

August Financial Update

CITY OF NAPERVILLE – August 18, 2020



Current Information

COVID CASES RISING

- Positive test rate increasing
- Continued increases may trigger new control measures

BACK TO SCHOOL

- Dist. 203 & 204 beginning year at home
- NCC returning to school – no fall sports
- May have some economic impact

CARES ACT FUNDING

- Will Co. allocating \$2.02M to Naperville

2021 BUDGET PROCESS

- Budget development in process
- Workshops - Oct. 26, Nov. 9, Nov. 23

State Sales Tax

- 24% below original projections
- Lower than statewide year-over-year decline at -19%

Home Rule Sales Tax

- 29% below original projections
- In line with statewide year-over-year decline at -28%

State Income Tax

- 82% **above** original projections

Motor Fuel Tax

- 7% below original projections

Local Use Tax

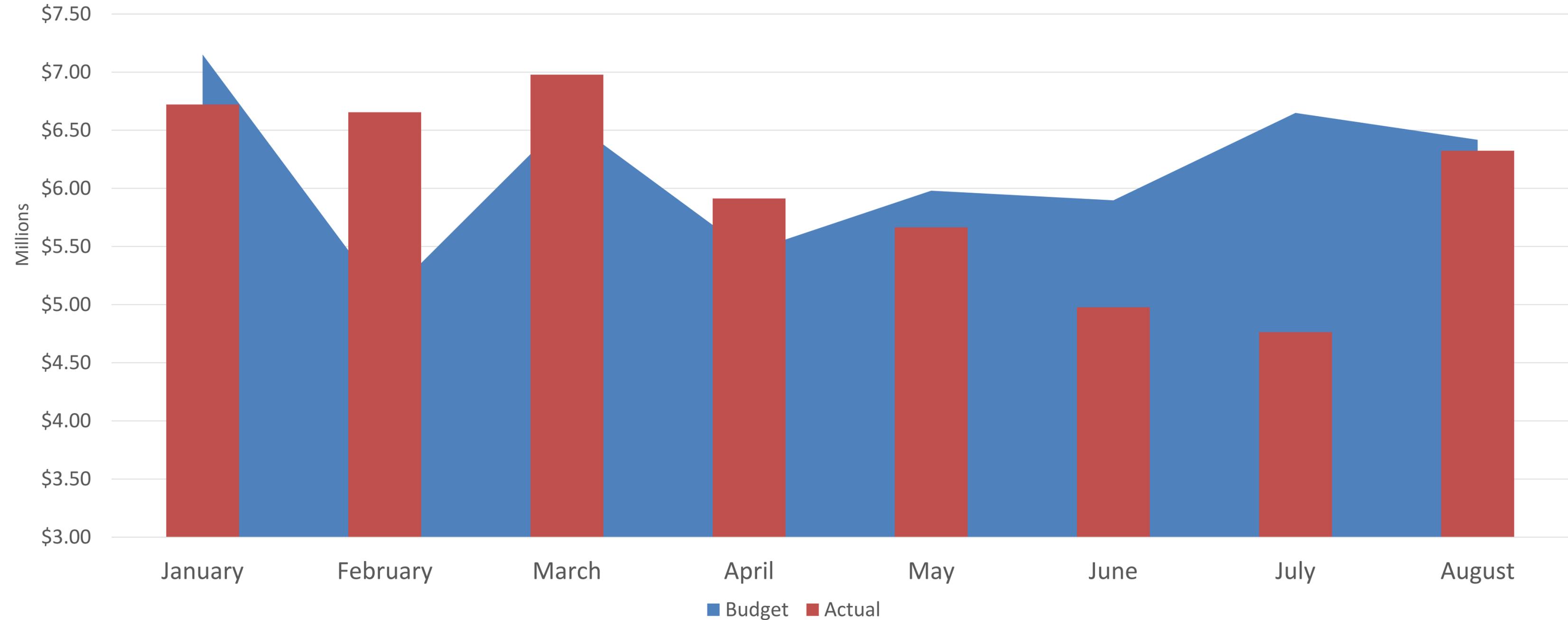
- 51% **above** original projections – due to internet sales



August income tax receipts sharply higher likely due to tax filing deadline being moved to July 15

