

An aerial photograph of Naperville, Illinois, showing a mix of urban and natural landscapes. A river flows through the center, surrounded by lush green trees. In the foreground, there's a park with a pavilion and a baseball field. The background shows a dense residential and commercial area with various buildings, including a prominent church with a tall steeple.

Six-Month Financial Performance

CITY OF NAPERVILLE – SEPTEMBER 3, 2019



Overview

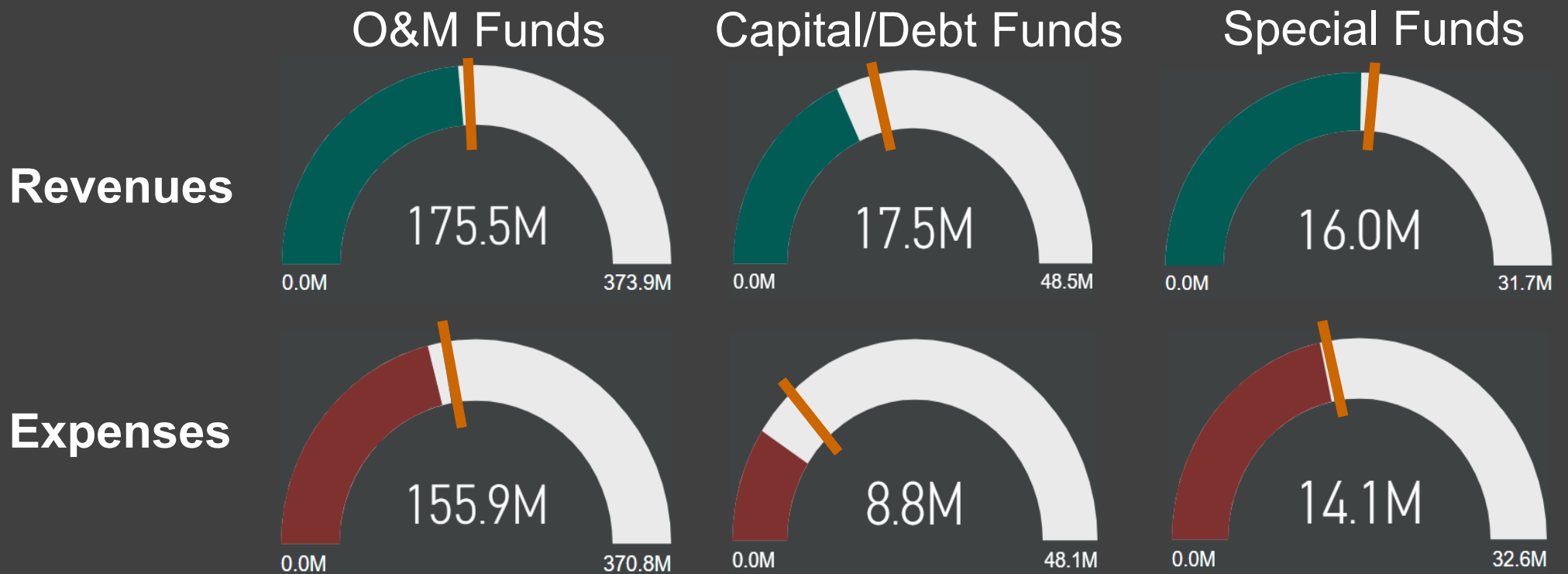
