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Title: 2023 Annual Operating Budget and Capital Improvement Program Workshop #3

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Attachments: 1. 1. Transmittal Letter and Budget Highlights, 2. 2. Revenues and Expenditures - Annual Summary, 3. 3. Workshop 2 Q&A, 4. 4. Workshop 1 Q&A, 5. 5. 2023 Budget Workshop 3 Slides

| Date | Ver. | Action By | Action | Result |
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CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

2023 Annual Operating Budget and Capital Improvement Program Workshop #3

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Finance Director

BOARD/COMMISSION REVIEW:

The 2023 Annual Operating Budget and Capital Improvement Program was delivered to the Financial Advisory Board (FAB) on October 19 and discussed at its November 14 meeting.

BACKGROUND:

Development of the Annual Operating Budget and Capital Improvement Program (CIP) is a critical task in establishing the annual financial framework that supports the City’s mission to provide services that ensure a high quality of life and maintain a dynamic business environment while creating an inclusive community that values diversity. While formal budget preparation begins in August, regular discussions with the City Council throughout the year guide the budget development process from a policy and priorities perspective.

Each City department developed its operating budget and CIP recommendations based on historical needs and emerging priorities. Those recommendations went through two rounds of review, the first with the Finance Department and the other a cross-departmental review with the City Manager’s Office. These assessments reviewed operational changes, discussed objectives, and analyzed recommendations. All changes made during the review process were integrated into the proposed budget.

The budget is presented to City Council through workshops on October 24, November 9, and

November 21. Following the budget workshops, the City Council will hold a public hearing and be asked to approve the annual budget on December 6. The adoption of the annual budget is followed by a public hearing and the adoption of the annual property tax levy on December 20. By adhering to this schedule, and all associated publication of notices, the City complies with Illinois' statutory requirements for adopting the annual budget and property tax levy.

DISCUSSION:

The City of Naperville's 2023 budget is recommended at \$603.32 million, an overall increase of 11.6% from the \$540.58 million 2022 budget. Additional capital expenses are the primary driver behind this increased investment in our organization and community. The 2023 CIP totaling \$140.19 million represents an increase of 31% over 2022 and accounts for 23% of the total 2023 budget. It is worth noting that the 2023 budget leverages existing revenue streams and fiscal policies. No new taxes, fees, or other revenues are recommended to support the 2023 budget proposal.

This year, staff divided the budget into four functional categories to highlight how the community's dollars and Council's budgetary allocation directly apply to service delivery. These four categories encompass both operational and support departments. Below is an outline of the workshop topics, four functional categories, and departments that primarily serve within those categories.

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| Workshop #1 (Presented on Oct. 24, 2022) | 2023 Budget Overview Keeping Naperville Safe <i>Police, Fire</i> Supporting Effective Government <i>CMO, Communications, Finance, HR, IT, Legal</i> |
| Workshop #2 (Presented on Nov. 9, 2022) | Providing Naperville's Necessities <i>Electric, Water</i> Providing Quality of Life <i>Community Services, Misc. Services, Public Works, TED</i> Naperville Public Library Naper Settlement |
| Workshop #3 (Nov. 21, 2022) | Recap of the 2023 Budget Proposal Discussion of Future Needs Questions from Workshops #1 and #2 |

The proposed 2023 Annual Operating Budget and Capital Improvement Program, which includes the full budget and summaries, can be found on the City's Annual Budget and Audit Report webpage and through the following link:

<https://www.naperville.il.us/globalassets/media/finance-documents/budget-audit-reports/2023preliminarybudget.pdf>

The budget message and highlights and revenue and expenditure summary are attached to this agenda item as summaries of the 2023 budget. Follow-up questions and answers from the October 24 and November 21 budget workshops are also attached.

FISCAL IMPACT:

N/A