



**HAWTHORN WOODS
SPECIAL FINANCE COMMITTEE MEETING MINUTES
APRIL 17, 2008
7:30 P.M.**

I. CALL TO ORDER AND ROLL CALL

Meeting was called to order at 7:45 P.M.

Attending: Doug Samz, Chairperson
Kelly Corrigan
Tom Ketcham
Bob Sarley

Absent: Noah Seidenberg
Bob Gerry
Trustee Silvers

Also

Attending: Donna Lobaito, Assistant Village Administrator
Ron Heller, Interim Finance Director

II. OPPORTUNITY FOR PUBLIC TO ADDRESS THE COMMITTEE

None this month.

III. OLD BUSINESS

A. Budget Discussion
a. General Corporate Fund

Ron Heller, Interim Finance Director, recapped the changes to the General Corporate Fund. Specifically he mentioned that we anticipate receiving \$23,000 more than we believed in our tax levy extension. We will also be receiving about \$11,800 in FEMA money from a snow event in February. Furthermore the General Corporate Fund now reflects a transfer of \$65,000 to

the General Fund from the Toll Brothers money for various village expenses. This is money above the earmarked money for the SSA project from Toll.

Trustee Morgan arrived at 7:50 p.m.

b. Non-General Corporate Fund

Mr. Heller reviewed the Non-General Corporate Funds. He mentioned that he has created a new Fund 2 – Community Development fund to capture all revenues and disbursements attributable to building activity. This is intended to rebuild the general reserves.

Fund 10 Park Improvement Fund reflects a park donation of \$338,760 in FY09 from Stonebridge. \$190,000 will be used in FY09 for debt service.

Fund 12 Connection Fees – Mr. Heller commented he was not sure the purpose of this fund.

Fund 15 Aquatic Center Construction – The committee discussed the transfer of \$114,000 to the Aquatic Center operating fund. Mr. Samz expressed concern about losing the lawsuit and not being able to pay.

Fund 22 and 25 Aquatic Center Bond & Interest and Bond Reserve Funds – Mr. Heller stated the debt service payment is made from Fund 22.

Fund 40 Aquatic Center Operating Fund – The \$114,000 transfer to revenues is seen here. Mr. Heller commented that we are required to maintain “reasonable” capital replacement funds. Mr. Samz stated he did not think \$10,000 was reasonable.

Fund 28 MFT – Mr. Heller stated that all money in this account will go to the SSA project. Presently, we have a fund balance of \$490,000.

Fund 30 SSA #4 Construction – Fund balance of \$3,000,000. The construction of the sewerline on Old McHenry Road may or may not happen in Stub Year 08.

Fund 37 – SSA #4 Debt Service - We will be receiving \$120,000 via the tax levy in Stub 08 to cover our debt service.

Fund 31 and 34 – SSA #1 Construction and Debt Service - Mr. Heller commented that we should have a fund balance of \$577,000 in FY09 and that the debt service will be paid from property taxes.

Fund 32 and 35 – SSA #2 Construction and Debt Service – Mr. Heller stated we should have a fund balance of \$946,000 in FY09 with \$644,754 to be

transferred to SSA #3. He stated the Village transfers \$200,000 each year from the General Fund for the road program. Over the next 20 months, \$350,000 will be transferred.

Fund 33 and 36 – SSA #3 Construction and Debt Service – Mr. Heller stated we see negative balances in both years, which needs to be addressed. He said the interfund transfer in Stub08 comes from Toll Brothers (\$825,000), General Fund (\$230,000) and MFT (\$626,000). Mr. Heller said Public Works may do some in-house work. Ms. Corrigan expressed concern that Public Works may not be able to absorb \$177,000 worth of work in Stub 08 or \$432,000 of work in FY09. Mr. Heller stated that he found one source of the shortfall, which is that the financial model the Village designed only reflected engineering costs of \$140,000 when in actuality, we are running at about \$1.3 million in engineering now. The committee expressed concern about how to overcome this shortfall.

Fund 55 Police Pension – Mr. Heller stated the Police Pension fund is being funded at \$11,131 per month. Mr. Samz said this is very low compared to the State of Illinois actuary computation which indicates we should be funding it at about \$199,000 per year. He said the general fund will have to pay if we come up short.

Trustee Morgan asked Mr. Heller overall, how was the Village doing. He was concerned about losing the Schaeffges lawsuit while utilizing the \$114,000. He also expressed concern about the shortage in SSA #3. He asked about the Village's fund balance. Mr. Heller stated the General Fund had a fund balance of \$1.3 million at the end of FY07 which represented about 28% of expenditures. We now have a fund balance of about \$500,000, however, we have a much smaller budget, so comparatively, a fund balance of \$500,000 is not as dire as it appears. He discussed cash flow projections in the next few years. He said spending and the timing of spending will be critical.

Trustee Morgan asked who is watching the SSA project. Mr. Heller said he will start watching it very closely. Trustee Morgan asked the committee if they were comfortable recommending the budget to the Village Board. Mr. Samz said no because of concerns about the Police Pension fund. Mr. Sarley said that historically, the Village Board has not put any stock in what recommendations the Finance Committee makes. Ms. Corrigan expressed concern that the Village has a reputation of not going out to bid on a lot of projects.

Motion by Ms. Corrigan, second by Mr. Sarley to recommend the General Fund budget to the Village Board for approval. Furthermore, they want the Village Board to know they have concerns over the Aquatic Center operating fund due to the litigation, concerns with the Police Pension fund due to the underfunding in Stub Year 08, and concerns about the deficit in SSA #3. The

committee does not recommend approval of any part of the FY09 budget. On a voice vote the motion carried unanimously.

V. NEW BUSINESS

A. None this month

I. ADJOURNMENT

On a motion by Mr. Ketcham, seconded by Mr. Sarley, the Finance Committee adjourned at 9:15 PM.

Respectfully submitted,

Doug Samz, Chairperson

Donna Lobaito, Assistant Village Administrator