



# Fund Performance Report

General Fund

For Quarter Ending  
June 30, 2019

Released September 09, 2019

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## Economic Update

Assuming that the next release of economic data shows continued GDP growth for the third quarter of 2019, the U.S. will break the record for the longest economic expansion following a major contraction in its history. Looking ahead, the economy is expected to expand moderately in 2019 with low inflation, low unemployment and increasing wages driving consumer spending. Some economists warn that certain indicators are hinting at a coming recession. Internationally, foreign economic conditions are diminishing, with growth slowing in Europe in the midst of geopolitical challenges and China as they feel the impact of the ongoing trade war with the United States.









Local economists expect the Colorado economy to continue to grow in 2019, but at a slower pace than in recent months and years. Monthly economic indicator data suggest slowing growth which is indicative of a mature economy. On a positive note, the tight labor market is pushing up wages which keeps consumer spending at a healthy level. The area's low unemployment rate could pose a risk to future economic growth as the ability for businesses to attract and retain a skilled workforce becomes more of a challenge.



Local outlook surveys indicate the state business sentiment is for continued growth. According to a report published by Manpower, Inc., 29% of Denver-area companies plan to hire during the third quarter of 2019, which is down from 35% over the second quarter and the same pace as the third quarter of 2018. By contrast, the outlook back in 2009 was 11% as the nation came out of the Great Recession.

The Leeds Business Confidence Index, a local measure of business expectations, remains in positive territory for third quarter expectations overall with two of the six components, state and national economy, falling below neutral. Each component reports lower expectations for the third quarter compared to both the quarterly and annual data.

Average building permit activity for the second quarter has declined 7.0% compared to the second quarter of 2018 which included two months of relatively strong single-family permits. Year-to-date permits are down 38.0%. Most of the year-to-date loss is due to the unusually high number of multi-family dwellings permitted in the first quarter of 2018 that did not recur and a lower, yet consistent, level of new multi and single-family permits.

### Local Economic Indicators

| 2019 Qtr 2 Avg<br>Compared to Prior Year   | 2019 Qtr 2 YTD Avg<br>Compared to Prior Year  |
|--|---|
| <b>Denver-Aurora MSA Unemployment Rate</b>   |   |
|  <b>2.7%</b><br>Down 0.3<br>percentage points | <b>3.1%</b><br>Up 0.1<br>percentage point  |
| <b>Consumer Confidence Index (CCI)<br/>Mountain Region</b>   |   |
|  <b>138.7</b><br>+ 7.3%                       | <b>134.0</b><br>+ 3.5%                     |
| <b>AURORA BUILDING PERMITS</b><br># of New Dwellings and Commercial Buildings  |   |
|  <b>129</b><br>- 7.0%                         | <b>143</b><br>- 38.0%                      |
| <b>Metro Area Home Sales</b>   |   |
|  <b>5,437</b><br>+ 1.6%                     | <b>4,529</b><br>+ 1.2%                   |

| Local Outlook Surveys  |                        |                        |
|--|------------------------|------------------------|
| <b>Manpower, Inc. % Companies Hiring</b>   |                        |                        |
|  <b>Q3 2019</b><br>29%  | <b>Q2 2019</b><br>35%  | <b>Q3 2018</b><br>29%  |
| <b>LEEDS Business Confidence Index (LCBI)</b><br>(values above 50 indicate expansion)                      |                        |                        |
|  <b>Q3 2019</b><br>50.5 | <b>Q2 2019</b><br>52.7 | <b>Q3 2018</b><br>59.6 |



# Revenues (General Fund Sources of Funds)

General Fund revenue collections through the first half of 2019 are higher than the budget plan by \$8.6 million, or 5.0 percent. Consumer spending generates 50 percent of the favorable budget variance while nearly 20 percent is the result of strong development activity in Aurora. The majority of the development related revenue will be transferred to the Capital Projects Fund as its main source of funding. After accounting for the capital transfer, the resulting General Fund operating revenue is \$7.4 million, or 4.7 percent higher than budget.

Sales tax collections are a significant driver behind the revenue performance-to-date with collections coming in ahead of budget by \$2.9 million, equating to a 7.2 percent year-to-date increase over 2019. A look at 2019 collections by industry category compared to last year shows that amongst the top taxpayers the increase in the 'Eating and Drinking Places' category is the main factor. Aurora's focus on attracting high-quality and diverse restaurants has likely played a role in growth. Declining sales in select categories are the result of struggling or closed stores. Sales tax revenue has also benefited from HB 19-1240, which required out-of-state retailers to begin collecting sales taxes based on the location of the buyer, whether or not the retailer has a physical presence in Colorado. This is likely a contributor to the performance-to-date shown in the monthly sales tax chart below, particularly April's 10 percent increase which includes the first quarterly payments this year.

