

# City of Naperville, Illinois

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Priorities. Performance. Progress.

A photograph of a city street under construction. Several workers in high-visibility vests and hard hats are visible. In the background, there are buildings, including a Starbucks. The scene is busy with construction activity.

# 2022 Preliminary Year-End Financial Report

**City Council**

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March 21, 2023



# TONIGHT'S AGENDA

## **2022 Financial Year in Review**

- Preliminary, unaudited results by fund category

## **Revenue and Expenditure Summaries**

- Highlight 2022 performance

## **2023 Economic Indicators**

- Discuss strengths and weaknesses in current environment



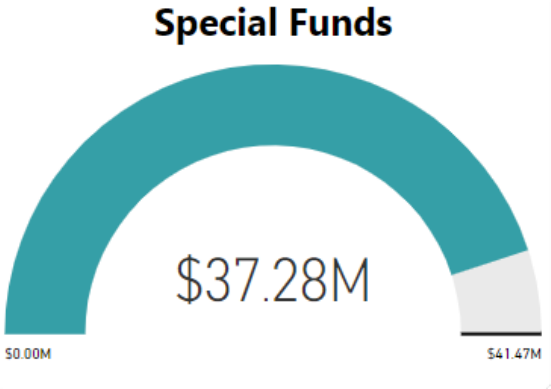
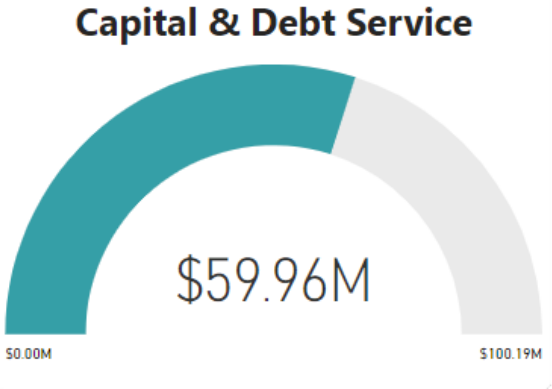
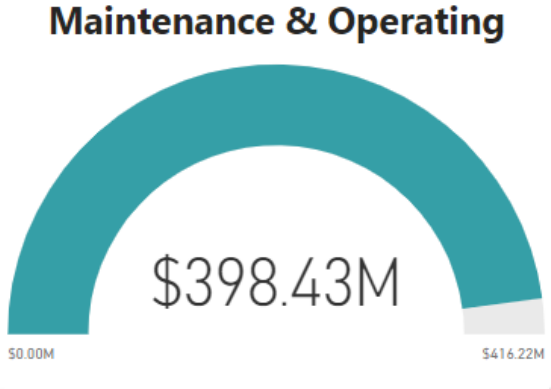
# 2022 HIGHLIGHTS

- **Economic recovery continued to drive strong revenues**
- **Spending aligned with budget projections in most categories**
- **Challenges in fixed-income financial markets resulted in investment losses**

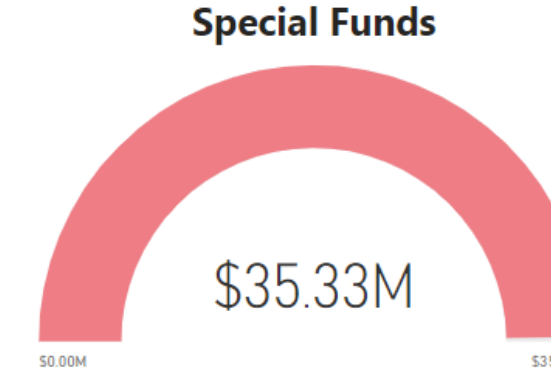
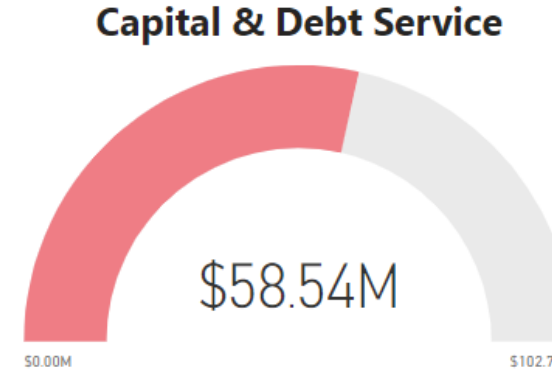
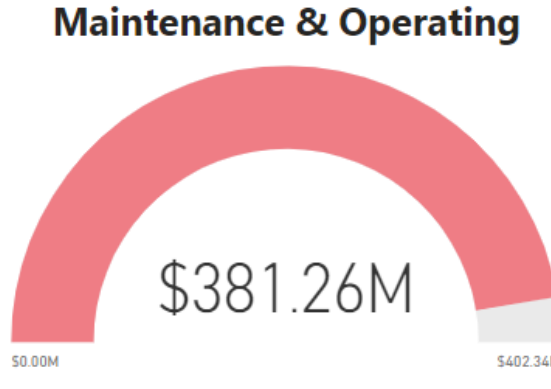