July State Revenues

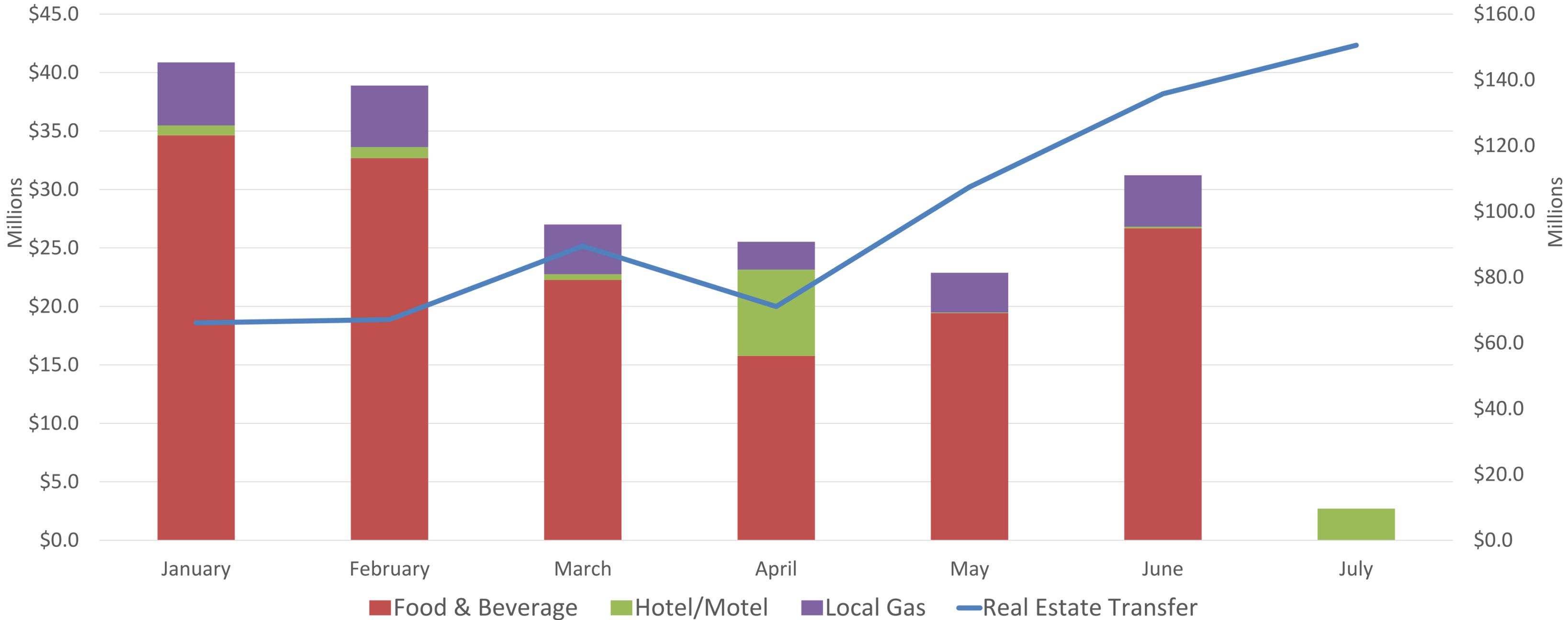
YTD State Shared Revenues



- August revenue rebound largely due to income tax
- Major state revenues 7% below YTD projections through August
- Monitoring sales tax trends for Phase 4 recovery

State Revenues

Taxable Sales by Reporting Period



- Food & beverage taxes continue to show signs of recovery
- Real estate sales saw an 11% increase in July
- Hotel/Motel tax receipts for Q2 down 63% from Q1