Collections of auto use tax over the first half of the year have been unexpectedly strong posting a year-over-year increase of 8.3 percent. In accordance with national projections, a decline was expected in 2019 after growth in 2018 had slowed to 2.2 percent. City staff, along with industry experts, are anticipating a decline in this revenue source due to market saturation and affordability issues, although locally, this has yet to occur.

Audit revenue ended the second quarter \$1.8 million above the year-to-date budget. The Audit team is fully staffed and has gained experience over the last couple years which has increased annual proceeds albeit, the year-to-date performance is primarily due to the conclusion of a large, multi-year audit in March.

External charges collections are behind budget due to a timing issue with the monthly ambulance service payments. The net of all other revenue sources is tracking ahead of budget.

## 2019 Revenue Budget Performance by Type

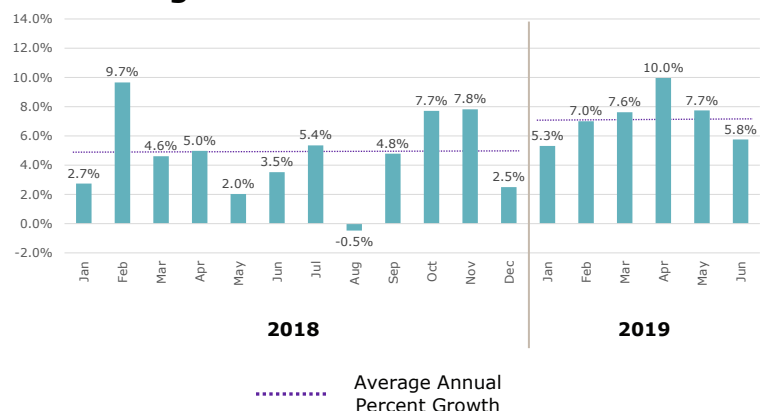
| Revenue Category<br>(\$ in thousands) | 2019 YTD<br>Actuals | Actuals (Under)/<br>Over 2019 Budget |             |
|---------------------------------------|---------------------|--------------------------------------|-------------|
|                                       |                     | \$                                   | %           |
| General Sales Tax                     | \$98,795            | \$2,894                              | 3.0%        |
| Capital Related Use Tax               | 12,375              | 1,066                                | 9.4%        |
| Auto Use Tax                          | 10,720              | 1,252                                | 13.2%       |
| Audit Revenue                         | 3,620               | 1,841                                | 103.5%      |
| External Charges                      | 2,816               | (284)                                | (9.2%)      |
| Miscellaneous Income                  | 882                 | 287                                  | 48.3%       |
| General Fund Permits                  | 853                 | 425                                  | 99.3%       |
| All Other Revenue                     | 52,797              | 1,164                                | 2.3%        |
| <b>Total Revenue</b>                  | <b>\$182,857</b>    | <b>\$8,645</b>                       | <b>5.0%</b> |
| Less Capital Transfer                 | 18,046              | 1,287                                | 7.7%        |
| <b>Operating Revenue</b>              | <b>\$164,811</b>    | <b>\$7,358</b>                       | <b>4.7%</b> |

## Top Taxpayers by Industry Category

| Industry Category<br>(\$ in thousands) | YTD June          |                   | \$<br>Variance   | %<br>Change |
|--|-------------------|-------------------|------------------|-------------|
|  | 2019              | 2018              |                  |             |
| Eating & Drinking Places               | 15,202.7          | \$13,874.3        | \$1,328.4        | 9.6%        |
| Discount Stores                        | 11,080.9          | 10,906.6          | 174.3            | 1.6%        |
| Building Materials                     | 8,265.1           | 7,597.5           | 667.6            | 8.8%        |
| Utilities                              | 5,997.1           | 5,498.4           | 498.7            | 9.1%        |
| Telecommunication/Cellular             | 5,718.0           | 5,282.6           | 435.4            | 8.2%        |
| Auto Dealers and Parts                 | 5,259.2           | 4,701.1           | 558.1            | 11.9%       |
| Clothing and Clothing Accessories      | 2,809.1           | 2,736.9           | 72.2             | 2.6%        |
| Electronics/Computers                  | 2,715.4           | 2,487.3           | 228.2            | 9.2%        |
| Grocery Stores                         | 2,668.8           | 2,587.7           | 81.1             | 3.1%        |
| Beer, Wine, and Liquor Stores          | 2,194.4           | 2,409.7           | (215.4)          | (8.9%)      |
| Department Stores                      | 2,117.4           | 2,497.7           | (380.3)          | (15.2%)     |
| Online Sales                           | 2,007.1           | 1,670.0           | 337.0            | 20.2%       |
| Furniture and Home Furnishings         | 1,164.6           | 1,135.4           | 29.2             | 2.6%        |
| Sport Goods, Hobby, Books, Music       | 1,007.9           | 1,289.9           | (282.0)          | (21.9%)     |
| Other Top Taxpayers                    | 5,701.8           | 5,175.4           | 526.4            | 10.2%       |
| <b>Total Top Taxpayers</b>             | <b>\$73,909.5</b> | <b>\$69,850.6</b> | <b>\$4,058.9</b> | <b>5.8%</b> |
| Total of All Other Taxpayers           | 28,792.7          | 24,528.4          | 4,264.2          | 17.4%       |
| Sales Tax Incentives                   | 3,906.7           | 2,195.1           | 1,711.6          | 78.0%       |
| <b>Total Reported Sales Tax</b>        | <b>\$98,795.5</b> | <b>\$92,184.0</b> | <b>\$6,611.5</b> | <b>7.2%</b> |

