

**CITY OF NAPERVILLE, ILLINOIS**

**2022**

August Financial Report

**AUGUST 16, 2022**



# **TONIGHT'S AGENDA**

## **2022 six-month budget overview**

- Budget performance through the first two quarters
- State and local revenue highlights & expense considerations

## **2023 trend considerations**

- Pandemic-influenced trends staff is closely monitoring

**2022**

Monthly Financial Reports



# **THIS MONTH'S TAKEAWAYS**

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Despite concerns over inflation, the City's overall budget remains in line with expectations through the first six months of 2022 and continues to show positive revenue and expense trends.

While the City's financial performance to date is strong, changing economic, legislative, and social trends will have a stronger influence on the budget and the City's resources moving forward.

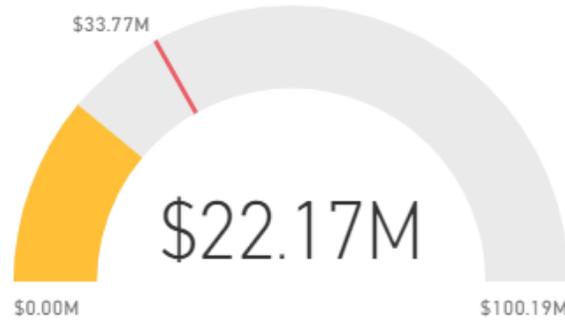
# Q2 BUDGET SUMMARY

## Revenues

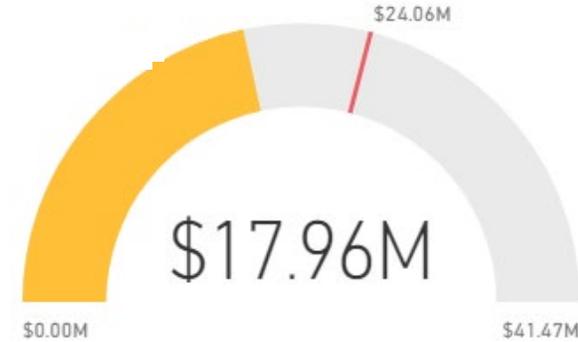
### Maintenance & Operating Funds



### Capital & Debt Service Funds

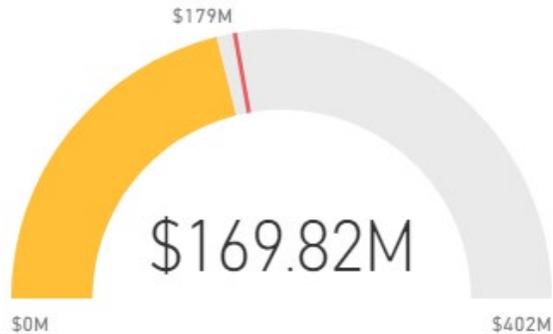


### Special Funds

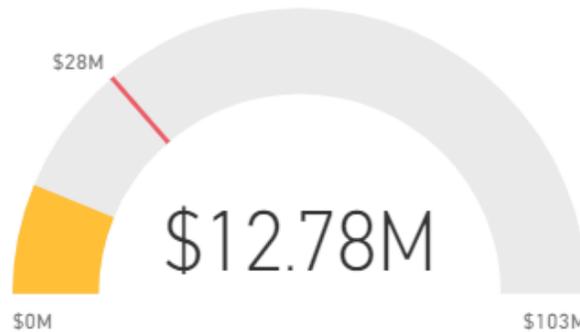


## Expenses

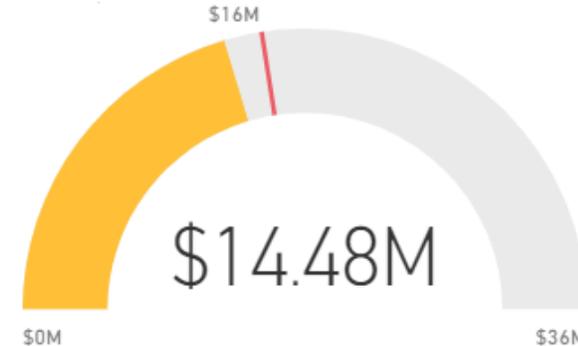
### Maintenance & Operating Funds



### Capital & Debt Service Funds



### Special Funds



*\$ in millions*

# NOTABLE REVENUE & EXPENSE TRENDS

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Revenues	Analysis
<b>State Shared</b> (Sales, Home Rule Sales, Income, Motor Fuel, Local Use)	<ul style="list-style-type: none"><li>• All revenues outperforming projections except for motor fuel, local use</li><li>• Sales taxes benefiting from strong consumer spending, price inflation, additional taxes on online sales</li><li>• Motor fuel likely impacted due to reduction in gas consumption</li></ul>
<b>Local Taxes</b> (Food & Beverage, Hotel/Motel, Real Estate Transfer)	<ul style="list-style-type: none"><li>• Food &amp; beverage June sales 10% higher than same period in 2019 – monitoring for any shifts in behavior due to inflation</li><li>• Second quarter hotel/motel tax back to 2019 levels</li><li>• Local gas tax remains weaker; expected due to higher gas prices and corresponding reduction in consumption</li></ul>
Expenses	Analysis
<b>Inflationary Impacts</b>	<ul style="list-style-type: none"><li>• Fuel costs 26% higher than projected</li><li>• Natural gas costs exceed projections by 60%</li><li>• Credit card service fees 20% higher due to increased demand for electronic payments</li></ul>

# 2023 CONSIDERATIONS

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## Workforce shifts

- Continued employee movement based on post-pandemic expectations
- Naperville: increase in employee movement between departments and organizational departures

## Economic impacts

- Supply chain issues & significant material lead times
  - Accelerated procurement requests
- Departments building resource-specific inflation amounts into 2023 requests

## Regulatory demands

- Uptick in public safety & utility legislation -- associated resources & costs

## Customer service expectations

- Continued push to offer services in multiple ways, especially online
- Significant, ongoing resource needs for implementation, maintenance & enhancements



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23

# QUESTIONS?

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