



M E M O R A N D U M

DATE: March 28, 2013 Budget Workshop
TO: Mayor & Aldermen
FROM: Kent Oliven, Finance Manager
RE: FY14 Revenue Update

As monies have been collected in FY13, the FY13 forecast has changed, which has changed the FY14 projections. Additionally, there is a new IML state shared revenue update. This document details those FY14 revenue changes.

The first column of numbers in the table below shows the original revenue projections from the first budget workshop. The next column reflects the IML projection from the February Review magazine which was presented in the February 5 Budget Workshop. The second to last column details the changes that follow in this memo. Finally, the last column shows the resulting FY14 projected revenue.

Adjusted General Fund Revenue Line Items	Original FY14 Projection	IML Review Feb. 2013's Projection	3/28/13 FY14 Revenue Updates	New FY14 Projection
1. Income Tax	3,325,315	3,575,592	(50,598)	3,524,994
2a. Electric and Gas Utility Tax	2,067,533	2,067,533	(221,314)	1,846,219
2b. Property Tax Levy	8,093,183	8,093,183	(68,404)	8,024,779
Home Rule Sales Tax	1,662,467	1,662,467	(21,951)	1,640,516
State Sales Tax	4,047,945	4,077,945	97,522	4,175,467
Telecom Tax	1,737,973	1,737,973	(10,388)	1,727,585
Ambulance	773,565	773,565	23,443	797,007
Food & Beverage Tax	477,872	477,872	9,280	487,152
Package Liquor Tax	369,359	369,359	19,917	389,277
Licenses (vehicle)	1,266,393	1,266,393	(5,463)	1,260,930
PPRT (Personal Prop. Repl.)	250,000	250,000	30,000	280,000
Miscellaneous	380,229	380,229	(26,557)	353,672
Employee Contributions	719,573	719,573	(19,626)	699,946
Adjusted Revenue Line Items' Totals	25,171,407	25,451,684	(244,141)	25,207,543

1. IML Changes

In the January 29, 2013 Budget Workshop projected revenues were presented. In that meeting I mentioned that the Illinois Municipal League (IML) usually provides guidance later in the spring for the state shared revenues, specifically the income tax (LGDF), the use tax, the motor fuel tax (MFT), and the corporate personal property replacement tax (CPPRT). Note that first three are per capita models, which is why the IML does projections for municipalities. I stated that when the IML provides guidance on these shared revenues, that these projected revenues would be updated.

On January 31, 2013, the Illinois Municipal Leagues' February 2013 Illinois Municipal Review Magazine arrived at the City. An update was presented at the February 5 Budget Workshop.

Lacking another update, on March 25 I called Larry Frang, the Executive Director of the IML. He stated that he was not ready to give a written update. However, he shared that the IML's current FY14 income tax projected increase had decreased from the earlier 6% projection to a 4.5% increase, or from \$95.40 per capita to \$94.05 per capita. For Park Ridge that means a decrease of \$50,598 of the formerly declared increase. This reduces the FY14 income tax projections to \$3,524,995.

2. Projection Changes Based Upon Further FY13 Receipts

a. Electricity and Gas Utility Tax

The electricity and gas tax for FY14 were based upon FY13 forecasts. Those forecasts were not borne out in actual receipts. In examining this further, it seems that this was a frequent pattern, as shown in the table below.

Electric and Gas Utility Tax	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
FY10	2,261,845	2,925,000	(663,155)
FY11	2,216,039	2,599,300	(383,261)
FY12	1,890,886	2,232,000	(341,114)
FY13	1,846,219*	2,180,000	(333,781)

Average: (430,328)

* FY13's "Actual" is actually a forecast based upon 10 months of data.

The result of the difference between the FY13 budgeted amount and the actual returns is that the FY14 forecast for this line item now requires a \$221,314 decrease.

b. Other Revenue Changes

The other revenue changes result in a net FY14 revenue increase of \$27,772. There are two items of note. First, property taxes are coming in less than 1% higher than in the prior year, leading to a \$68,404 decrease in the FY14 budgeted number. Second, the FY14 budget for all sales taxes increased \$75,571. [This number combining home rule sales taxes with the regular sales taxes, which also include use taxes.]

The total of all of these changes is a decrease in FY14 projected revenue of \$244,141.