## Sales Tax

### % Change from Same Month in Prior Year



## Expenditures (General Fund Uses of Funds)

Total General Fund operating expenditures through June 2019 are \$2.0 million (1.4 percent) lower than budget and associated primarily with savings in the personal services category, as shown on the *2019 Expenditure Budget Performance* chart. Higher than expected construction-related revenues have increased the transfer out to the Capital Projects Fund, resulting in General Fund uses that are \$715,300 under budget.

Personal services expenditures are \$1.7 million (1.6 percent) under the year-to-date budget plan. The city's budget assumes a certain level of position vacancies. During good economic times with low unemployment rates, increased turnover often leads to higher than budgeted savings in employee salaries and benefits. The *2019 Personnel Expenditures* chart shows year-to-date salaries and benefits savings are partially offset by overages in special pay, Police and Fire overtime, and temporary compensation. Increases in special pay are largely related to leave payouts and acting pay in the Fire, Police, and Public Works departments. Temporary compensation overages are primarily associated with several significant snow events in the first part of the year and increased background investigation costs due to the increased number and size of Police and Fire academies.

Utilities expenditures account for \$929,500 of the year-to-date budget savings. In addition to water conservation and waste reduction efforts in the Parks, Recreation, and Open Space Department, the Denver Metro area has also experienced a colder and wetter than usual first half of the year. These factors have resulted in a reduction in the need for irrigation and significant savings in the water/sewer expenditure category to-date. Street light operations and non-routine maintenance expenditures have also remained below budget by a combined \$427,700.

Savings have been partially offset by overages in all other expenditure classes. The need for additional fleet preventative maintenance and more costly repairs outside of warranty in the Fire Department have pushed interfund charges \$244,800 over budget. The \$147,800 overage in the professional and technical services class is largely associated with the selection of a new healthcare contractor in the Court Administration Department, enhancing the level of care for detainees.

All other operating expenditures are under the year-to-date budget by \$74,800. See page 6 for detail expenditure performance by category.

### 2019 Expenditure Budget Performance

| Expenditure Category<br>(\$ in thousands) | 2019 YTD Budget    | Actuals Under/ (Over) Budget |             |
|---|--------------------|------------------------------|-------------|
|   |                    | \$                           | %           |
| Personal Services                         | \$108,475.5        | \$1,702.0                    | 1.6%        |
| Temp Compensation                         | 1,214.0            | (162.0)                      | (13.3%)     |
| Professional/Technical                    | 6,616.2            | (147.8)                      | (2.2%)      |
| Operating Supplies                        | 10,752.4           | (62.3)                       | (0.6%)      |
| Utilities                                 | 4,425.6            | 929.5                        | 21.0%       |
| Fleet/Risk Interfund                      | 8,135.3            | (244.8)                      | (3.0%)      |
| Debt/Equip Purchases                      | 3,190.7            | (12.5)                       | (0.4%)      |
| Total Operating Exp.                      | \$142,809.7        | \$2,002.1                    | 1.4%        |
| Capital Rev Transfer                      | 16,759.5           | (1,286.8)                    | (7.7%)      |
| Other Transfers Out                       | 4,067.9            | 0.0                          | 0.0%        |
| <b>Total Uses of Funds</b>                | <b>\$163,637.0</b> | <b>\$715.3</b>               | <b>0.4%</b> |

