

# July Financial Update

**CITY OF NAPERVILLE – JULY 21, 2020**



# Current Information

## RESTORE ILLINOIS: PHASE 4

- Allows gatherings up to 50 people
- All business allowed to open
- Indoor dining allowed with precautions

## NEW PUBLIC HEALTH REGIONS

- Suburban regions separate from Chicago & Cook County
- Allows for targeted mitigation strategies

## CARES ACT FUNDING

- DuPage Co. Board approved \$5.01M allocation of funds to Naperville
- Will Co. developing allocation process

## State Sales Tax

- 38% below projections
- Lower than statewide year-over-year decline at -24%

## Home Rule Sales Tax

- 42% below projections
- Lower than statewide year-over-year decline at -34%

## State Income Tax

- 22% below projections

## Motor Fuel Tax

- 5% below projections

## Local Use Tax

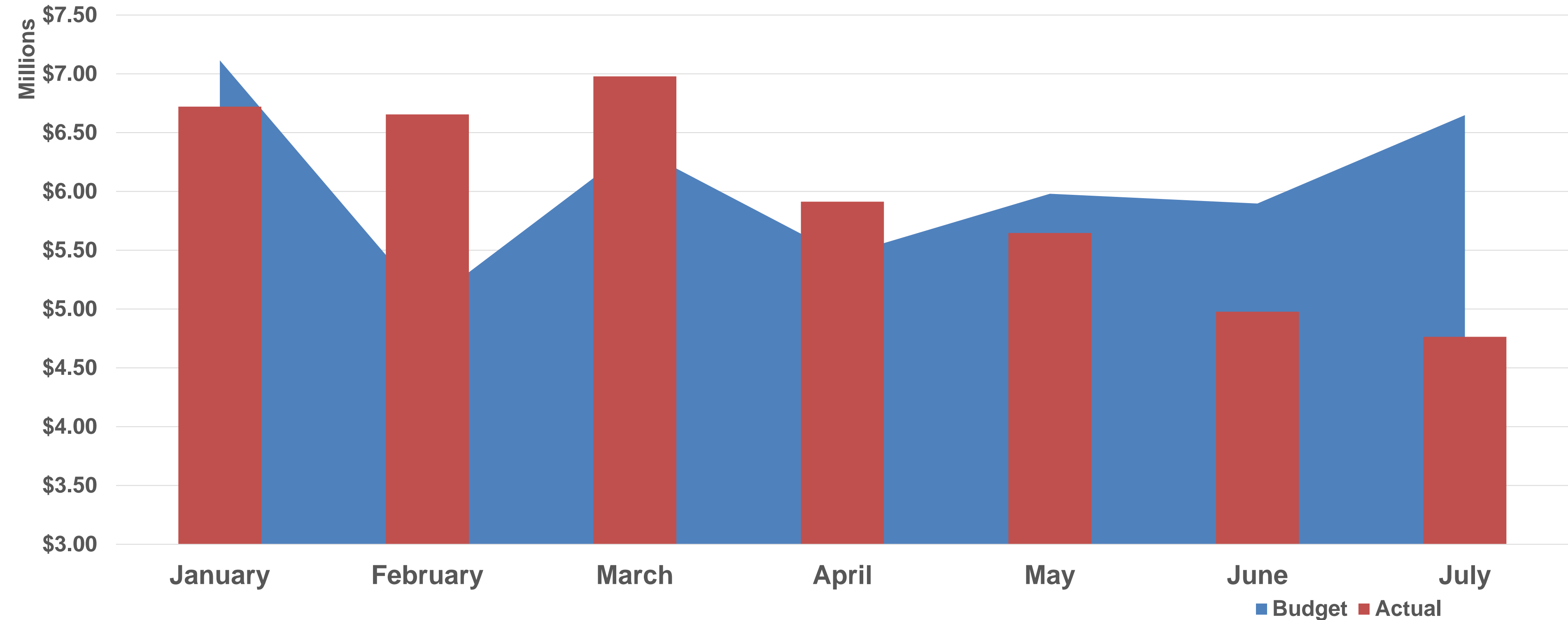
- 40% above projections – due to internet sales

July sales tax receipts reflect April sales – the most restricted month under the stay-at-home order

