CITY OF PARK RIDGE

MEMORANDUM

DATE: March 10, 2014

TO: Finance Committee

FROM: Kent Oliven, Finance Director [koliven@parkridge.us; (847) 318-5216]

RE: Impact of Year-End Accounting on FY13 Fund Balance

As Finance works through FY13 year-end accounting entries in preparation for the auditors, year-end timing adjustments are made to account for receipts of revenue and payments of expenditures. These balance sheet adjustments all impact the 4/30/13 Fund Balance. Estimates of these adjustments are included in the fund balance scorecard. Two primary adjustments are explained below.

Property taxes for FY13 are collected during the 2013 calendar year. Therefore, at the end of the fiscal year, we have only collected four of the twelve months of property tax for the fiscal year and have to estimate the amount that will be collected the remaining eight months. The required accounting entry to record this estimate increases a balance sheet account “property tax receivable” and correspondingly increases fund balance. The estimated increase to General Fund receivables and General Fund balance for FY13 property taxes receivable as of 4/30/13 is $2.7 million.

Goods that were received and services that were rendered in FY13, but that payment has not been made as of 4/30/2013, have to be accounted for at the end of the fiscal year. This process increases the balance sheet account “accounts payable” and correspondingly decreases fund balance. The estimated decrease to General Fund accounts payable and fund balance as of 4/30/13 is $1.5 million.

There is currently a loan to the TIF fund from the General Fund reflected in the balance sheet. This loan was $5 million as of 4/30/2012 and is estimated to be $6.2 million on 4/30/13. The impact of this year end adjustment will not impact the overall General Fund fund balance, but will shift the $1.2 million from the General Fund unreserved fund balance category (cash), to the General Fund reserved fund balance category (advance to TIF). Note that this advance is likely to be written down or written off during the FY13 audit as a result of the Kane, McKenna analysis completed in FY13.

There are many other items still being analyzed which will impact the final FY13 fund balance. However, none of them are as significant as the three items explained above. All estimates are subject to review and change by the auditors. The full list of initial estimated adjustments are below.

ACCOUNT DESCRIPTION	ACCOUNT TYPE	YE ADJUSTMENT	ADJUSTED BALANCE
'PROPERTY TAX RECEIVABLES	'Asset	($267,106)	$2,072,743
'ALLOW FOR LOSS -PROP TAX	'Asset	$3,238	($76,755)
'PROP TAX REC -POLICE	'Asset	$11,252	$713,548
'PROP TAX REC-FIRE	'Asset	($15,333)	$691,822
'ALLOW FOR LOSS -POLICE	'Asset	($112)	($27,948)
'ALLOW FOR LOSS-FIRE	'Asset	$12	($27,254)
'UTILITY TAX RECEIVABLE	'Asset	$3,482,222	$3,575,342
'DEF INCOME -TAX REVENUE	'Liability	($404,108)	($4,020,177)
'DEFERRED INC- MISC REVENUE	'Liability	($25,616)	($247,680)