



City of Aurora, Colorado

Financial Performance Report

For the Quarter Ending March 31, 2018

Report released April 20, 2018

Prepared by the Office of Budget and Financial Planning

Table of Contents

Economic Update	3
General Fund	4
Combined Water & Wastewater Funds	7
Recreation Fund	10
Development Review Fund	11
Golf Courses Fund	12
Marijuana Tax Revenue Fund	13
Appendices	14
 I) General Fund Overview	 15
II) Glossary and Column Descriptions	16
III) Finance Department Indicators	17






Economic Update

The U.S Gross Domestic Product grew 2.9% in the fourth quarter of 2017, ending the year with an upward revision by the Bureau of Economic Analysis. This revision reflects positive contributions from personal consumption expenditures and private inventory investment, both of which were seen in revenues collected by the City during the past holiday season.

Looking forward, the United States economy is expected to continue its current expansion through 2018, with the passage of the 2017 Tax Cuts and Jobs Act providing a favorable boost to business investment and consumer spending. The Federal Reserve raised interest rates in March 2018 and is planning for at least two more rate increases through the current year, reflecting confidence in a strengthening economy. Inflation is expected to remain at the Fed’s target of 2%. Labor market conditions, including low unemployment rates and slow job growth, indicate wages will increase over the next two years. Despite expected slow growth and a low risk of recession, the economy faces several constraining factors including continued tight labor market conditions, demographic changes, and low productivity growth. The United States economy will experience its second longest economic expansion following a major contraction in its history by May 2018.

Colorado’s economy will continue to expand through 2018 and experience conditions similar to the national economy. The state unemployment rate stood at 3.3% as of February 2018, below Aurora’s rate of 3.6%. Business and consumer confidence continue to indicate positive economic sentiments and both suggest the state will continue to experience employment growth, GDP expansion, and a rise in personal income. The state’s economic growth in 2018 is expected to be driven

Local Economic Indicators

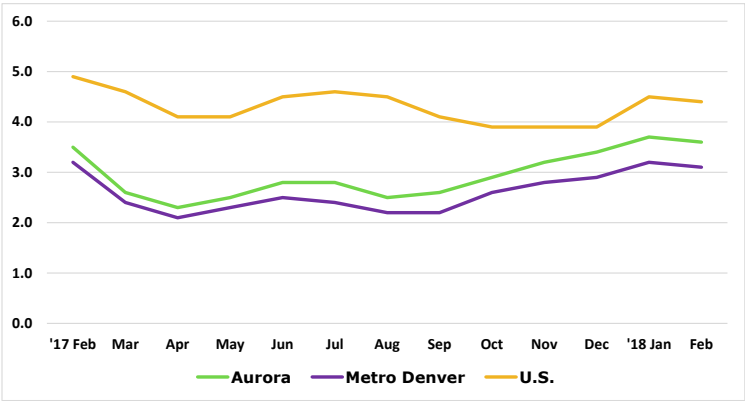
Current Mo Data/ % Chg to Prior Mo		Year-to-Date Avg % Change	
AURORA BUILDING PERMITS			
New Housing and Commercial Permits			
	146 (March) 36.5%	-5.3%	
MOUNTAIN REGION CONSUMER CONFIDENCE INDEX (CCI)			
	134.7 (Mar) +2.5%	+3.7%	
LEEDS BUSINESS CONFIDENCE INDEX CO (values above 50 indicate expansion)			
	Q2 2018 61.3	Q1 2018 59.5	Q2 2017 63.4

Note: All indicator data is most current available.

by new business formation, increased oil production, and the expansion of the state’s technology sector. Factors that may constrain growth in the state include a continuously low unemployment rate, slowing in-migration, and rising cost of housing. The increase in cost of living may contribute to a slowdown of in-migration and dampen consumer spending unless wage gains provide sufficient relief. These factors may also lead to continued hiring challenges for businesses looking to expand.

The number of residential permits issued in the state outpaced the national market in 2017. In Aurora, new housing and commercial construction activity year-to-date declined by 5.3% over the prior year. However, development activity, driven by multi-family housing projects, remains strong while existing structure renovation permits remain stable. The Gaylord Hotel development continues to be on schedule and the City’s Building Division anticipates a higher inspection workload as rooms begin to be furnished in July. Construction activity in Aurora is expected to remain stable and end the year near 2017 levels.

