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Attachments: 1. 2019 Annual Operating Budget

Date	Ver.	Action By	Action	Result
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CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

2019 Budget Workshop #1

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Finance Director

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BACKGROUND:

The City of Naperville's 2019 operating budget is recommended at \$452.2 million, an overall increase of 2.2% from the \$442.4 million 2018 budget. The City's mission statement, ends policies and financial principles are primary guiding influences in the budget development process. With service delivery at the core of each City department's daily efforts, those services are reflected in the final budget recommendation, which staff believes lays out the resources necessary to accomplish the City's goals and maintain high-quality service levels for Naperville's residents and business community.

DISCUSSION:

In preparing the 2019 budget, staff sought direction from Council on a variety of factors that influence the budget recommendation, including adherence to the City's financial principles, direct correlation to the City's ends policies and goals and justification for service level issues and associated resource requests. Input received provided a clear policy framework for creation of the budget, which provides the fiscal means to move Naperville forward as a City and an organization.

Based upon City Council's engagement and guidance during these discussions, the 2019 budget recommendation continues to align with the City's three financial principles, as the budget is structurally balanced and, by the end of 2019, reduces the City's debt by 21% and increases cash reserves by \$2.8 million.

Principle #1 The City will pass a structurally balanced operating budget annually	Principle #2 The City commits to continuous improvement in the delivery of necessary and cost-effective services	Principle #3 The City will actively seek to increase its reserves to 25% and reduce its debt by 25% in the next eight years.
2019 Proposed - Achieved	2019 Proposed - On Target	2019 Proposed - On Target

The 2019 Annual Operating Budget and Capital Improvement Plan budget book can be found online on the City's Annual Budget Report and Audit webpage and at

https://www.naperville.il.us/globalassets/media/finance-documents/budget-audit-reports/2019budget_cityofnaperville_proposed.pdf.

Review Process

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 reviewed operational changes, discussed objectives and analyzed recommendations. All changes made during the review process were integrated into the proposed budget document presented to City Council. The whole budget document was provided to City Council on October 19 in preparation for City Council Workshops.

There will be a series of budget workshops for City Council review the 2019 proposed budget submission:

- Workshop #1 - October 29
- Workshop #2 - November 13
- Workshop #3 - November 26

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 with the anticipated 2019 dates:

- November 6 - 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 18 - Publish notification in the newspaper of the Public Hearing on the Tentative Budget
- December 4 - Hold hearing on tentative annual budget; pass ordinance approving annual budget.
- December 9 - 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 18 - Hold Truth-in-Taxation hearing; adopt levy.

Summary

The City Council's proactive approach to fiscal management, including enacting ends policies and establishing the City's goals and financial principles, have put Naperville on solid financial footing. Council initiatives have led to pension stabilization, debt reduction, rebuilding of cash reserves and property tax reductions.

The City's fiscal responsibility to Naperville's taxpayers results in a continuous improvement model to find efficiencies in delivering services and appropriately perform governmental duties. The 2019 budget process delivers upon this philosophy as well as the three financial principles that serve as its guideposts.

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