### 2019 Personnel Expenditures

| Personnel Category<br>(\$ in thousands)      | YTD Jun Budget     | YTD Jun Actuals    | Actuals Under/ (Over) Budget |
|--|--------------------|--------------------|------------------------------|
| Regular Employee Salary & Benefits           | \$105,399.8        | \$101,739.2        | \$3,660.7                    |
| Special Pay                                  | 937.3              | 2,203.6            | (1,266.3)                    |
| Overtime Compensation                        | 2,138.4            | 2,830.7            | (692.4)                      |
| Temporary Compensation                       | 1,214.0            | 1,376.1            | (162.0)                      |
| <b>Total Salary &amp; Other Compensation</b> | <b>\$109,689.5</b> | <b>\$108,149.5</b> | <b>\$1,540.0</b>             |

| General Fund Vacancies | Q1   | Q2   |
|------------------------|------|------|
| Total Career Service   | 81.0 | 96.0 |

### 2019 Citywide Utilities

| Utility<br>(\$ in thousands) | YTD Jun Budget   | YTD Jun Actuals  | Actuals Under/ (Over) Projection |
|------------------------------|------------------|------------------|----------------------------------|
| Electricity                  | \$862.7          | \$775.1          | \$87.6                           |
| Natural Gas                  | 201.9            | 208.5            | (6.7)                            |
| Non-Routine Maint            | 487.2            | 293.8            | 193.3                            |
| Street Lights-XCEL           | 1,951.9          | 1,717.5          | 234.4                            |
| Traffic Lights, Signs        | 122.7            | 52.1             | 70.6                             |
| Water/Sewer                  | 765.2            | 448.9            | 316.2                            |
| Other Utilities              | 34.1             | 0.0              | 34.1                             |
| <b>Total Jun YTD</b>         | <b>\$4,425.6</b> | <b>\$3,496.0</b> | <b>\$929.5</b>                   |

# General Fund | Fund Summary

The General Fund is the operating fund for the City of Aurora. It accounts for receipts, appropriations, and expenditures unless separate fund reporting is required. For an overview of

the General Fund budget, including a breakdown of uses and departments, see page 8.

| Revenues<br>(Sources of Funds)       | 2019<br>Budget       | YTD Actual<br>thru<br>June 2019 | 2019 Year-to-Date Sources<br>Over/(Under) |                    |                  |                       | June<br>2019<br>Actual | June Variance<br>Over/(Under) |                    |
|--------------------------------------|----------------------|---------------------------------|---|--------------------|------------------|-----------------------|------------------------|-------------------------------|--------------------|
|                                      |                      |                                 | 2018                                      | 2019<br>Budget     | % Chg<br>vs 2018 | % Chg<br>vs<br>Budget |                        | 2018                          | 2019<br>Budget     |
| Sales Tax - General                  | \$194,392,489        | \$98,795,476                    | \$6,611,523                               | \$2,894,329        | 7.2%             | 3.0%                  | 15,678,576             | 853,685                       | 255,891            |
| Use Tax - Capital Related            | 22,805,340           | 12,374,998                      | (333,125)                                 | 1,065,774          | (2.6%)           | 9.4%                  | 2,330,467              | 385,322                       | 762,812            |
| Use Tax - Automobile                 | 19,672,218           | 10,719,766                      | 822,235                                   | 1,251,929          | 8.3%             | 13.2%                 | 2,093,791              | 303,638                       | 442,048            |
| Property Tax                         | 36,826,663           | 25,305,653                      | (530,093)                                 | 0                  | (2.1%)           | 0.0%                  | 3,551,816              | (769,793)                     | 0                  |
| Franchise Fees & Taxes               | 15,115,321           | 5,545,330                       | 243,059                                   | 70,993             | 4.6%             | 1.3%                  | 814,656                | 111,214                       | 6,201              |
| Highway User's Fees & Taxes          | 12,369,477           | 5,201,591                       | 391,494                                   | 278,393            | 8.1%             | 5.7%                  | 1,019,270              | 42,559                        | 37,012             |
| Other Auto Related (SOT, MV Fees)    | 4,060,290            | 1,694,001                       | 32,594                                    | 40,873             | 2.0%             | 2.5%                  | 342,363                | (1,735)                       | 5,673              |
| Audit Revenue                        | 3,557,000            | 3,619,678                       | 125,820                                   | 1,841,176          | 3.6%             | 103.5%                | 623,640                | 299,616                       | 327,223            |
| Other Taxes                          | 13,485,654           | 6,060,883                       | 511,160                                   | 417,971            | 9.2%             | 7.4%                  | 1,160,144              | 156,723                       | 118,748            |
| Other Intergovernmental Fees & Taxes | 2,969,694            | 1,229,211                       | 266,467                                   | 126,077            | 27.7%            | 11.4%                 | 61,830                 | (75,658)                      | (13,544)           |
| Business Licenses & Other Permits    | 2,962,192            | 1,611,080                       | 308,205                                   | 392,828            | 23.7%            | 32.2%                 | 331,343                | 44,720                        | 50,340             |
| Fines & Forfeitures                  | 4,925,981            | 2,364,830                       | (287,631)                                 | (44,987)           | (10.8%)          | (1.9%)                | 364,853                | (97,449)                      | (51,226)           |
| Internal Charges for Services        | 7,567,293            | 3,780,676                       | 144,762                                   | 117,550            | 4.0%             | 3.2%                  | 620,050                | (4,964)                       | 9,529              |
| External Charges for Services        | 6,114,181            | 2,815,689                       | (556,624)                                 | (284,319)          | (16.5%)          | (9.2%)                | 725,012                | 50,686                        | 72,753             |
| Other General Fund Revenue           | 3,074,564            | 1,738,532                       | 525,917                                   | 476,404            | 43.4%            | 37.7%                 | 340,522                | 190,537                       | 114,227            |
| <b>Total General Fund Revenue</b>    | <b>\$349,898,357</b> | <b>\$182,857,394</b>            | <b>\$8,275,762</b>                        | <b>\$8,644,991</b> | <b>4.7%</b>      | <b>5.0%</b>           | <b>30,058,332</b>      | <b>1,489,101</b>              | <b>\$2,137,687</b> |
| Transfers In from Other Funds        | 2,156,909            | 0                               | 0   | 0                  | n/a              | n/a                   | 0                      | 0                             | 0                  |
| <b>Total Sources of Funds</b>        | <b>\$352,055,266</b> | <b>\$182,857,394</b>            | <b>\$ 8,275,762</b>                       | <b>\$8,644,991</b> | <b>4.7%</b>      | <b>5.0%</b>           | <b>\$30,058,332</b>    | <b>\$ 1,489,101</b>           | <b>\$2,137,687</b> |