# 2022 BUDGET SUMMARY

## Revenues



## Expenses



\$ in millions

# MAJOR OPERATING FUNDS

	Revenues	Expenses	Margin
<b>General Fund</b>	147.95	133.91	14.04
<b>Electric Fund</b>	141.21	147.13	(5.92)
<b>Water Fund</b>	75.46	73.57	1.89

\$ in millions

## **General Fund cash balances continued to grow on strong revenues**

- Revenues exceed budget by \$10.54M; Expenses \$1.55M under budget

## **Electric Fund experienced greater than anticipated loss**

- Lower than projected electric charge revenue compounded by investment losses of \$2.8M
- Expenses 9% below budget due to reduced purchased power cost

## **Water Fund marginally improved cash balance**

- Revenue under budget by 5%; still exceeds expenses by \$1.9M

# 2022 REVENUE SUMMARY

Category	Source	2022 Budget	2022 Actual	Comparison to 2021
<b>State Shared</b>	Sales tax*	\$41.8	\$45.1	Increase by 5%
	Income tax	\$18.3	\$24.4	Increase by 25%
<b>Service Charges</b>	Electric	\$159.2	\$141.7	Decrease by 5%
	Water/Wastewater	\$74.3	\$70.8	Increase by 1%
	Ambulance fees	\$6.0	\$7.3	Decrease by 16%
<b>Local Taxes</b>	HRST*	\$16.2	\$19.0	Increase by 10%
	Food & beverage	\$5.2	\$6.7	Increase by 18%
	Hotel/motel *	\$2.4	\$3.2	Increase by 39%
	Real estate	\$5.0	\$6.6	Decrease by 11%
<b>Other Revenues</b>	Natural gas tax	\$3.8	\$5.2	Increase by 36%
	Commuter parking	\$1.1	\$0.9	Increase by 8%
	Investment Income	\$1.9	-\$13.7	Decrease by 368%

**\$ in millions**

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

# 2022 EXPENSE SUMMARY

Category	Source	2022 Budget	2022 Actual	Comparison to 2021
<b>Salaries &amp; Wages</b>	Regular pay	\$99.7	\$97.8	Increase by 1%
	Overtime pay	\$9.2	\$9.3	Increase by 7%
<b>Healthcare</b>	Medical	\$11.9	\$10.5	Decrease by 16%
	Dental	\$1.1	\$0.9	Decrease by 2%
	Pharmacy	\$2.5	\$2.5	Decrease by 1%
<b>Purchased Items</b>	Purchased electric	\$116.8	\$109.8	Decrease by 1%
	Purchased water	\$26.2	\$29.1	Increase by 8%
	Other items	\$22.6	\$22.1	Decrease of 4%
<b>Purchased Services</b>	Architect/Engineer	\$5.8	\$2.4	Increase of 9%
	Admin service fees	\$2.1	\$2.3	Increase of 20%
	Other services	\$36.6	\$32.0	Increase of 7%
<b>Capital</b>	Capital outlay	\$97.8	\$56.9	Increase of 12%

**\$ in millions**

# 2023 EARLY INDICATORS

## Revisions to state tax forecasts

- Illinois Municipal League raising forecasts for income and use taxes
- Lowering forecasts for motor fuel and cannabis taxes

## Actual revenue performance meeting expectations

- Economically sensitive revenues continue to outperform on a year-over-year basis
- Real estate market challenged by high interest rates

## Rising costs and tight supply chains continue

- Demands for large increases in contracts
- Vendors hesitant to guarantee pricing
- Long lead times for essential equipment

## Labor market remains challenging

- Competitive market making it more costly to fill vacancies





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Questions?