Unemployment Rate



General Fund

Revenues (Sources of Funds)

General Fund operating revenue collections through the first quarter of 2018 are \$3.5 million (4.8%) over budget. This increase is largely due to higher than budgeted sales tax collections and audit tax revenue received to date.

Sales tax collections exceed budget by \$1.0 million (2.3%) and are \$2.3 million (5.2%) higher than the first quarter in 2017. Growth to date has been driven by eating and drinking places, discount stores, and clothing and clothing accessories related sales. Continuously low unemployment rates and gradually rising personal income has led to increases in consumer activity. Amazon and its subsidiaries continue to dominate collections in the Other Top Taxpayers category. Sales tax revenue from department stores, which produced a drag on growth in previous years, has stabilized through the first quarter of 2018.

Audit revenue year-to-date is \$1.8 million (165.8%) higher than budgeted. This is the result of the audit team completing a few large audits. These large audits make up \$1.7 million of total collections to date. Due to the fluctuating nature of this revenue source, these types of gains are not expected to continue through the current year.

Despite an unexpectedly strong March, experts anticipate new auto sales nationwide to continue declining through 2018. While Colorado was not impacted by this trend in 2017, vehicle registrations have slowed in 2018, and Aurora’s auto use tax collections are only 1.0% higher than 2017 figures year-to-date. Nonetheless, a stronger than expected 2017 has led to ahead of budget collections through the first quarter of 2018.

Fines and forfeitures revenue continues to post strong gains

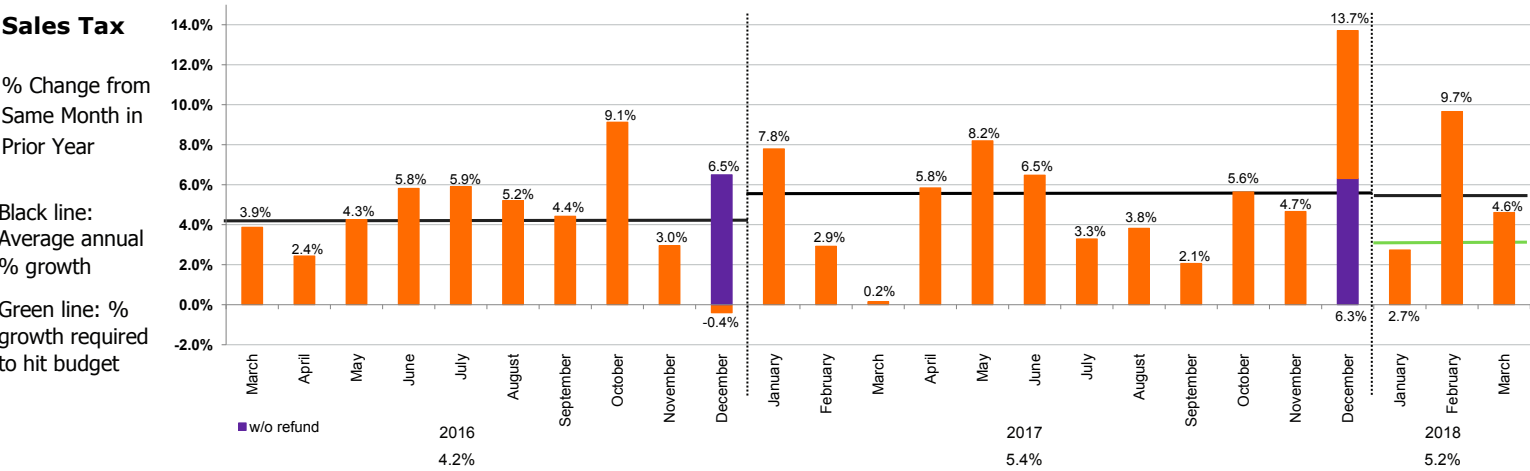
over the prior year for the third month in a row. This revenue category is \$248,600 (25.8%) ahead of budget year-to-date. See page 7 for detail revenue performance by source.