**General Fund Operating Revenue <sup>1</sup>** **\$318,319,285** **\$164,811,083** **\$ 8,263,083** **\$7,358,156** **5.3%** **4.7%**

| Expenditures<br>(Uses of Funds)                   | 2019<br>Budget       | YTD Actual<br>thru<br>June 2019 | 2019 Year-to-Date Uses<br>Under/(Over) |                    |                  |                       |
|---|----------------------|---------------------------------|--|--------------------|------------------|-----------------------|
|   |                      |                                 | 2018                                   | 2019<br>Budget     | % Chg<br>vs 2018 | % Chg<br>vs<br>Budget |
| Personal Services                                 | 230,025,319          | \$106,773,451                   | (\$5,717,232)                          | \$1,702,035        | (5.7%)           | 1.6%                  |
| Temporary Compensation                            | 2,581,827            | 1,376,053                       | 31,399                                 | (162,009)          | 2.2%             | (13.3%)               |
| Professional & Technical Services                 | 17,544,846           | 6,763,969                       | 283,362                                | (147,792)          | 4.0%             | (2.2%)                |
| Operating Supplies/Other                          | 20,953,938           | 10,814,718                      | (1,685,618)                            | (62,288)           | (18.5%)          | (0.6%)                |
| Utilities   | 12,045,026           | 3,496,046                       | 710,001                                | 929,541            | 16.9%            | 21.0%                 |
| Interfund Charges                                 | 16,081,166           | 8,380,073                       | (652,585)                              | (244,817)          | (8.4%)           | (3.0%)                |
| Capital Purchases (Equip, Vehicles, Other)        | 9,195,124            | 3,203,238                       | (1,470,916)                            | (12,546)           | (84.9%)          | (0.4%)                |
| <b>General Fund Operating Expenditures</b>        | <b>\$308,427,246</b> | <b>\$140,807,548</b>            | <b>(\$8,501,589)</b>                   | <b>\$2,002,125</b> | <b>(6.4%)</b>    | <b>1.4%</b>           |
| Capital Related Revenue Transfer Out <sup>2</sup> | 33,735,981           | 18,046,311                      | (12,679)                               | (1,286,834)        | (0.1%)           | (7.7%)                |
| All Other Transfers Out to Other Funds            | 25,698,369           | 4,067,882                       | (24,963)                               | 0                  | (0.6%)           | 0.0%                  |
| <b>Total Uses of Funds</b>                        | <b>\$367,861,596</b> | <b>\$162,921,741</b>            | <b>(\$8,539,232)</b>                   | <b>\$715,291</b>   | <b>(5.5%)</b>    | <b>0.4%</b>           |

Less Carryforward Budget (4,001,554)

**Increase/(Use) of Available Funds<sup>3</sup>** **(\$11,804,776)**

See page 9 for glossary and detailed data description for each column.

