

YEAR-END FINANCIAL UPDATE

20 23

CITY OF NAPERVILLE, ILLINOIS

02.20.2024

Tonight's Discussion

2023 BUDGET SUMMARY

- Overview of 2023 budget performance
– preliminary and unaudited

ARPA UPDATE

- Final report on the uses of ARPA funding and associated request to amend the budget

REVENUE & EXPENSE TRENDS

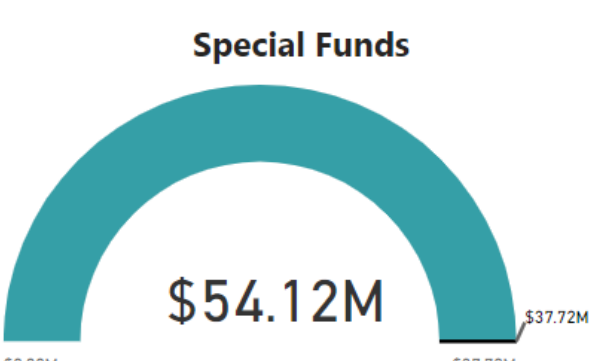
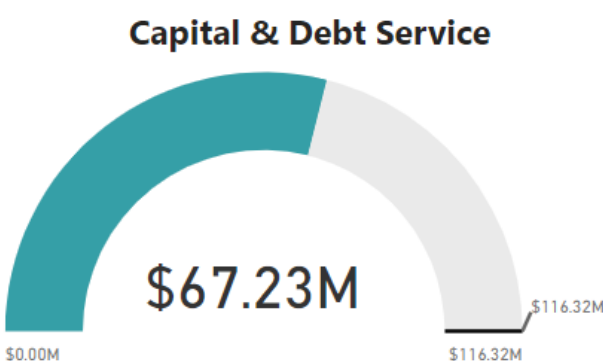
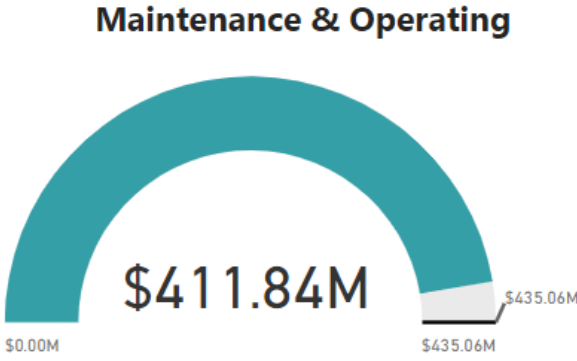
- Analysis of key revenues and expenses

ON THE HORIZON

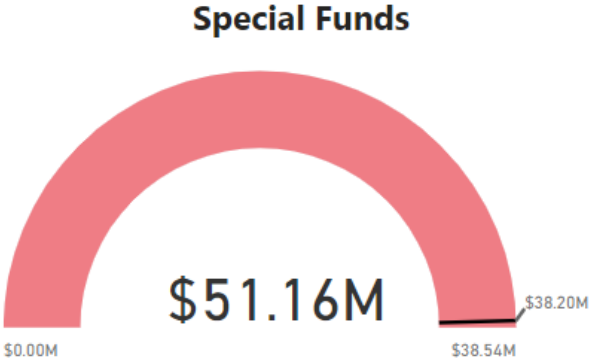
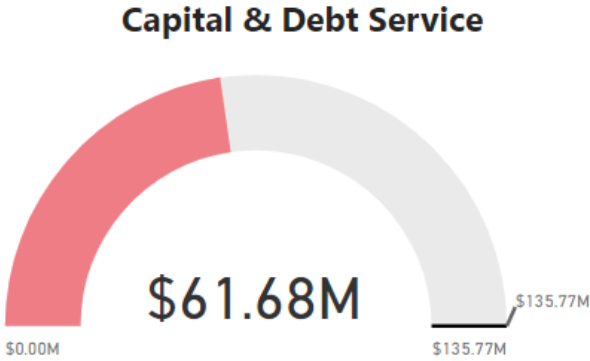
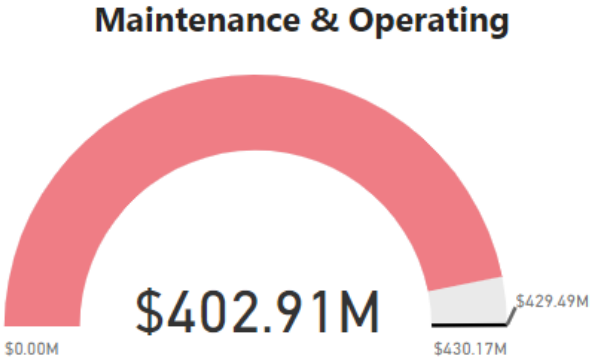
- Upcoming topics of financial interest