2018 Revenue Performance by Type

Revenue Category (\$ in thousands)	2018 YTD Budget	Actuals (Under)/ Over Budget	
		\$	%
General Sales Tax	\$45,306.9	\$1,046.0	2.3%
Capital Related Use Tax	6,550.6	(68.7)	(1.0%)
Auto Use Tax	4,042.4	578.9	14.3%
Franchise Fees and Taxes	1,988.8	(52.8)	(2.7%)
External Charges	1,476.7	(13.1)	(0.9%)
Audit Revenue	1,092.9	1,811.9	165.8%
Fines & Forfeitures	964.2	248.6	25.8%
All Other Gen Fund Revenue	20,524.8	72.5	0.4%
Total Revenue	\$81,947.2	\$3,623.2	4.4%
Less Capital Transfer	8,985.1	86.0	1.0%
Operating Revenue	\$72,962.1	\$3,537.2	4.8%

Top Taxpayers by Industry Category

Industry Category (\$ in thousands)	2018		2017		\$ Variance	% Change
	YTD March		YTD March			
Eating & Drinking Places	\$6,511.8		\$5,977.0		\$ 534.8	8.9%
Discount Stores	5,583.8		5,367.5		216.3	4.0%
Utilities	2,992.2		3,074.5		(82.3)	(2.7%)
Building Materials	2,629.7		2,592.6		37.1	1.4%
Telecommunication/Cellular	2,513.0		2,609.8		(96.7)	(3.7%)
Auto Dealers and Parts	2,015.8		2,108.1		(92.3)	(4.4%)
Grocery Stores	1,355.1		1,209.5		145.6	12.0%
Electronics/Computers	1,326.9		1,367.5		(40.6)	(3.0%)
Department Stores	1,326.8		1,274.4		52.4	4.1%
Clothing and Clothing Accessories	1,231.0		1,060.4		170.7	16.1%
Beer, Wine, and Liquor Stores	1,209.9		1,129.8		80.1	7.1%
Sport Goods, Hobby, Books, Music	698.6		685.6		13.0	1.9%
Furniture and Home Furnishings	522.5		566.9		(44.3)	(7.8%)
Other Top Taxpayers	3,310.2		2,990.3		320.0	10.7%
TOTAL TOP TAXPAYERS	\$33,227.4		\$32,013.7		\$1,213.6	3.8%
Total of All Other Taxpayers	14,301.5		12,987.9		1,313.6	10.1%
Less Sales Tax Incentives	1,176.0		932.0		244.1	26.2%
TOTAL SALES TAX	\$46,352.9		\$44,069.7		\$2,283.2	5.2%



NOTE: A significant refund occurred in Dec 2016. Graph represents data with and without the refund for comparison purposes.

General Fund

Expenditures (Uses of Funds)

General Fund operating expenditures through the first quarter of 2018 are \$1.6 million (2.4%) under the budget plan. Savings in the personal services category are the main cause for the year-to-date variance as can be seen on the *Expenditure Performance* chart. When including transfers out to other funds, total expenditures are \$1.5 million (1.9%) under budget, due to an \$86,000 increase in the capital transfer. Increases in the capital transfer are indicative of stronger than expected construction activity in the City and are entirely offset by higher construction-related revenue.

Employers in the Denver metro area have been challenged by low unemployment rates, which have led to a continuously elevated number of vacant positions in the City. As staff retention and recruitment has remained an important issue across several departments, personnel-related expenditures are \$1.5 million under the year-to-date budget plan. Within this classification, savings in salary and benefits have offset overages related to Police and Fire overtime and increases in temporary compensation spending in the Fire and Human Resources departments. Significant Police overtime spending associated with staffing shortages is expected to level off as academy graduating officers are placed on duty.

Utility costs through March 2018 have also remained below budget as shown on the *Citywide Utilities* table. Total savings of \$122,300 have been realized across nearly all utility categories.

Interfund charges are \$189,500 over the year-to-date plan, largely the result of increased vehicle repair costs in the first quarter of 2018. All other categories combined are under budget by \$178,400. These variances are likely timing related as there is currently no indication of specific savings or issues.