- Operating revenue excludes transfers into the General Fund from other funds and accounts for the transfer out of construction related use tax to the Capital Projects Fund (CPF).
- The transfer to the CPF is calculated in December and transferred out of the General Fund. For the purposes of this report, an effective transfer using current revenue collections has been calculated and included as an actual.
- The 2019 Adopted Budget includes the planned use of \$10.6 million in funds available primarily associated with one-time expenditures on new equipment, including

two fire apparatus, new street maintenance equipment related to the northeast area of the city and new library equipment. In the 2018 Spring Supplemental process, an additional \$1.2 million was added with no offsetting revenue, bringing the total planned use of funds available up to \$11.8 million. Supplemental appropriation of \$454,200 is associated with the elimination of the photo red light program and the related movement of 4.0 civil FTEs from the Designated Revenue Fund to the General Fund.



# Appendices

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# General Fund Overview

## Fund Description

The General Fund is the operating fund for the City of Aurora. It accounts for receipts, appropriations, and expenditures unless separate fund reporting is required.

## Sources of Funds

Sources of funds include nearly all taxes and other resources traditionally associated with City operations. Revenues and expenditures from the 0.25% voter-approved sales tax for the police officer staffing mandate are included in this fund. Other sources include transfers in from other funds.

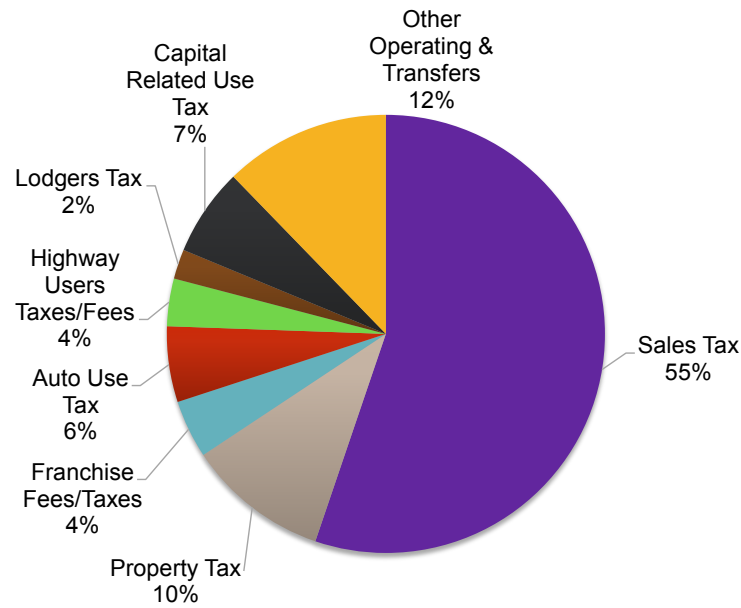
Retail sales remain the backbone of Aurora's General Fund, accounting for 55.0% of total revenue. Use tax is a companion tax to sales tax and is associated with purchases of commodities and equipment. Two-thirds of all General Fund revenue is dependent on purchases when use tax revenues (e.g. building materials use tax, automobile use tax, and equipment use tax) are included.

## Uses of Funds

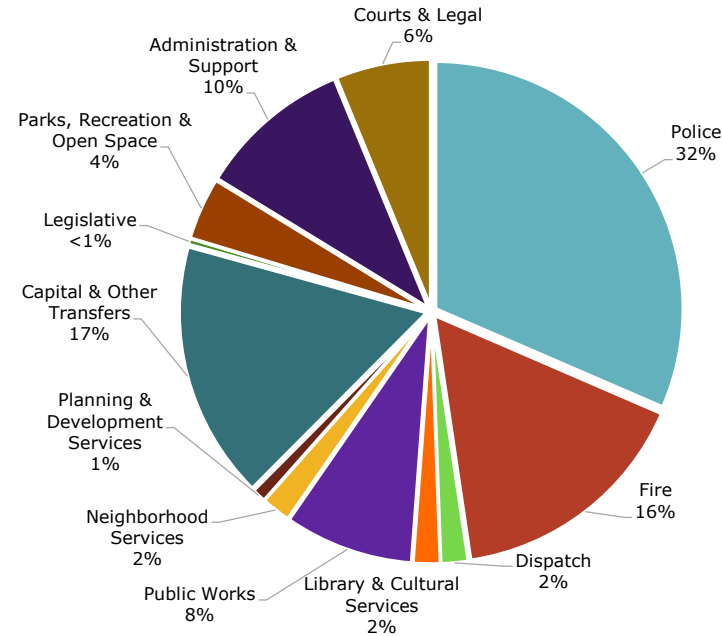
Uses of funds mainly result from expenditures incurred by the departments included in the General Fund. The majority of general services, programs and activities for the citizens of Aurora are supported by this fund, as well as the City Council and the internal administrative management functions. Other uses include transfers out to other funds, such as the transfer to the Capital Projects Fund.