2019 financial performance to date

- Highlights
- Areas to Watch
- Adherence to Financial Principles

Upcoming budget discussions

- Groundwork for budget workshops

Six-Month Performance



**Orange line indicates staff's six-month projection figure*

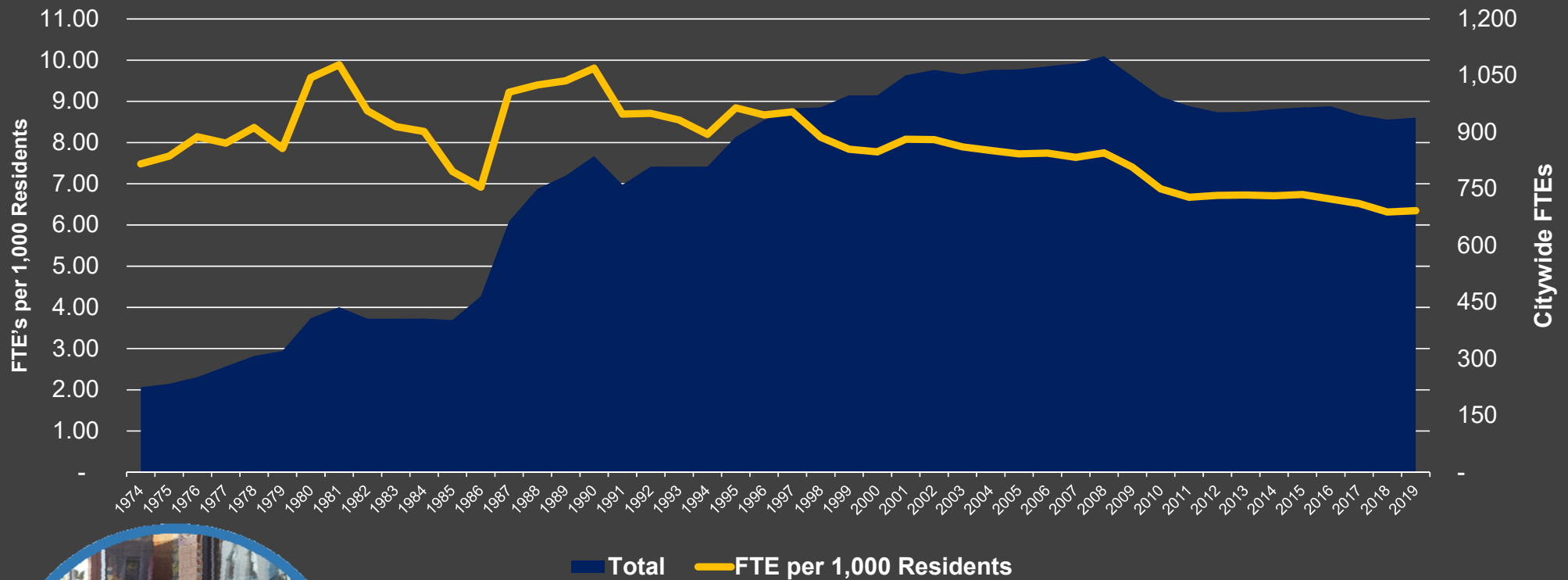
Highlights and Areas to Watch

ON TARGET & POSITIVE TRENDS

- Salaries and wages
- Market-driven revenues
- State shared revenues

AREAS TO WATCH

- Healthcare
- Pensions
- Water fund performance

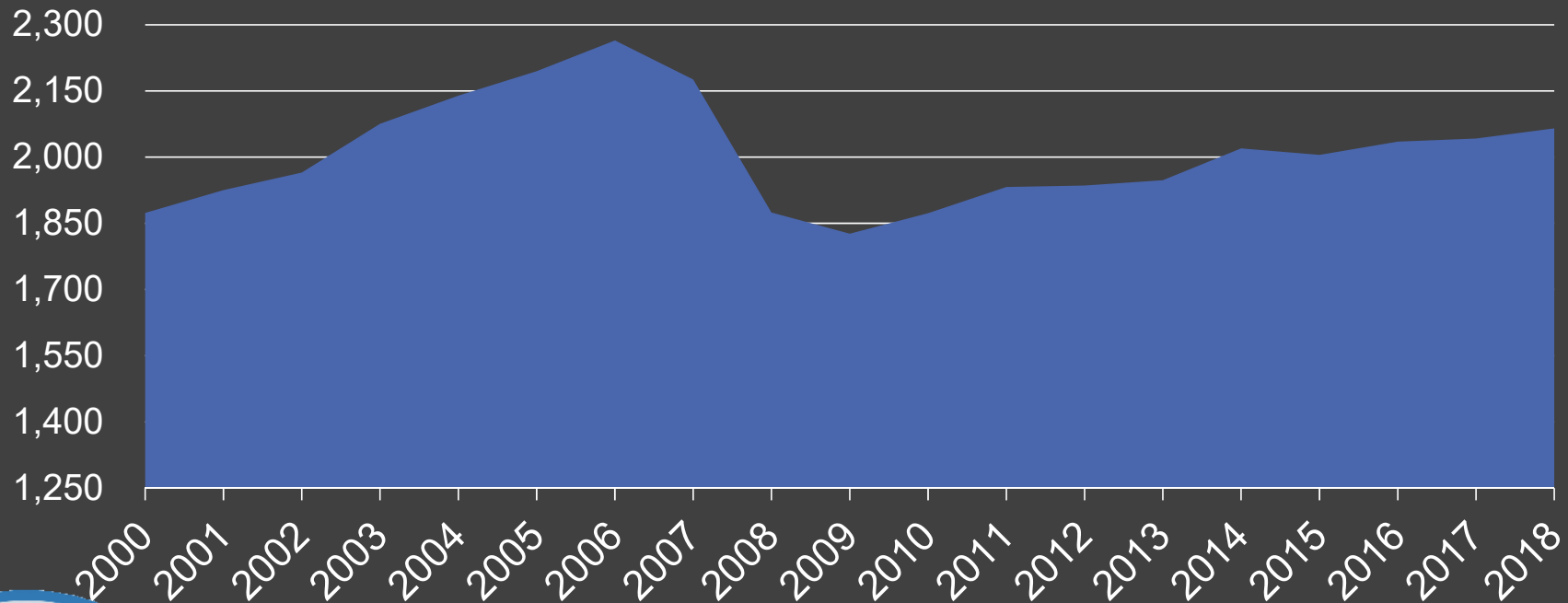