2018 Expenditure Performance

Expenditure Category (\$ in thousands)	2018 YTD Budget	Actuals Under/ (Over) Budget	
		\$	%
Personal Services	\$53,825.9	\$1,593.3	3.0%
Temp Compensation	615.9	(88.9)	(14.4%)
Professional/Technical	3,466.8	107.0	3.1%
Operating Supplies	4,434.8	59.6	1.3%
Utilities	1,584.7	122.3	7.7%
Fleet/Risk Interfund	3,632.3	(189.5)	(5.2%)
Debt/Equip Purchases	464.3	11.8	2.5%
Total Operating Exp.	\$68,024.6	\$1,615.6	2.4%
Capital Rev Transfer	8,985.1	(86.0)	(1.0%)
Other Transfers Out	2,168.3	0.0	0.0%
Total Uses of Funds	\$79,178.1	\$1,529.7	1.9%

Q1 2018 Personnel Expenditures

Personnel Category (\$ in thousands)	YTD Mar Budget	YTD Mar Actuals	Actuals Under/(Over) Budget
Regular Employee Salary & Benefits	\$51,909.5	\$49,898.4	\$2,011.1
Special Pay	896.5	846.8	49.7
Overtime Compensation	1,019.9	1,487.4	(467.5)
Temporary Compensation	615.9	704.7	(88.9)
Total Salary & Other Compensation	\$54,441.7	\$52,937.3	\$1,504.4

Vacancies	Q1 2018	Q1 2017	Q4 2017
Total Career Service	71.30	68.45	74.80

2018 Citywide Utilities

Utility (\$ in thousands)	YTD Mar Budget	YTD Mar Actuals	Actuals Under/(Over) Projection
Electricity	\$348.8	\$349.0	(\$0.3)
Natural Gas	156.0	125.0	31.0
Non-Routine Maint	165.2	110.1	55.1
Street Lights-XCEL	756.8	769.2	(12.4)
Traffic Lights, Signs	45.6	20.2	25.3
Water/Sewer	87.2	86.3	0.9
Other Utilities	25.2	2.5	22.7
Total Mar YTD	\$1,584.7	\$1,462.4	\$122.3

General Fund

The General Fund is the operating fund for 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 16.

Revenues (Sources of Funds)	2018 Budget	YTD Actual thru Mar 2018	2018 Year-to-Date Sources Over/(Under)				March 2018 Actual	March Variance Over/(Under)	
			2017	2018 Budget	% Chg vs 2017	% Chg vs Budget		2017	2018 Budget
Sales Tax - General	\$184,148,494	\$46,352,866	\$2,283,181	\$1,045,968	5.2%	2.3%	12,725,001	560,756	187,493
Use Tax - Capital Related	22,840,167	6,481,822	(1,031,293)	(68,728)	(13.7%)	(1.0%)	1,469,582	(424,777)	(182,880)
Use Tax - Automobile	17,765,244	4,621,250	44,506	578,877	1.0%	14.3%	1,383,685	(25,829)	59,835
Property Tax	35,952,903	12,540,219	3,294,877	0	35.6%	0.0%	11,829,136	2,839,737	0
Franchise Fees & Taxes	14,931,484	1,936,038	14,807	(52,773)	0.8%	(2.7%)	900,300	44,253	16,847
Highway User's Fees & Taxes	12,303,949	1,939,397	11,834	142,514	0.6%	7.9%	966,878	64,304	134,184
Other Auto Related (SOT, MV Fees)	3,536,271	660,526	51,407	74,955	8.4%	12.8%	338,239	48,663	60,005
Audit Revenue	3,102,540	2,904,800	1,179,631	1,811,911	68.4%	165.8%	2,149,734	982,697	1,410,420
Other Taxes	13,570,988	2,337,227	5,351	(68,900)	0.2%	(2.9%)	845,769	(12,464)	(71,282)
Other Intergovernmental Fees & Taxes	3,166,850	255,417	(258,888)	(29,262)	(50.3%)	(10.3%)	134,157	(317,890)	(12,259)
Business Licenses & Other Permits	2,898,354	526,711	(37,102)	(34,754)	(6.6%)	(6.2%)	189,478	(48,353)	(66,238)
Fines & Forfeitures	4,060,594	1,212,783	242,668	248,572	25.0%	25.8%	466,375	39,689	45,055
Internal Charges for Services	7,339,184	1,828,331	235,247	41,435	14.8%	2.3%	585,096	53,319	(10,536)
External Charges for Services	6,082,087	1,463,551	31,098	(13,122)	2.2%	(0.9%)	548,868	(28,959)	(15,824)
Other General Fund Revenue	2,627,320	509,478	(5,658)	(53,507)	(1.1%)	(9.5%)	192,304	(2,340)	1,574
Total General Fund Revenue	\$334,326,429	\$85,570,416	\$6,061,665	\$3,623,186	7.6%	4.4%	34,724,603	3,772,805	\$1,556,394
Transfers In from Other Funds	1,984,105	0	0	0	n/a	n/a	0	0	0
Total Sources of Funds	\$336,310,534	\$85,570,416	\$6,061,665	\$3,623,186	7.6%	4.4%	\$34,724,603	\$3,772,805	\$1,556,394
General Fund Operating Revenue ¹	\$301,148,592	\$76,499,334	\$6,366,755	\$3,537,220	9.1%	4.8%			