Local Revenues

Areas of Risk - Revenues

Hotel/Motel



Business/leisure travel continues to be limited

Food & Beverage



Sales continue to improve in Phase 4

State Sales & Motor Fuel



Improvement from prior month, but remain constrained

State Income



Revenue spike in August but unemployment remains high

Commuter Parking Fees



Less commuter rail traffic as people telework or avoid public transit



High



Medium



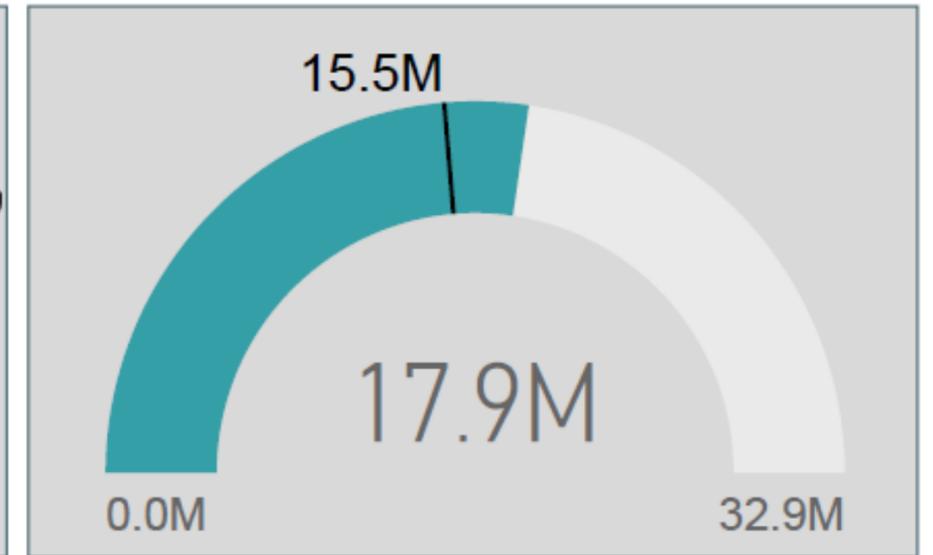
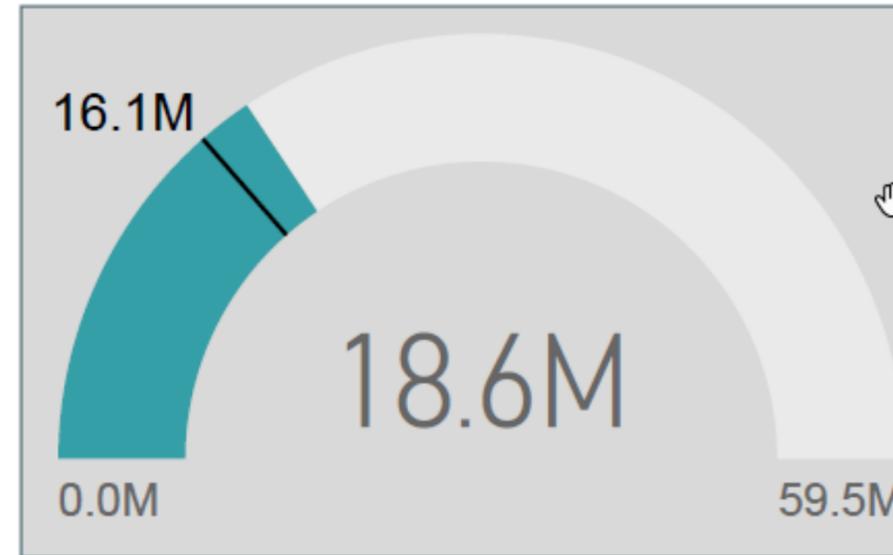
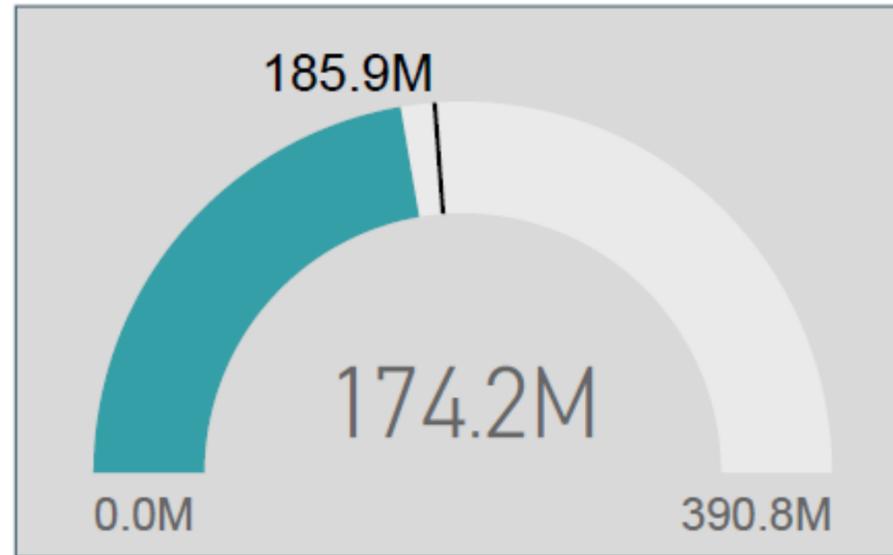
Low