Financial Stability

Salaries and Wages

- Net Increase of 5 FTEs in 2019
- 2019 regular pay budget increase of 2.2%; current projections at 1.2%
- Overtime pay up from 2018 – hiring lag, winter events

Number of Sales Tax Businesses



Economic Development

Market-Driven Revenues

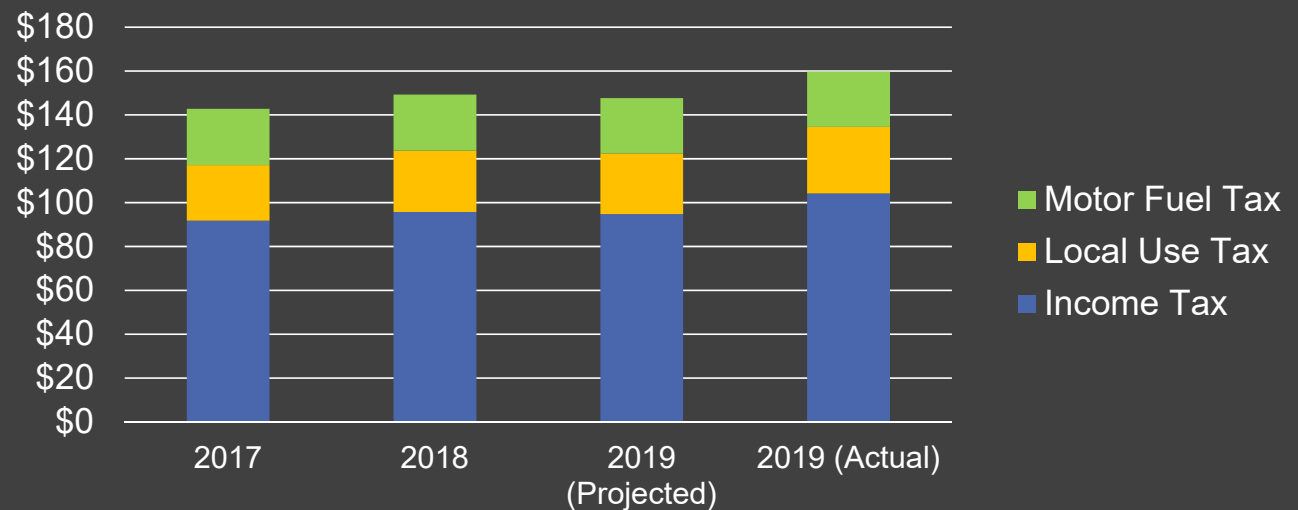
- 1% growth in sales tax businesses from 2017 to 2018
 - In line with 3-year average
- Sales tax up 0.5% compared to 2018
- Food and Beverage tax up 3.6% compared to 2018



