

**Village of Hinsdale  
Finance Commission  
Minutes of Meeting on October 30, 2008**

Members Present: Chairman Kane, Commissioners Bauschard, Kushner, Savickas, Wagner and Waldo

Members Absent: Commissioners Aggarwal, Jurgenson, Vernick

Staff Present: Doug Cooper, Director of Finance

Meeting Called to Order at 7:35 pm.

**Approval of Minutes**

Chairman Kane asked for a motion to approve the minutes of the September 25, 2008 Finance Commission meeting. Commissioner Savickas moved for approval; Commissioner Wagner seconded. Chairman Kane asked for any discussion on the minutes as presented.

Commissioner Waldo stated that he had a number of proposed changes to the minutes regarding the discussion of the August 2008 Treasurer's Report and Village Investment Options. He asked that in the interest of time, the approval of the minute be deferred until the next meeting. He stated that he would provide his changes to staff. Commissioner Savickas amended the motion to defer approval of the minutes to the next meeting. The motion was seconded by Commissioner Waldo and unanimously approved by the Commission.

**Discussion of the September 2008 Treasurer's Report**

Chairman Kane stated that the attention is now to focus on the contingencies within the budget. Mr. Cooper reminded the Commission that the 2009 Budget contained a contingency for \$430,000. The Budget also contains \$297,000 in deferred capital projects, which will not be approved for expenditure until a six-month review of the budget was made.

Mr. Cooper then discussed the sales tax distributions stating they are currently 1.9% above the previous year's receipts. He stated that the November distribution would help indicate whether the decline in gasoline prices would affect the sales tax collections. He stated that income tax receipts are still 6% above previous year's distributions. The Village has increases estimated income tax revenues by 2.44%.

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He discussed the Illinois Municipal League per capita revenue estimates and how staff utilized this report to determine future revenue receipts. There was some additional discussion on income tax distributions by the state and the IML projections. Chairman Kane stated that these projections would affect the Village more in determination of next year's assumptions more than the remainder of the current year. Mr. Cooper then discussed other revenue items with the budget including the expected amounts to be received for the following revenues items: Utility Taxes, Building Permits Fines and Service Fees. The Proceeds from the Sale of Property account was also discussed particularly as it relates to the sale of the fire truck. There was also some discussion on the interest income side. It was determined that the estimated year-end amount would probably not exceed \$125,000 for the year.

After some discussion, the commission agreed that there was currently about a \$600,000 revenue shortfall from budget. Commissioner Kushner stated that what the Commission is attempting to do is to state that given the strain on the revenue side, and the probability that things will get worse before they get better, it appears that the release of contingency funds should not occur at this time. Commissioner Savickas wanted to know if there were any uncommitted costs to date outside of the contingency that can be reduced if necessary. These would be pure reductions as opposed to deferrals. Mr. Cooper stated that there were. For example, the Village has already reduced certain budgeted expenditures to account for an expected overage in road salt costs.

Mr. Cooper then addressed the expenditure side. He stated that there are certain budgeted expenditures that will come in less than originally budgeted. One of the line items is legal fees. These fees originally budgeted at \$500,000 could amount to about \$400,000 for the year at a maximum. Mr. Cooper then discussed other Departmental costs, including the Police Department overtime costs. Although these costs are currently estimated to finish the year above budget, a portion of these costs are for programs that will be 100% refunded from the State of Illinois. Chairman Kane then discussed his overall analysis of each department. He compared total departmental costs on a straight-line basis to the estimated actual year to date column. If the actual month to date cost is annualized it will generally equal the estimated annual amounts. This analysis works for all departments except the Police Department, which is off by \$300,000. Staff was asked to look at this discrepancy. Chairman Kane asked if staff was comfortable with the annual estimates. Staff responded that they were. Staff then discussed the measures taken regarding the annual gasoline charges for the Village.

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Mr. Cooper stated that the Treasurer's Report is currently indicating that there is negative balance from budget of \$52,000, and that there is a decision to be made about the deferred capitals given this variance from budget.

After some discussion the Commission felt that there really should be no spending of the deferred capitals, and that the Village look at the picture in two months to determine if any of these deferred monies can be expended.

Commissioner Kushner asked that a schedule be added showing the historical trend of estimates for each month during the current fiscal year to show a trend of the estimates each month. Staff said they would incorporate this into the report,

**Discussion of 2009-10 Budget Assumptions**

Staff walked the Commission through the period for the budget preparation—staff begins the process in November with staff estimates, and then begins to distribute the budget worksheets to each department shortly after the Thanksgiving Holiday so that the draft budget can be provided to the Board in January.

The Commission then discussed each line item and what the assumptions would be. Property taxes were discussed and how the annual Tax Levy was developed. This year the estimated increase would be about 5%. State distributions were discussed. Staff felt there would be a small increase in the income tax amount. The Commission felt strongly that this would not be the case. After much discussion, it was decided that a general decrease of 3% should be used.

The Commission looked at the Utility Tax increases and determined that an increase of approximately 3% was adequate. This lead to a general discussion of what the actual COLA for the 2010 year would be. Staff responded that generally, a 3% level was used. Village Permit Revenues were discussed also. Staff recommended a no increase at this time. The Commission agreed to this assumption. Service fees as a whole were reviewed and an assumption rate of 3% increase was determined to be valid. There was discussion regarding KLM uses and how this would affect the service fees. Fines, Licenses and other Fees are left at staff's discretion. Interest income was discussed and it was determined that there would be no growth, and possibly a decrease. Staff was directed to look at this account based on anticipated holdings.

Personnel Services was also discussed. Staff stated that the Village's general salary rate increase was 3.75%. This is based on the latest union Contract. The

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Commission the discussed the Police and Firefighter's pension contributions and how the resulting contributions by the Village would affect the overall levy.

Commissioner Kushner asked about the capital amounts showing on the Treasurer's Report. Mr. Cooper stated that these amounts include all budgeted capitals, including the \$297,000 deferred amount. There was discussion regarding the potential of putting the deferred capitals on the backburner for too long. There were certain items that would need to be addressed in the upcoming years.

**Other Items**

Commissioner Waldo discussed the issuance of General Obligation Bonds and how the issuance of this type of financing (Property Tax Funding) was different from the Sales Tax Increase.

Mr. Cooper discussed the Schedule of Meetings for the next two Finance Commission Meetings. It was decided to consolidate the November and December Meetings to December 4, 2008 at 7:30 pm.

**Adjournment**

Since there was no further business to come before the Commission, it was moved to adjourn the meeting. The motion was seconded and passed and the meeting adjourned at 9:30 p.m.

Respectfully Submitted:

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Douglas E. Cooper  
Director of Finance