Expenditures (Uses of Funds)	2018 Budget	YTD Actual thru Mar 2018	2018 Year-to-Date Uses Under/(Over)			
			2017	2018 Budget	% Chg vs 2017	% Chg vs Budget
Personal Services	213,893,487	\$52,232,593	(\$1,850,255)	\$1,593,258	(3.7%)	3.0%
Temporary Compensation	2,768,258	704,738	(91,214)	(88,877)	(14.9%)	(14.4%)
Professional & Technical Services	15,828,447	3,359,852	(669,537)	106,983	(24.9%)	3.1%
Operating Supplies/Other	19,192,533	4,375,119	110,371	59,647	2.5%	1.3%
Utilities	11,533,993	1,462,425	(24,167)	122,309	(1.7%)	7.7%
Interfund Charges	15,021,637	3,821,757	(786,042)	(189,493)	(25.9%)	(5.2%)
Capital Purchases (Equip, Vehicles, Other)	3,586,841	452,491	21,813	11,811	4.6%	2.5%
General Fund Operating Expenditures	\$281,825,196	\$66,408,974	(\$3,289,031)	\$1,615,638	(5.2%)	2.4%
Capital Related Revenue Transfer Out ²	33,177,837	9,071,082	305,090	(85,966)	3.3%	(1.0%)
All Other Transfers Out to Other Funds	27,528,185	2,168,347	(233,837)	0	(12.1%)	0.0%
Total Uses of Funds	\$342,531,218	\$77,648,403	(\$3,217,779)	\$1,529,672	(4.3%)	1.9%
Less Carryforward Budget	(4,860,212)					
Increase/(Use) of Available Funds³	(\$1,360,472)					

See page 16 for glossary and detailed data description for each column.

1. 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).
2. 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.
3. The 2018 Adopted Budget includes the planned use of \$1.4 million in funds available primarily associated with expenditures for major intersection traffic improvements.

Combined Water & Wastewater Funds

Revenue (Sources of Funds)

Through the first quarter of 2018, revenue in the combined Water and Wastewater funds is \$4.0 million (9.3%) over the year-to-date revenue plan. A significant amount of development fee revenue (up \$3.5 million) and higher than projected interest (up \$708,500) were the primary drivers in the variance. The development fee revenue was driven in part by a large multifamily development in the Water Fund. The interest variance is spread across the funds and is primarily due to higher than expected fund balances and better yields. It is interesting to note that utility sales in the Water Fund are slightly below budget due to lower usage, while utility sales in Wastewater are slightly higher.

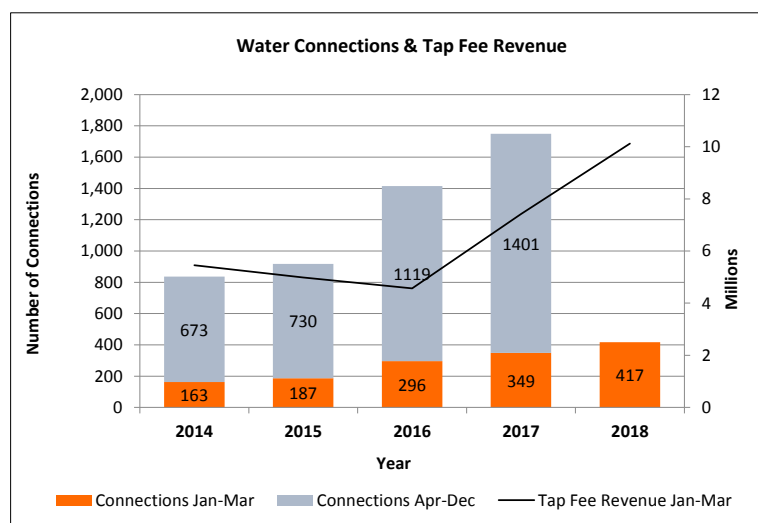
Q1 2018 Fund Sources

Over/(Under) Budget

Revenue Type	Water	Wastewater	Combined
Utility Sales - Water	(\$627,127)	\$0	(\$627,127)
Utility Sales - WW	0	52,444	52,444
Development Fees	3,132,654	323,978	3,456,632
External Charges for Services	309,016	(35,430)	273,586
Investment Income	563,090	145,421	708,511
Other Revenue	(492)	136,058	135,566
Total Revenue	\$3,377,141	\$622,471	\$3,999,612