Public safety functions, including Fire, Dispatch, Police, and Court Administration account for 56.0% of total General Fund appropriations in 2019.

2019 General Fund Revenue  
(Sources)



2019 General Fund Appropriations  
(Uses)



## General Fund Departments

|  |   |  |  |
|--|---|--|--|
| <ul style="list-style-type: none"><li>City Attorney</li><li>Civil Service Commission</li><li>Court Administration</li><li>Finance</li><li>Fire</li></ul> | <ul style="list-style-type: none"><li>General Management</li><li>Human Resources</li><li>Information Technology</li><li>Judicial</li><li>Library &amp; Cultural Services</li><li>Mayor &amp; City Council</li></ul> | <ul style="list-style-type: none"><li>Neighborhood Services</li><li>Non-Departmental (snow removal, transfers, contingencies)</li><li>Parks, Recreation &amp; Open Space</li></ul> | <ul style="list-style-type: none"><li>Planning &amp; Development Services</li><li>Police (including Dispatch)</li><li>Public Defender</li><li>Public Works</li></ul> |
|--|---|--|--|



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## Glossary

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**Accrual Basis:** Transactions are recorded as they occur, regardless of the timing of related cash flows.

**Actuals:** Transactions recorded in the accounting system on a cash basis. Certain revenue sources are recorded on the accrual basis instead of the cash basis. Accrual basis revenue sources will show zero collections for January, and in some cases February, and two or three months of receipts recorded in December.

**Budget/Working Budget:** This is the sum of the Adopted Budget plus supplemental appropriations and carry forwards of encumbrance balances from the prior year. In the case of capital budgets, the working budget includes all unspent balances of funds appropriated for the life of the project.

**Cash Basis:** Transactions are recorded in accordance with cash flow regardless of economic transaction timing.

**Encumbrances:** The legal commitment of appropriated funds to purchase an item or service in the future. An encumbrance is recorded when a purchase order is recorded. The encumbrance is reduced as cash payments are made against the purchase order. If there is an encumbered balance at the end of any given year, the balance will carryforward and be added to the next year's working budget to cover the cash outlay in that year.

**Spending Plan/Budget Plan/Revenue Plan:** For current month and year-to-date comparison purposes, the 2017 budget and revenue assumptions have been projected monthly, or calendarized. Various methods were used in the process including: historical seasonality, known payment schedules, payroll and benefit calendars, and the straight line basis (1/12th per month).

**Variance:** Used to describe the difference or resulting percentage change in comparative data. Bracketed variances indicate an unfavorable result.

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### Column Descriptions

**Sources of Funds:** All revenue received from external/internal sources and interfund transfers into the fund.

**Uses of Funds:** All departmental expenditures incurred and interfund transfers out of the fund.

**2019 Budget:** The 2019 Working Budget.

**2019 Projection:** A detailed cash basis estimate prepared mid-year for use in current year budget balancing and as the basis for the subsequent budget year estimates.

**YTD Actual thru the Current Month:** The year-to-date actual sources and uses of funds on a cash basis.

#### **Year-to-Date / Current Month Variance:**

- Over/(Under) - Current year sources under the prior year or budgeted sources are unfavorable, indicated by brackets.
- Under/(Over) - Current year uses over the prior year or budgeted uses are unfavorable, indicated by brackets.
- 2018 - The \$ difference between 2019 year-to-date / current month actuals compared to the 2018 actuals for the same timeframe.
- Budget - The \$ difference between the 2019 year-to-date / current month actuals through the current month compared to the 2018 year-to-date budget spending plan for the same timeframe.
- Percent Chg vs 2018 - The percentage change between 2019 year-to-date actuals through the current month and the 2018 actuals through the same month.
- Percent Chg vs Budget - The percentage change between the 2019 year-to-date actuals and the year-to-date budget spending plan.