Maintenance and Operations

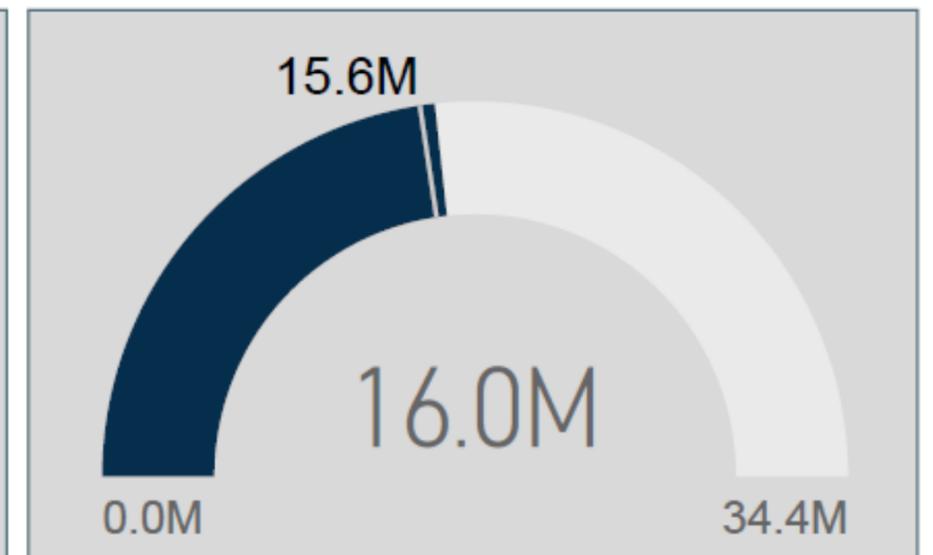
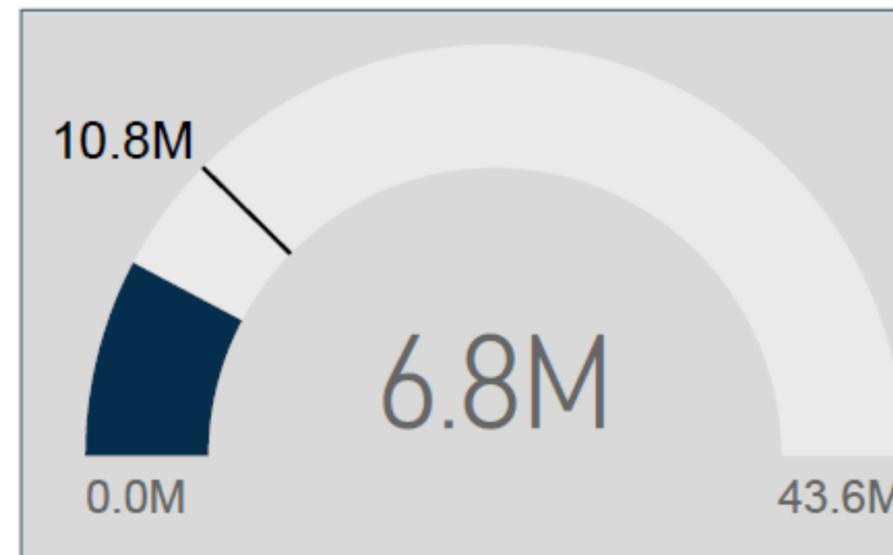
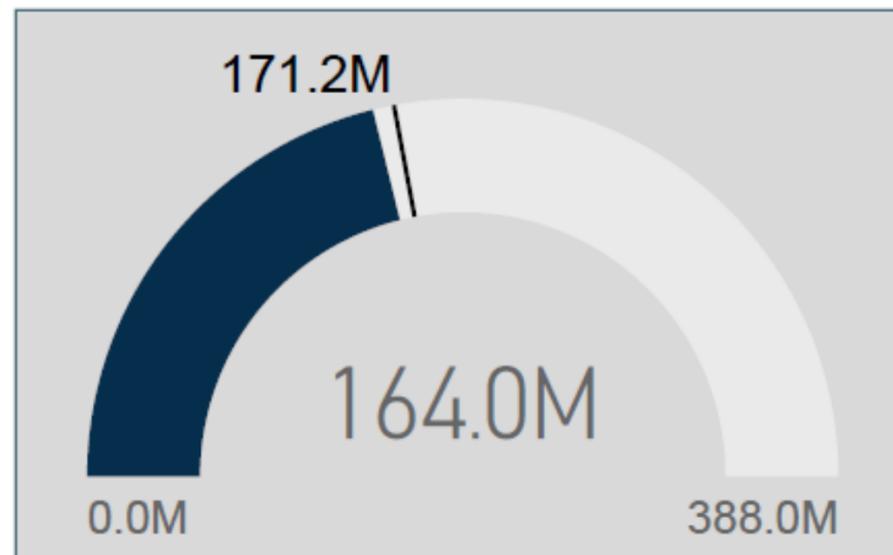
Capital and Debt Services

Special Funds

Revenue



Expense



- Revenues and expenses continue to trend below budget projections through June
- Does not account for all COVID revenue declines