July State Revenues



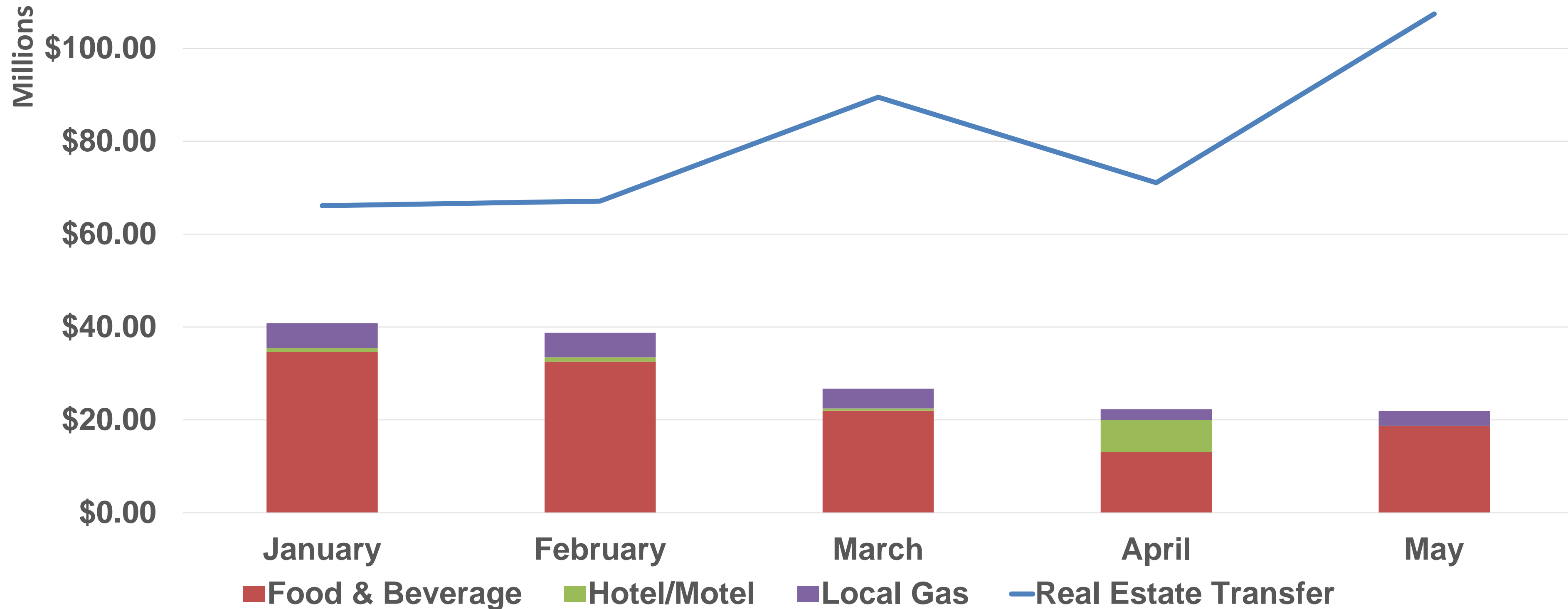
# YTD State Shared Revenues



- July revenue decline reflects first full month of COVID restrictions
- Only 2% below YTD projections due to strong first quarter
- Looking to August revenues to confirm July was the bottom

State  
Revenues

# Taxable Sales by Reporting Period



- Food & beverage and local gas taxes rebounded from April lows
- Growth in real estate market continued in June with a 26% increase
- Property taxes remain unaffected with more than 50% collected YTD

Local  
Revenues

# GENERAL FUND REVENUE PROJECTION

## **INITIAL PROJECTION: \$18 MILLION DECLINE**

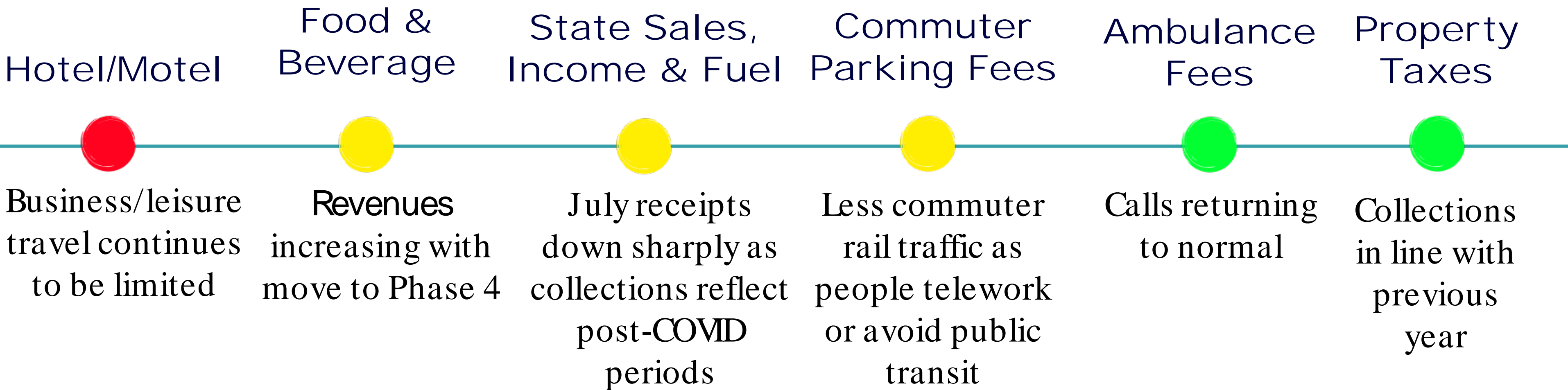
- No known information or historical basis for comparison
- Difficult to project revenue losses in early days of pandemic