State Shared Revenues

- Per capita income outpacing projections
 - Income tax up 15%
 - Local use tax up 17%
 - Motor fuel tax currently holding steady
- Motor Fuel Tax
 - Increase in state tax July 1
 - Begin receiving additional funds in October
 - Projected \$1.9 million increase

Per Capita Income



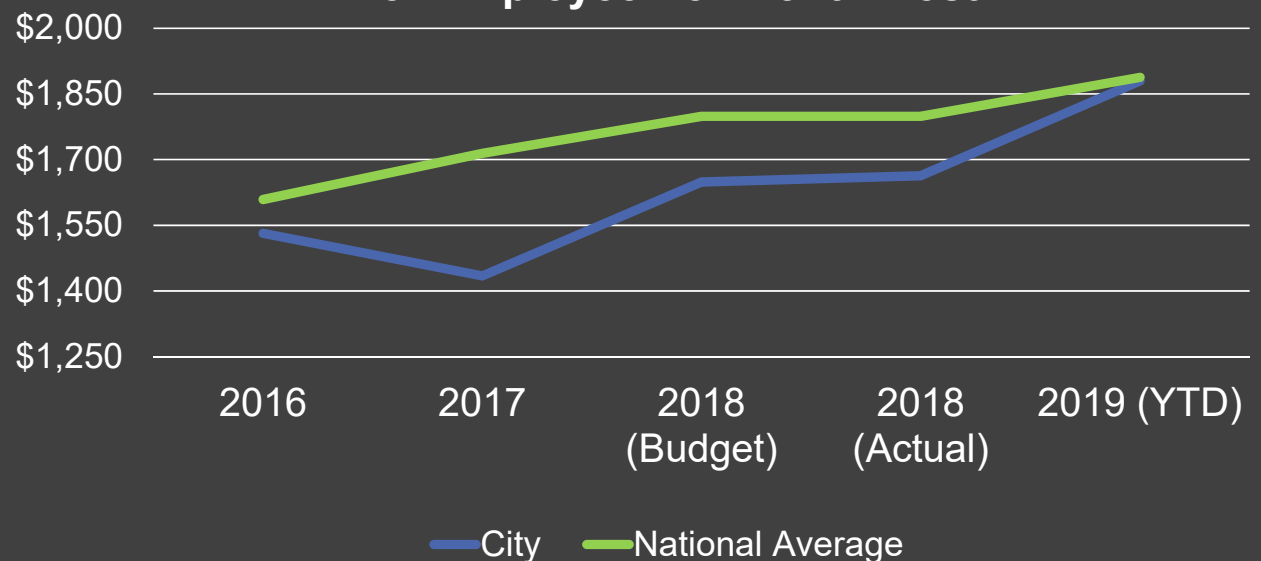


Areas to Watch

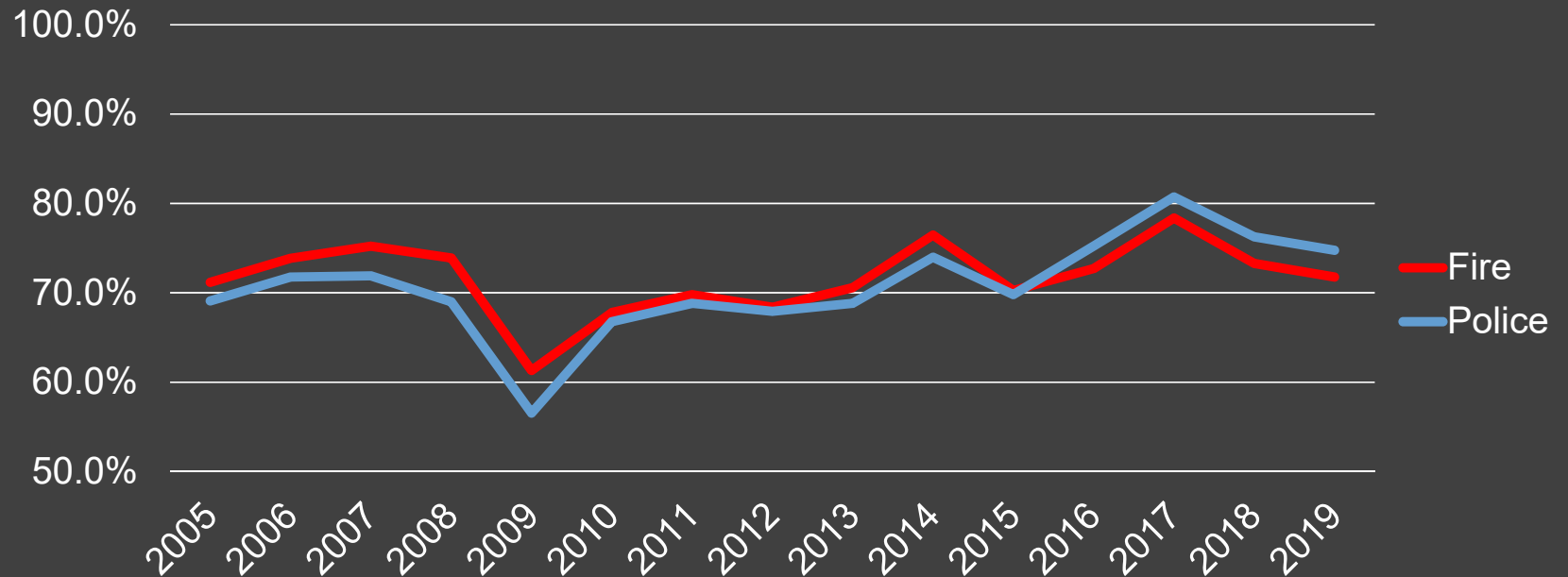
HEALTHCARE COSTS

- Implemented cost-saving measures and programs: 0% premium increase in 2019
- Elimination of consumer driven health plan, addition of virtual visits and generic preventative drug program
- Provide employee education and tools for employee to actively manage their health
- Increase in claims for 2019 over 2018 year-to-date

Per Employee Per Month Cost



Pension Fund Level – Public Safety



Pension Contributions

- Public Safety Pension
 - Less than 1% increase in 2019; 7% increase in 2020; estimated \$1.0M
 - Continue to have area's best funded pension program at 73.2% level
- IMRF: First increase in 6 years, increase from 9.34% to 11.05%

Principle #1

Pass a structurally balanced operating budget

- ✓ Approved budgets were balanced
- ✓ Projected positive margin across operating funds of \$3.25M

2019 Budget - Achieved

Principle #2

Continuous improvement in the delivery of necessary and cost-effective services

- ✓ Budget requests tied to ends policies with supporting metrics
- ✓ Continued push for operational efficiencies

