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Attachments: 1. 2021 Budget Submittal Letter, 2. 2021 Budget Highlights, 3. 2021 Revenue and Expenditure Summary

Date	Ver.	Action By	Action	Result
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CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

2021 Annual Operating Budget and Capital Improvement Program Workshop #1

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Finance Director

BOARD/COMMISSION REVIEW:

The 2021 Annual Operating Budget and Capital Improvement Program was delivered to the Financial Advisory Board (FAB) on October 19 and will be discussed at its next meeting on October 27.

BACKGROUND:

This year that has brought both extraordinary challenges and unique opportunities to demonstrate resilience and flexibility as an organization. The proposed 2021 City of Naperville Annual Operating Budget and Capital Improvement Program continues the tradition of providing outstanding services to the Naperville community, preparing for a post-pandemic future, and being mindful of ongoing local, regional, and national circumstances determining the pace and impact of recovery.

Formal preparation for the budget began in August with departments developing and submitting their operating budget and Capital Improvement Program (CIP) recommendations. Two rounds of reviews followed; first with the Finance Department and the other a cross-departmental review with the City Manager’s Office. These assessments focused on operational changes, discussed objectives, and analyzed recommendations. All changes made during the review process were integrated into the proposed budget document.

As in years past, there will be a series of budget workshops for City Council to review the 2021 proposed budget submission:

- Workshop #1 - October 26
- Workshop #2 - November 9
- Workshop #3 - November 23

Legal Process

Pursuant to the Illinois Compiled Statutes, the following budgetary milestones must be met before the final approval of the City's budget and property tax levy. Below are those steps and anticipated dates:

- November 3 - Make tentative annual budget available for public inspection. Publish for a public hearing. Estimate the amount of taxes to be levied at least 20 days prior to approval.
- November 22 - Publish notification in the newspaper of the public hearing on the tentative budget.
- December 1 - Hold hearing on tentative annual budget; pass ordinance approving annual budget.
- December 4 - Publish notification in the newspaper of Truth-in-Taxation hearing not less than 7 days and no more than 14 days prior to date of the Truth-in-Taxation hearing.
- December 15 - Hold Truth-in-Taxation hearing; adopt property tax levies.

DISCUSSION:

The 2021 City of Naperville budget is recommended at \$507.26 million, an overall increase of 8.8% from the \$491.7 million 2020 budget. The overall increase is driven largely by capital expenditures, wages, pensions, and healthcare. Throughout the budget creation process, staff remained cognizant of the pandemic's impacts and sought to provide a comprehensive range of services and programming that does not unduly burden our community's taxpayers.

Understanding that the pandemic's trajectory will continue to influence economic recovery, the 2021 budget, while spanning the course of one calendar year, was crafted with multi-year longevity and flexibility in mind. The 2021 budget responsibly sets the stage for future years of recovery and growth through initial allocations towards multi-year projects, understanding that these investments will require future resources and allocations to reasonably sustain them. Revenues are conservatively estimated in deference to the continued uncertainty around the pandemic.

The 2021 budget also envisions a post-pandemic future where Naperville is poised to respond to the growth opportunities that await. The City Council's efforts to adhere to its financial principles since 2015, along with an expressed desire to utilize flexibility in certain financial areas, has positioned the City well to maintain community service levels moving forward.

The 2021 Annual Operating Budget and Capital Improvement Program budget book, which includes the full budget and summaries, can be found on the City's Annual Budget Report and Audit webpage and through the following link:

<https://www.naperville.il.us/globalassets/media/finance-documents/budget-audit-reports/2021proposedbudget.pdf>. The 2021 budget submittal letter, 2021 budget highlights, and 2021 revenue and expenditure summary are attached to this agenda item as relevant summaries of the overall budget.

FISCAL IMPACT:

N/A