# Finance Department Indicators (for the month ending 6/30/19)

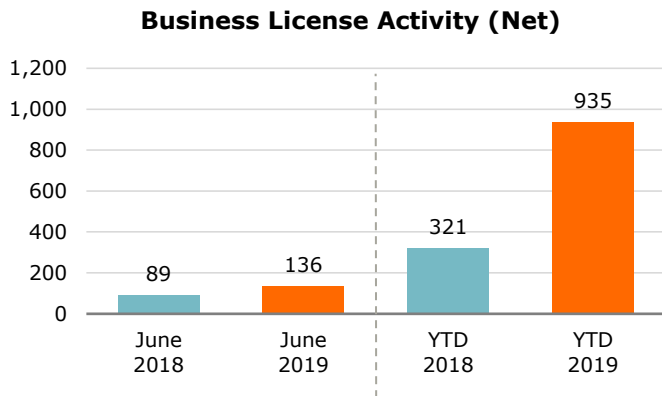
## Accounts Payable

By making payments within the standard 30 days or less, the city can capture vendor discount terms, avoid penalties and interest charges and save taxpayer money. The majority of invoices have terms that range from 30 to 90 days. Once departmental processing is complete and any issues are resolved, Accounting Services then processes the payment within 5 working days.

| Target: 30 Days for 85% of Vendor Payments |                  |                  |   |
|--|------------------|------------------|---|
| 👍  | <b>87%</b> (Jun) | <b>87%</b> (YTD) | 👍 |

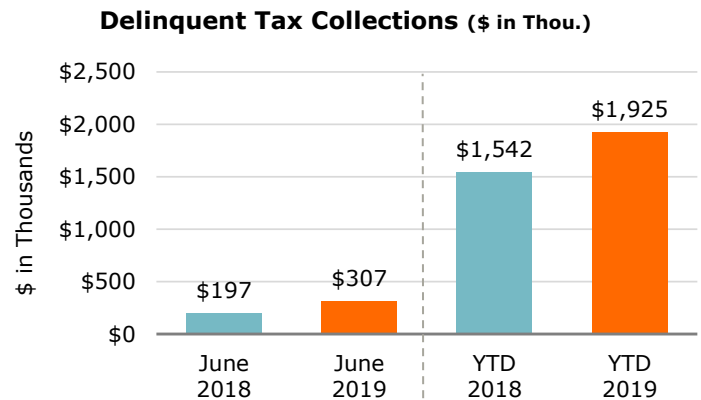
## Business Licensing

The city continues to see record numbers of new business license applications. This is a result of both heavy proactive compliance efforts to license previously operating businesses, as well as the result of businesses licensing as a result of new rules from the Department of Revenue regarding out of state sales tax collection.



## Delinquent Tax Collections

Tax collections are trending higher than recent averages in part due to large collections in April and May. Over the first six months, collections have gone from below-average to exceeding prior years as Revenue agents become fluent in the new software and begin catching up on delinquent accounts.



## Investments

The city takes advantage of opportunities for higher yields with investments in the Municipal, Corporate, and Government sectors. So far in 2019 the weighted average yield is 2.23%, which is up from 1.8% for 2018.

The portfolio balance has increased in both held positions and cash balances, primarily due to growth in sales and use tax revenue in the General Fund, as well as increased Water sales and development fees held in cash balances to fund future water capital projects.

| June                        | 2017      | 2018      | 2019      |
|-----------------------------|-----------|-----------|-----------|
| Cash & Investment Portfolio | \$460.5 M | \$514.1 M | \$585.9 M |
| Weighted avg. yield         | 1.36%     | 1.80%     | 2.23%     |
| Duration (months)           | 19.2      | 17.2      | 17.2      |

## Financing Transactions Over Previous 12 Months

Pending transactions for 2019 include Aurora Municipal Center 2009A COPs refinancing (\$80 million), 2019 Heavy Fleet (\$3.4 million) and in 2020, Southeast Rec Center (\$30 million).

| Purpose               | Amount       | Closed | Rate  | Term (yrs.) | Lender/ Banker |
|-----------------------|--------------|--------|-------|-------------|----------------|
| Wastewater 2018B*     | Up to \$28 M | 12/18  | Float | 3/10.5      | PNC            |
| Wastewater 2018A      | \$2.0 M      | 12/18  | 3.04% | 10.5        | PNC            |
| Wastewater Inter-fund | \$16.0 M     | 12/18  | 2.50% | 8           | Water          |
| PROS Internal Lease   | \$0.07 M     | 9/18   | 2.50% | 4.5         | ACLC           |
| Police Internal Lease | \$0.36 M     | 9/18   | 2.50% | 6.5         | ACLC           |
| 2018 Heavy Fleet      | \$1.75 M     | 8/18   | 3.13% | 6.7         | Vectra         |
| Hogan Parkway         | \$19.0 M     | 7/18   | 3.10% | 8.5         | Vectra         |

\* Undrawn construction line of credit, floating rate 3yrs, fixed rate next 7.5 years



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# City of Aurora

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