



**THE VILLAGE OF HAWTHORN WOODS
SPECIAL VILLAGE BOARD MEETING
2 LAGOON DRIVE, HAWTHORN WOODS, ILLINOIS
MARCH 4, 2008
7:30 P.M.**

MINUTES

I. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 7:30 pm.

Roll call indicated that the following were present: Mayor Hunt and Trustees Riess, Silvers, Morgan, Gehrke, Wright and Weick.

Other present included: Jim Bassett, village administrator; Ron Heller, finance consultant; Chief Jennifer Paulus and Denise Kauffman, community affairs coordinator.

II. PLEDGE OF ALLEGIANCE

III. OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD

None

IV. NEW BUSINESS

Mayor Hunt opened the discussion by telling the Board that the presentation tonight by Ron Heller is for the purpose of giving a financial update and stressed that all of the documents that are presented are drafts or working copies. Mayor Hunt said that Ron Heller is comfortable that the numbers he is presenting are accurate and the Board can be prepared to make decisions on those numbers. Based upon what is being presented to the Board tonight, the Department Heads have been asked to propose areas of spending that could be cut and what the impact would be as well as details on every proposed purchase. Mayor Hunt announced that there would be many meetings in the upcoming days, including a Thursday, March 6 meeting between Ron Heller, Mayor Hunt, Jim Silvers, Doug Samz and Jim Bassett will meet to formulate recommendations. Mayor Hunt also announced that there will be a special village board meeting on Monday, March 10 at 7:30 pm to discuss finances. Trustee Gehrke pointed out that it would now be necessary to move the Water and Infrastructure Committee meeting to 6 pm on Monday, March 10. The Finance Committee is scheduled to meet on Tuesday, March 11.

Ron Heller began his discussion by saying that he had gone line-by-line through the actuals, doing a cash-flow exercise. He said he looked at how revenues have come in, the receipts and disbursements. Ron said he did find some coding errors, as an example some legal expenses were coded wrong. Ron also said that interest income was understated in some accounts and some problems with Aquatic Center bills that should be in the General Fund. Ron has found that there is a \$761,000 deficit. Ron said he is now in the process of projecting revenues and asked the Trustees to review the General Fund Summary that he had prepared.

Mayor Hunt said that the staff preparing the budget was given the direction going forward to not include any revenue relating to building development so that the budget doesn't become dependent on revenue from building. Ron agreed that the Village is now funding current operations by non-recurring revenues. Mayor Hunt pointed out that special projects distort the budget. Trustee Morgan asked Ron if a budget summary could be prepared that takes out all of the items that "wash each other out." Ron can do this.

The discussion then continued and Ron told the Trustees and Board that the deficit in the general fund was \$761,000 and that the assumption when the layoffs were made was that the deficit was more like \$360,000 or so. He said the decline in revenue is rapid, there is no static decline. Mayor Hunt commented that the Board was headed in right direction on expenditure side; there is no control on revenue side. Ron commented that there has to be control on the expenditures.

Talk turned to possible remedies and that the Department Heads have been asked to cut all of their budgets by an additional 15 percent. The deadline they were given to do this cut of 15 percent was by the end of this week. Proposals for immediate cuts will be made next Monday.

Mayor Hunt said a series of "budget workshops" will be held in the coming weeks and that the Finance Committee is very involved in this process. Mayor Hunt said there would be two to three budget meetings in addition to regular meetings.

Trustee Weick requested a joint meeting with the Budget Committee and the Trustees before the budget comes before the full Board for approval.

Discussion turned to a suggestion of using a "sweep" account to possibly make an additional \$10,000 to \$20,000 per year for the Village. Trustee Silvers said this was a good idea.

Trustee Morgan asked about an amount that was in dispute, and Mayor Hunt said that the Schaeffges bill is subject to litigation. High Point Estates and Owl Haven are two developer obligations not paid.

Ron Heller also said that if all the numbers hold up, the theme of the next two years should be building the reserves.

Mayor Hunt agreed that commercial developments and retailers are scaling back and the Village may need to look at sales tax revenues and utility tax increase.

V. OLD BUSINESS

A. None this month

VI. EXECUTIVE SESSION

Motion by Trustee Gehrke to recess to executive session for the purpose of discussing pending litigation and employee issues and seconded by Trustee Morgan. On a voice vote, ayes unanimous and the Board recessed to Executive Session at 8:30 pm. Mayor Hunt announced that no further action will be discussed after the Board returns from Executive Session.

VII. ADJOURNMENT