

Village of Deer Park
Budget Policy

The Village of Deer Park operates on a May 1st – April 30th fiscal year. The budget is developed annually by the Village Trustees and Staff and is approved by the Village Board.

An Appropriation Ordinance must be passed and approved during the first quarter of the fiscal year. No expenditure can be entered into unless the expenditure has been anticipated and approved for in the Appropriation Ordinance. A Public Hearing must be held prior to approval of the Appropriation Ordinance

The budget provides the annual financial plan for the management of the Village's activities. The document compiles the financial data needed to support the Village of Deer Park's comprehensive decision making/policy development Plan, the Village financial policies, past practices and Village Board review of departmental operations.

A. Annual Budget

1. Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).
2. Budgets will be adopted for all funds as appropriate.
3. Estimates of annual revenue and expenses for budgetary purposes will be made through conservative, objective and analytical processes.
4. Non recurring revenue should be used only to fund non-recurring expenses.
5. Budgetary control is maintained at the fund level.
6. Budgetary authority lapses at the end of the fiscal year.
7. Balanced Operating Budget – A balanced budget is a basic budgetary constraint intended to ensure that the Village does not spend beyond its means. The Village must function within the limits of the financial resources available, and under normal circumstances, requires the commitment to a balanced budget for the General fund and other Operating Fund budgets (including but not limited to Sewer).
 - a. The appropriated budget cannot exceed available resources, defined as revenues generated in the current period added to available fund balances carried forward from prior years. Any deviation from a balanced operating budget requires the Village Board to provide public disclosure including explanation of the reasons for deviating from the balanced operating budget as part of the annual budget adoption process.
 - b. The Village will attempt to maintain its present service level for all priority and essential services.
 - c. The Village will emphasize efforts to control expenditures in major cost centers.

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- d. The Village will protect against catastrophic losses through a combination of safety training, maintenance of loss mitigations, aggressive risk management program, and insurance.
8. The Village propriety/enterprise funds will be self-supporting (Sewer Funds)
 9. Capital Equipment Acquisitions or Replacements, Capital Improvements, and Capital Projects
 - a. All capital items that have been identified to be undertaken during the fiscal year budgetary cycle shall have identified funding resources.
 - b. The Capital Projects(s) being considered must maintain or improve the quality of life and property and the Village as a whole wherever possible.
- B. Multi Year Planning
1. Purpose –
 - a. Identifying potential problems in projected revenues or expenses
 - b. Allow the Village to be proactive and address problems before they occur
 - c. Budget for larger and reoccurring capital projects over several years
 2. The Village will strive to project key revenues and expenses for at least two years forward of the current budgeting year.
 3. Projections of revenue and expenses will be made through a conservative, objective and analytical process.
 4. A long term Capital Improvement Plan is part of the Village's long term financial planning. Further details are provided under Chapter II, Section below.
- C. Long Term Capital Improvement Plan
1. Purpose
 - a. It aids in strengthening the Village's fiscal health by projecting future costs for capital equipment acquisition or replacements, capital improvements, and capital projects and identifying the means by which those costs will be funded.
 - b. It aids in establishment of user fees, charges, and other taxes at appropriate levels to avoid large future assessments or rate increases.

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2. The Capital Improvement Plan shall include large capital purchases and construction projects costing more than \$15,000. A Capital Improvement, includes all real property expenditures, other expenditures greater than \$15,000 that have a life expectancy of at least (5) years, and personal property items (e.g. equipment, motorized vehicles, etc.) with a life expectancy of at least one year. Items below these thresholds should be addressed and accommodated within the annual operating budget
3. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life is not capitalized for accounting purposes or included in the Capital Improvement Plan and should be accommodated with the annual operating budget.
4. The long term Capital Improvement Plan shall cover, at a minimum, a period of five (5) years beyond the current budget year and shall be updated annually.
5. The long term Capital Improvement Plan shall also identify any revenue or other funding sources that may be associated directly or specifically with an item or items included in the Plan.
6. The Village should strive to implement capital improvements according to the established Plan
 - a. Significant deviations from the previously established Plan(s) shall require adequate documentation so that the change may be properly explained and justified to both the Village Board and to the general public. Such documentation should address the reason for the deviation from the established Plan and identify any factors that adversely impacted or otherwise affected the ability to adequately project the need in the established Plan.
 - b. The shifting of an item on the Plan between years (e.g. to accelerate, or decelerate when expenditure is anticipated to occur) should not constitute a deviation from the Plan, but rather a refinement of the Plan.
 - c. A deviation to the Plan is considered to occur if:
 1. A significant project is added to the Plan that did not previously exist.
 2. The estimated cost of an item or project included in the Plan changes by more than 35%.
 3. The scope of the project or the nature of the item changes substantially from what had previously been anticipated.

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D. Fiscal Analysis

1. Trend Analysis – Trend analysis can provide insights into projecting future revenues and expenses based on historic activities.
 - a. Trend analysis of key revenue sources shall be maintained for a minimum of three (3) year look back period.
 - b. Trend analysis of key revenue sources will also include a forward projection of at least two (2) years.
 - c. Revenue trend analysis shall be reviewed regularly and at a minimum of semiannually.
 - d. Trend analysis of key expense items shall be encouraged.
2. Budget surveillance
 - a. The Village will maintain a budgetary control system to ensure adherence to the budget and will prepare monthly reports comparing actual revenues and expenditures with budgeted amounts.
 1. Reports reflecting the budget and actual expenditures will be distributed to Trustees on a monthly basis to aid in managing their budgets.
 2. The Village Board shall be provided financial reports on a monthly basis.
 - b. The Village Board will periodically meet during a fiscal to review the status of the current budget and to address any corrective measures that may become necessary.