2023 Budget Summary

Revenues



Expenses



Major Operating Funds

	Beginning Balance	Revenues	Expenses	Margin	Ending Balance
General Fund	50.31	154.40	140.51	13.90	64.21
Electric Fund	28.47	145.39	155.11	(9.72)	18.75
Water Fund	2.44	75.28	74.00	1.28	3.72

\$ in millions

General Fund cash balances continued to grow on strong revenues

- Cash balance has grown to 45% of 2023 General Fund expenditures – well beyond 20% policy

Electric Fund cash balance declined on weak revenues

- Electric charges were 13% below budget resulting in \$9.7M reduction in cash despite cost-cutting

Water Fund cash balance improved through better-than-expected revenues

- Water Capital Fund ended 2023 with negative balance – to be corrected through Q2 bond issuance



2023 Revenue Summary

Category	Source	2023 Budget	2023 Actual	Comparison to 2022
State Shared	Sales tax*	\$46.2	\$47.1	↑ 2%
	Income tax	\$21.9	\$23.9	↓ 2%
	State Motor Fuel Tax	\$6.7	\$6.8	↑ 14%
Service Charges	Electric	\$159.8	\$139.6	↓ 2%
	Water/Wastewater	\$76.8	\$76.5	↑ 7%
	Ambulance fees	\$7.0	\$8.7	↑ 19%
Local Taxes	Food & beverage	\$6.8	\$7.1	↑ 7%
	Hotel/motel *	\$3.6	\$3.7	↑ 15%
	Local Gas	\$2.4	\$2.4	↓ 2%
	Real estate transfer	\$5.5	\$4.0	↓ 39%
Other Revenues	Commuter parking	\$1.1	\$1.1	↓ 9%
	Building permits	\$2.1	\$2.3	↑ 8%
	Investment Income	-\$0.2	\$10.5	↑ from -\$13.7

\$ in millions

***Gross revenue prior to development incentive rebates**

2023 Expense Summary

Category	Source	2023 Budget	2023 Actual	Comparison to 2022	
Salaries & Wages	Regular pay	\$104.6	\$105.2	↑	3%
	Overtime pay	\$9.9	\$8.6	↓	12%
Healthcare Claims	Medical	\$12.8	\$12.4	↑	12%
	Dental	\$1.0	\$1.0	↑	12%
	Pharmacy	\$3.2	\$2.8	↑	13%
Purchased Items	Purchased electric	\$118.2	\$104.1	↓	5%
	Purchased water	\$29.6	\$29.0	↑	1%
	Other items	\$27.8	\$25.4	↑	15%
Purchased Services	Architect/Engineer	\$15.5	\$3.9	↑	65%
	Operational services	\$9.4	\$9.2	↑	22%
	Software/Hardware	\$7.9	\$7.0	↑	20%
Capital Outlay	Capital outlay	\$118.6	\$72.2	↑	24%

\$ in millions

American Rescue Plan Update

Project	Amount
Street Maintenance Program	\$7.17
Municipal vehicle replacements	\$2.71
Building roof replacements	\$1.10
Parking garage maintenance	\$1.02
Storm sewer maintenance	\$0.72
Firefighter turnout gear replacement	\$0.45
Public safety CAD-RMS replacement	\$0.13
Total	\$13.31

\$ in millions

EXPENDITURE OF ALL ARPA FUNDS REPORTED TO THE U.S TREASURY

- Maintains \$9.54M in Capital Projects Fund and \$3.77M in Road & Bridge Fund for future uses
- Budget amendment aligns spending with proper budgetary funds
 - Net increase of \$1.59M covers 2022 street maintenance performed in 2023 due to quarry strike

Several projects to evaluate existing resources and plan for future needs are underway.



**COMPENSATION
STUDY**

Professional, third-party evaluation of employee pay and classifications has the potential to impact the 2025 budget



**ELECTRIC RATE
STUDY**

Evaluation of electric rates will address ability to fund operations and capital investment in light of declining consumption



**WATER RATE
STUDY**

Evaluation of water and sewer rates and other funding strategies needed to fund large-scale capital improvements



QUESTIONS?
