the previous year.

Building Permit revenues for October were \$81,000, which is \$360,000 or 81% below the prior year (prior year receipts were unusually high). For the first six months of the year, total Building Permit revenue stands at \$872,201, a decrease of \$325,180 or 27.2% from the prior year, but this amount is still \$34,401 over the year to date budget amount as we used a four average to budget for permit fee revenue, not the prior year amount as the last two years had been extremely high.

As October is only the sixth month of the fiscal year, operating expenditures for all Departments are still well within budgetary expectations. Total legal billings through the month of October amounted to \$89,117, which is tracking slightly below budget for the first sixth months of the fiscal year.

Mr. Langlois noted that at the six month point in the year staff updates the estimated end of year amounts for most major revenue accounts. On the expenditure side, staff has updated the estimates on most personnel accounts and major operating accounts, and capital accounts. On a net basis, the end of year results project to an end of year surplus in the General Corporate Fund of \$230,000 which is \$228,000 greater than the amount of \$1,259 assumed in the FY 2016-17 Budget. Personnel costs are project to be \$273,000 below budget

On December 2, 2016 the draft FY 2018-2022 Five Year Departmental Capital Plan was distributed to the Village Board and Finance Commission. We expect to review this document with both the Village Board and Finance Commission during January, 2017.

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Mr. Langlois noted that staff was proceeding with issuing bonds in order to refinance a prior bond issue, but due to recent increases in interest rates this process has been suspended. There was general discussion about the proposed refinancing. Mr. Langlois noted that the Village's audit has been completed and is available on the website. The audit includes implementation of GASB Statement #68, which is a significant new reporting standard that applies to pension fund reporting.

Discussion of Budget Assumptions to be Used in Preparation of the 2017-18 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 2017-18 Annual Budget:

- Sales Tax and Non-Home Rule Sales Tax revenue should be budgeted based on a 3% increase over the prior year.
- Income Tax revenue should be budgeted based on a 3 % increase over the prior year.
- 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 5%; Telecommunications should be based on a 0% increase; Water should be based on an increase of 3%.
- There was significant discussion regarding permit revenue fee revenue but consensus was not reached; the commission requested additional information to aid in revenue setting, staff will follow up through email.
- The Commission recommended an ending fund balance reserve target plus contingency equal to a minimum of 28% of operating expenditures.

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 Booras moved to adjourn the meeting, seconded by Commissioner Boomer. The meeting was adjourned at 7:20 p.m.

Respectfully Submitted:

Darrell Langlois
Assistant Village Manager/Finance Director