2019 Budget – On Target

Principle #3

Increase reserves to 25% and reduce debt by 25% in next 8 years

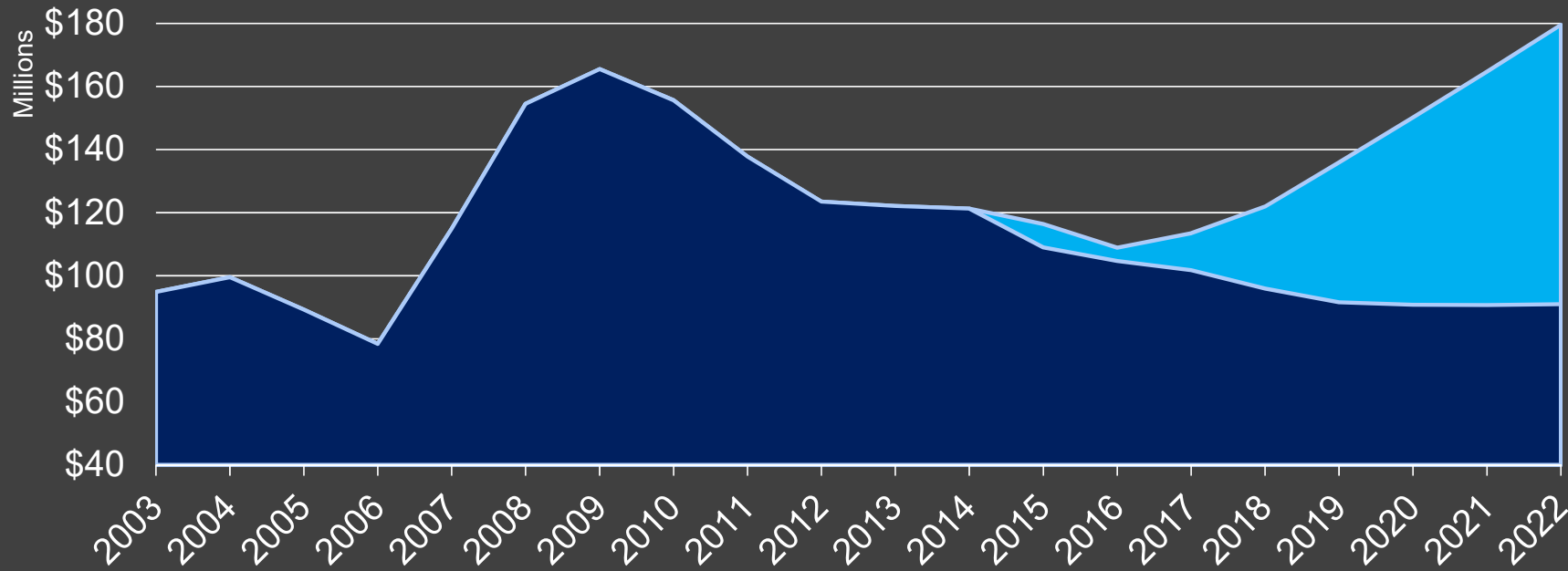
- ✓ 20.9% debt reduction at end of 2018
- ✓ \$28.28M reserves (23.5%) at end of 2018