When comparing to 2017 revenue collections, 2018 revenue is higher by a total of \$4.5 million (10.6%), also mostly due to the aforementioned development fees.

Water connections and tap fee revenue in the first quarter of 2018 are at their highest point for the first quarter in recent history.



Expenses (Uses of Funds)

Total fund uses through March of 2018 are \$8.7 million under the first quarter budget plan, mostly due to lower than anticipated spending against capital projects. Year-to-date uses are \$8.0 million greater than 2017, primarily due to greater operating supply and utility spending. Additional detail on each expense type is included below. Please refer to page 9 for detailed revenue and expense data by category.

Operating Expenses

Total operating expenses for the combined funds through the first quarter of 2018 are close to budget, only \$900,500 (2.4%) higher than the year-to-date budget plan. This is mostly due to higher than projected treatment plant supply costs, a sizeable development incentive payment and advanced water storage payments in the utilities category. These overages were partially offset by savings in professional and technical services, due to encumbered but not yet spent expenses for the lead pipe program, and master plan related projects in planning and engineering. By year end, both the Water and Wastewater Funds are assumed to be on budget.

Operating expenses through the first quarter are \$5.3 million (15.8%) higher than the first quarter of 2017. The treatment plant supply costs and water storage utility payments noted previously drive the majority of the additional spending.

Q1 2018 Fund Uses

Under/(Over) Budget

Expense Type	Water	Wastewater	Combined
Personal Services	(\$24,009)	\$84,304	\$60,295
Temporary Compensation	26,002	(1,110)	24,892
Professional & Technical Services	453,889	154,581	608,470
Operating Supplies/Other	(1,223,837)	824	(1,223,013)
Utilities	(210,594)	(185,327)	(395,921)
Interfund Charges	30,184	2,709	32,893
Debt Related	0	0	0
Capitalized Purchases	44,868	(52,949)	(8,081)
Total Operating Expenses	(\$903,497)	\$3,032	(\$900,465)
Capital Projects	4,830,693	4,747,705	9,578,398
Total Expenses	\$3,927,196	\$4,750,737	\$8,677,933

Combined Water & Wastewater Funds

Capital Budget and Expenses

Capital funds are obligated in the year budgeted, however, actual spending can occur over multiple years. The table below outlines the 2018 capital working budget by program, which includes unspent funds carried forward from previous years. To measure current year capital spending, Aurora Water creates a spending plan for each quarter.

The 2018 spending plan assumes that \$144.0 million of the appropriated \$300.9 million will be spent by year-end. Of the anticipated \$144.0 million annual spending plan, \$17.8 million (12.4%) was projected to be spent in the first quarter. Capital project expenditures through March are \$9.6 million (53.7%) under the year-to-date plan. This variance is largely due to the Collection program, resulting from the timing of 2nd Creek Regional Lift Station construction and the timing of Manhole Construction. In the Water Fund, the timing of Aurora Reservoir Improvements and Homestake Construction projects in Source of Supply Storage and the delay of new water mains pending final design in the Transmission and Distribution Program resulted in lower than anticipated spending through the first quarter.

In addition to the \$144.0 million expected to be spent by year-end, another \$83.2 million is expected to be encumbered, leaving \$73.7 million, primarily associated with future phases of the Fitzsimons Drainage and the South East Area Maintenance (SEAM) facility. Encumbered funds are funds that are contractually obligated on a purchase order, but not paid pending delivery of goods or services and therefore are not included in year-to-date spending. Currently, \$68.4 million is encumbered, primarily in the Pumping Program in the Water Fund and the Collection Program in the Wastewater Fund.

The capital projects with the highest spending and/or encumbrances through the first quarter are the Aurora Pump Station Upgrades (\$15.1 million), 2nd Creek Interceptor and Lift Station projects (\$14.9 million), Raw Water Rehab (\$6.3 million), and Griswold Water Plant Renovations (\$5.3 million).

