CITY OF PARK RIDGE

MEMORANDUM

DATE: March 19, 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 prepares 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. Adjustment estimates are included in the fund balance scorecard and are explained below.

Revenues earned in one fiscal year and received in another need to be accrued. The table below reflects estimated revenue accruals of $2.7 million which increases the revenue reported in FY13 and correspondingly increases the General Fund's fund balance surplus.

ACCOUNT DESCRIPTION	YE ADJUSTMENT
'PROPERTY TAX RECEIVABLES	($267,106)
'ALLOW FOR LOSS -PROP TAX	$3,238
'PROP TAX REC -POLICE	$11,252
'PROP TAX REC-FIRE	($15,333)
'ALLOW FOR LOSS -POLICE	($112)
'ALLOW FOR LOSS-FIRE	$12
'NON-PROPERTY TAX RECEIVABLES	$3,482,222
'DEF INCOME -TAX REVENUE	($404,108)
'DEFERRED INC- MISC REVENUE	($25,616)
	$2,784,449

Goods received and services rendered in FY13, but paid in FY14, have to be accounted for at the end of the FY13. The estimated adjustment to General Fund accounts payable and corresponding fund balance as of 4/30/13 is ($1.5) million which increases the liabilities reported in FY13 and correspondingly decreases the General Fund's fund balance surplus by $1.5 million. The net effect of $2.7 million minus $1.5 million reflects the difference between the Revenue & Expenditure General Fund surplus, before accruals, and the FY13 surplus with the estimated accruals on the fund balance scorecard.

Additionally there is a $5 million advance to the TIF Fund from the General Fund reflected in the 4/30/12 balance sheet. The General Fund advanced an additional $1.2 million in cash to the TIF fund in FY13. Due to the uncertainty of how the auditors will require us to treat this advance, the additional $1.2 million has not yet been incorporated in the year end accounting or, therefore, in the fund balance scorecard. It is conceivable that the auditors will require us to convert the entire $6.2 million from a temporary advance (loan) on the balance sheet to a permanent contribution (expense) on the income statement as part of the FY13 audit as a result of the Kane, McKenna analysis completed in FY13.

There are many other fiscal year-end balance sheet adjustments 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.