## **REVISED PROJECTION: \$12 MILLION DECLINE**

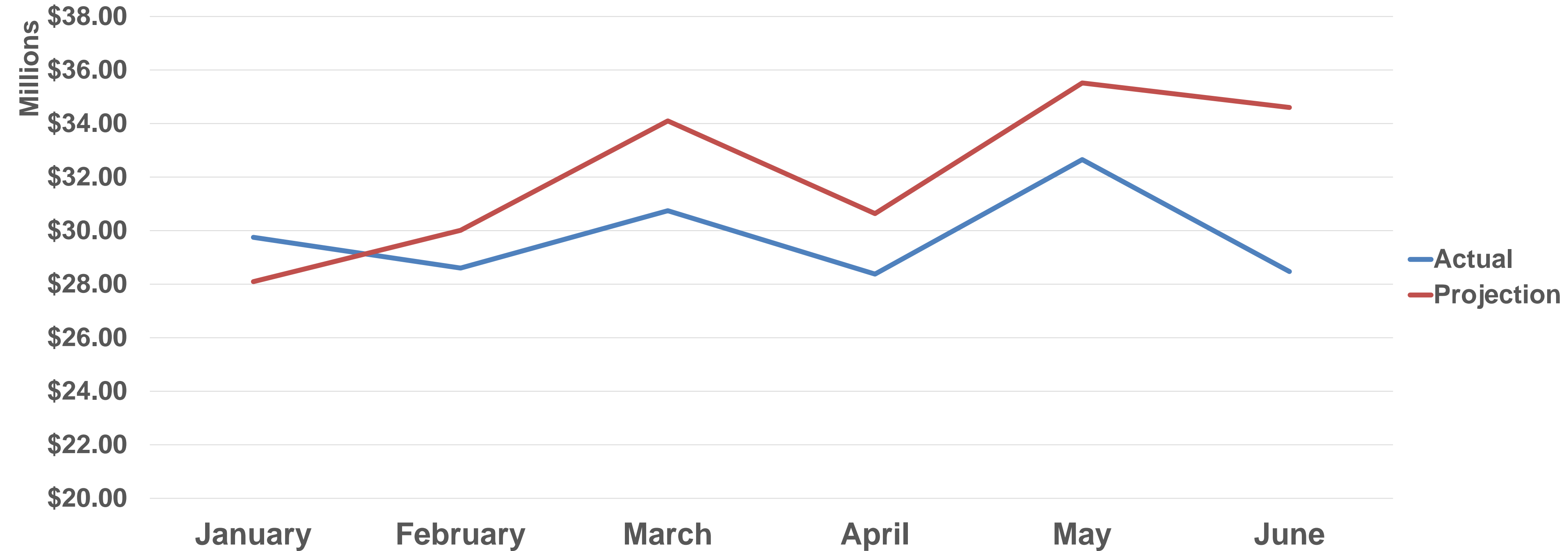
- Several months of known revenue
- Assumes conservative outlook for recovery
- Assumes July is the “bottom” for revenues

# Areas of Risk - Revenues



 High  Medium  Low

## YTD Expenses (All City Funds)



- Continue to trend below budget projections through June
- Spending below projections in capital projects, overtime, medical/dental claims, equipment parts and fuel

# Expenses



# Financial Philosophies



## EASING REVENUE RESTRICTIONS

- Certain revenues currently restricted – HRST and F&B
- Option to temporarily modify
- Reallocate funds for different purposes
  - Reallocate to core services
  - Expand, create new relief programs

## REEVALUATING FINANCIAL PRINCIPLES

- Use cash reserves as a temporary measure
  - Maintain current service levels
- Leverage borrowing power
  - Fund capital projects to preserve cash on hand

# Community Assistance

## SMALL BUSINESS ASSISTANCE

- Local supplement to federal/state assistance programs
- Program into 2021 budget – target long-term need
- Food & Beverage or other local taxes



## UTILITY CUSTOMER ASSISTANCE

- 3,995 delinquent accounts totaling \$2.1M as of July
- Provide relief through additional utility assistance funds
- Seek to leverage community partners with existing processes

# Action Items

1. Recommend temporary suspension of the City's financial principles to allow for the use of cash reserves and additional debt issuance in 2020 and 2021.
2. Recommend temporary removal of revenue restrictions around HRST and F&B tax for the 2021 budget.
3. Consider implementing local small business and utility assistance relief programs as part of the 2021 budget.

# Next Steps

## **FINANCIAL PHILOSOPHIES**

- Return with action items consistent with Council direction
- Incorporate direction into 2021 budget development



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QUESTIONS?

