



## Agenda Item Summary

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### **Submitted By**

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### **Agenda Item Title**

**Finance Committee Review of the Draft Recommended FY20 Budget**

### **Overview**

The FY20 Village Manager's Recommended Budget was presented for its first review and discussion by the Finance Committee of the Village Board at its Thursday, October 24, 2019 meeting. The meeting scheduled for Monday, October 28, 2019 will focus on the General Fund and the Special Revenue Funds.

### **Anticipated Future Actions/Commitments**

The Finance Committee is scheduled to review the recommended FY20 Budget as follows:

Monday, October 28, 2019, at 6:30 p.m. at Village Hall

**General Fund** (pages 46-179). The General Fund accounts for all the operating departments and general operating revenues which are not classified elsewhere.

**Special Revenue Funds** (pages 180-229). Special Revenue Funds are isolated from the general operations of the Village. These funds are for the financial management of Village services funded by revenues that have been earmarked for specific purposes. While the use of such revenues is sometimes guided by state and federal requirements, they can also be guided by policy directives from the Village Board of Trustees.

At an earlier meeting held on October 24, 2019 Enterprise Funds (Environmental Services, Parking and Water/Sewer) were reviewed along with Internal Service Funds which include Debt Service Fund, Health Insurance Fund and the Self-Insured Retention Fund (SIRF).

### **Report**

Chapter 2 of the Municipal Code establishes the foundation for the Municipal Budget and provides:

- The Village fiscal year is January 1 - December 31 annually.
- The Board of Trustees must adopt the annual budget prior to the start of the Fiscal Year and passage of the annual budget shall be in lieu of passage of the appropriation ordinance.
- On or before the Village Board of Trustees' first regular meeting in November of each year, the Village Manager shall submit to the Board of Trustees an annual Municipal budget which contains estimates of revenues together with recommended expenditures in conformity with good fiscal management practice.

The use of Fund Accounting for the Village's revenues and expenditures is required as the Village of Oak Park is

established under State Law as a municipal corporation and the Financial Accounting Foundation (FAF) requires the use of Generally Accepted Account Principles (GAAP) established by the Government Accounting Standards Board (GASB). Among the basic principles of governmental GAAP is fund accounting. Because of the diverse nature of governmental operations and the numerous legal and fiscal constraints under which those operations must be conducted, it is impossible to record all governmental financial transactions and balances in a single accounting entity. Therefore, unlike a small private business which is accounted for as a single entity, a governmental unit is accounted for through separate funds, each of which is a fiscal and accounting entity with a self-balancing set of accounts. When compared to the private sector, fund accounting would most closely resemble a large publicly traded company that consists of a parent corporation and its subsidiaries, where each subsidiary maintains a separate set of accounting records and reports its numbers to the parent which then consolidates all the information for investor reporting.