2019 Budget – On Target



Financial Principles

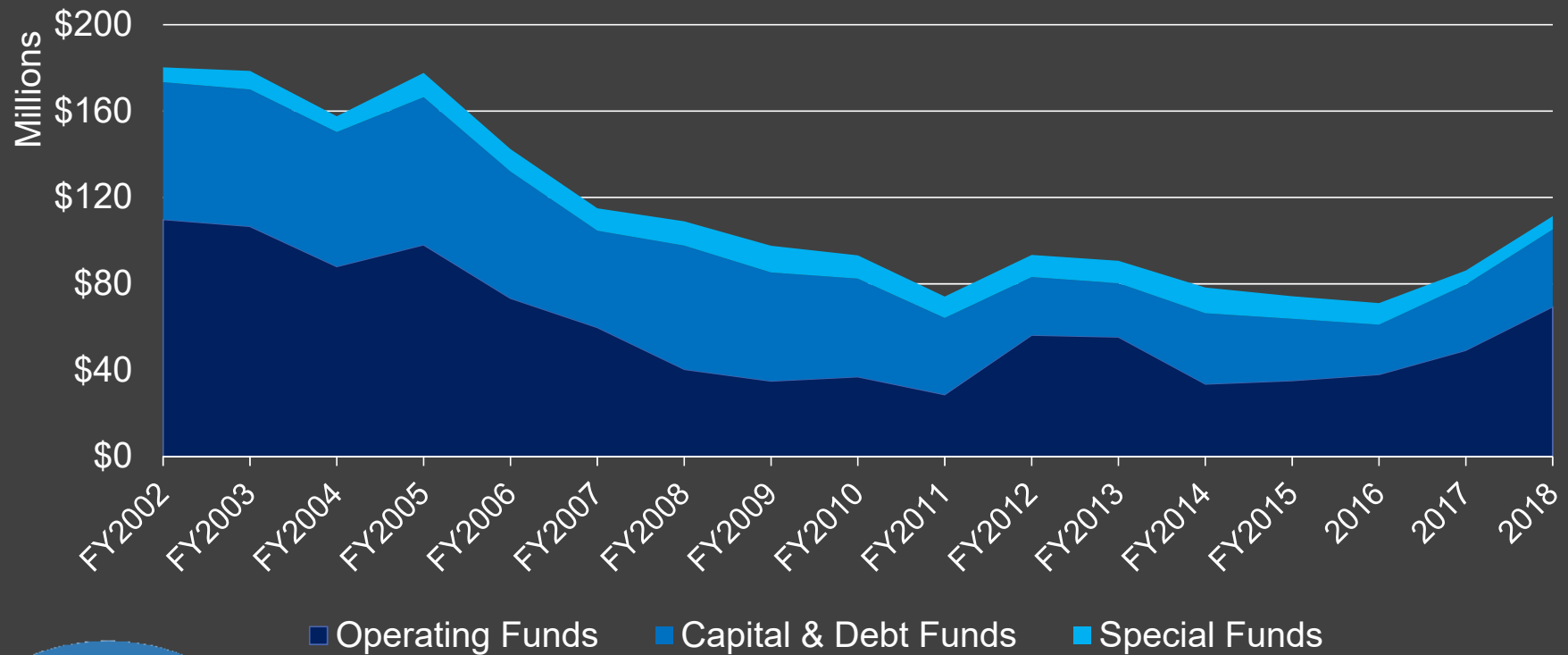
Outstanding Debt



Debt Reduction

- End of 2014 general corporate debt: \$121.3M
- End of 2018 general corporate debt: \$95.9M
- 20.9% reduction; on track to reduce debt by 25% by 2022





Cash Reserves

- Began 2014 at 21.1%; increased to 23.5% at end of 2018
- On track to increase reserve to 25% by 2022
- Protects AAA bond rating and increases financial security



How 2019 budget actions have impacted the organization & are positioning 2020 requests

September 17

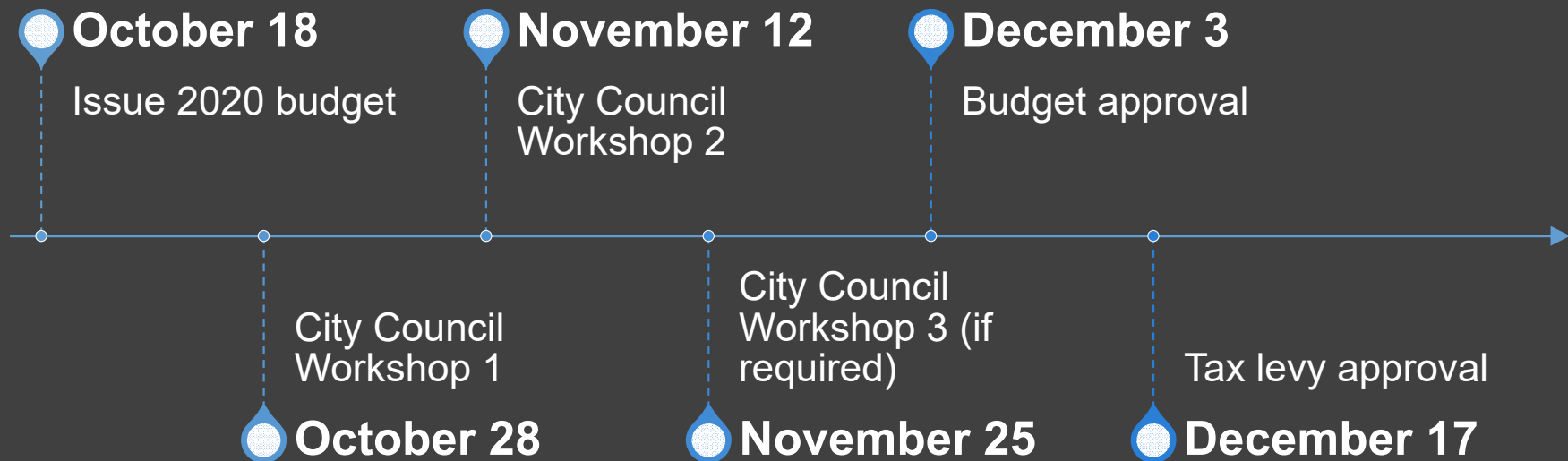
October 1

How the 2020 budget will position the City for the future through past efforts, resetting priorities and future needs

How actions plus priorities will impact the budget; update and review of capital needs

Upcoming Discussions

Proposed Budget Calendar



An aerial photograph of a city landscape. In the foreground, there is a green park with a paved path and a small building with a dark roof. A river flows through the middle of the city, with several small boats on the water. The background shows a dense urban area with various buildings, including a prominent church with a tall steeple. The sky is clear and blue.

Thank You & Questions