YTD Budget Review – Q2

Financial Flexibility

Home Rule Sales Tax

Restricted to capital & debt service

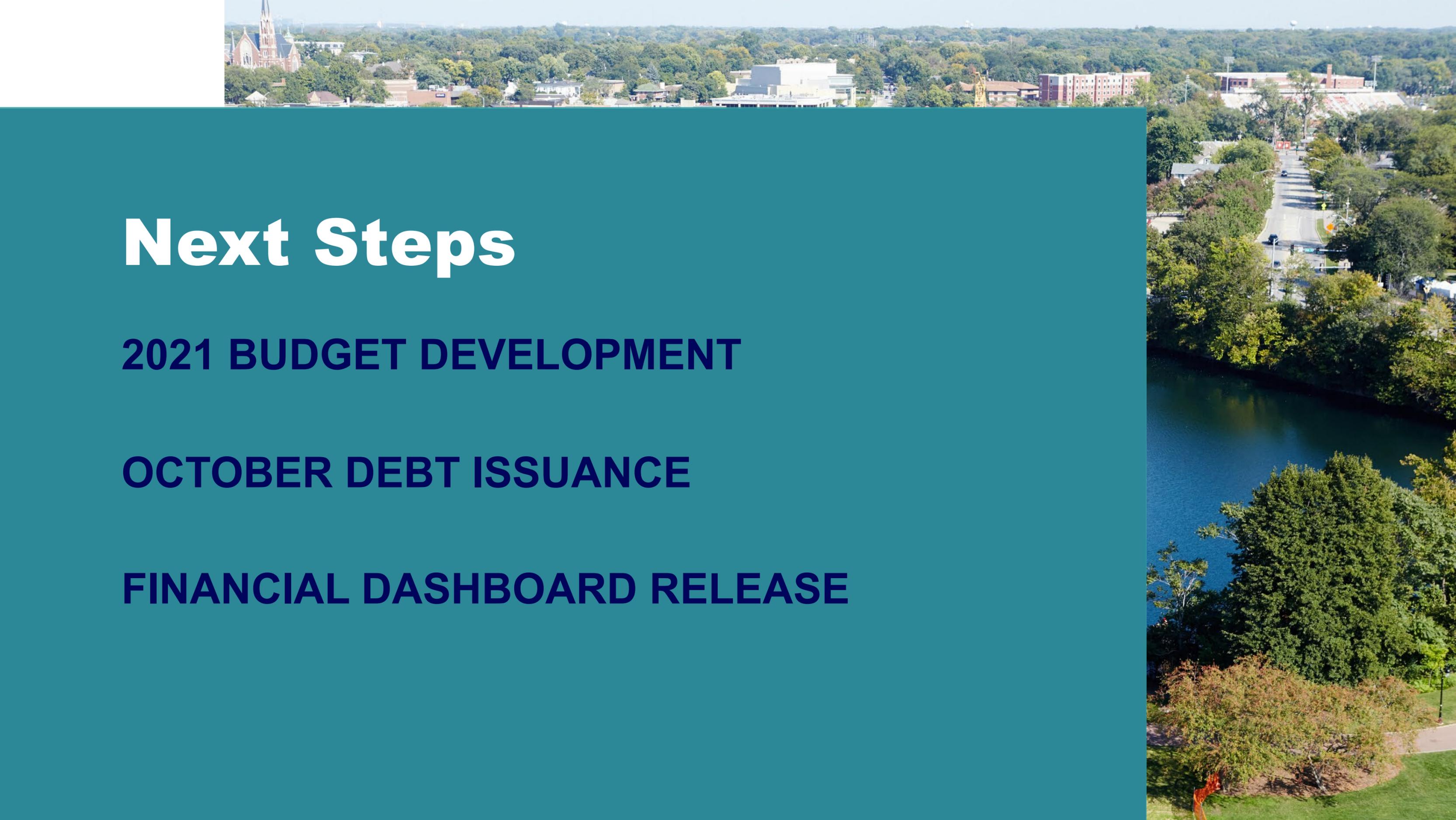
Food & Beverage Taxes

Restricted to SECA, pensions, social services & debt service

Recommend removing restrictions through 2021 to add flexibility

Council would approve through budgetary process

Both actions supported by Financial Advisory Board

An aerial photograph of a university campus. In the foreground, a river flows through a lush green area with many trees. A road with traffic lights and a few cars is visible. In the background, there are several large, multi-story buildings, some with red brick facades, and a prominent church with a tall steeple. The sky is clear and blue.

Next Steps

2021 BUDGET DEVELOPMENT

OCTOBER DEBT ISSUANCE

FINANCIAL DASHBOARD RELEASE

QUESTIONS?