Capital Projects Status

Water and Wastewater Funds

Program	2017 Working Budget	2017 Spending Plan	YTD Spending Plan	*2017 Final Spending	Under/ (Over) Budget	Encumbered Funds
WATER FUND						
Operations & General Mgmt	\$25,364,644	\$3,652,689	\$325,384	\$26,351	\$299,033	\$2,522,737
Pumping	13,086,795	1,760,767	453,728	243,256	210,472	15,274,471
SOS Other	14,285,025	8,225,033	415,256	1,509,640	(1,094,384)	2,910,231
SOS Storage	30,241,062	11,412,196	3,012,116	958,133	2,053,984	3,217,996
SOS Water	47,621,888	60,505,142	2,117,825	1,311,367	806,458	5,069,008
Trans & Distrib	22,356,469	5,737,197	1,683,948	54,834	1,629,115	5,744,974
Treatment	32,583,697	11,323,322	1,608,676	682,661	926,015	8,048,333
Total Water Fund	\$185,539,580	\$102,616,346	\$9,616,934	\$4,786,240	\$4,830,693	\$42,787,750
WASTEWATER FUND						
Collection	\$36,402,138	\$25,319,768	\$6,059,926	\$2,196,676	\$3,863,250	\$19,279,668
Operations & General Mgmt	21,193,848	2,716,124	181,297	45,595	135,702	1,706,075
Storm Water	57,769,841	13,358,943	1,985,152	1,236,400	748,752	4,647,655
Total Wastewater Fund	\$115,365,827	\$41,394,836	\$8,226,376	\$3,478,671	\$4,747,705	\$25,633,398
Totals	\$300,905,407	\$144,011,182	\$17,843,310	\$8,264,911	\$9,578,398	\$68,421,149

Combined Water & Wastewater Funds

The Aurora Water Department administers the Water and Wastewater funds, which are supported primarily from user fees and development fees. Aurora Water operates as a cost of service utility (or enterprise), which means that revenues must fully cover the cost of providing water, sanitary sewer, and storm water services to its customers.

Revenues (Sources of Funds)	2018 Budget	YTD Actual thru Q1 2018	2018 Year-to-Date Sources Over / (Under)			
			2017	2018 Budget	% Chg vs 2017	% Chg vs. Budget
Utility Sales - Water	\$110,322,962	\$17,042,779	(\$93,883)	(\$627,127)	(0.5%)	(3.5%)
Utility Sales - Wastewater	60,378,060	15,005,802	689,918	52,444	4.8%	0.4%
Development Fees	44,113,934	11,984,787	3,375,907	3,456,632	39.2%	40.5%
Charges for Services	7,633,155	1,661,932	136,960	273,586	9.0%	19.7%
Investment Income	1,840,131	1,020,768	355,432	708,511	53.4%	226.9%
Other Revenue	1,568,393	414,290	44,812	135,566	12.1%	48.6%
Proceeds from Borrowing	37,500,000	0	0	0	N/A	N/A
Revenue	\$263,356,635	\$47,130,358	\$4,509,146	\$3,999,612	10.6%	9.3%
Transfers In from Other Funds	16,000,000	0	0	0	N/A	N/A
Total Sources of Funds	\$279,356,635	\$47,130,358	\$4,509,146	\$3,999,612	10.6%	9.3%

Expenses (Uses of Funds)	2018 Budget	YTD Actual thru Q1 2018	2018 Year-to-Date Uses Under / (Over)			
			2017	2018 Budget	% Chg vs 2017	% Chg vs. Budget
Personal Services	\$38,388,987	\$10,554,095	(\$658,534)	\$60,295	(6.7%)	0.6%
Temporary Compensation	1,032,856	160,596	(45,383)	24,892	(39.4%)	13.4%
Professional & Technical Services	13,094,332	1,110,514	95,102	608,470	7.9%	35.4%
Operating Supplies/Other	25,370,683	6,612,054	(1,451,431)	(1,223,013)	(28.1%)	(22.7%)
Utilities	35,716,476	9,829,555	(2,087,577)	(395,921)	(27.0%)	(4.2%)
Interfund Charges	3,038,739	684,378	(94,923)	32,893	(16.1%)	4.6%
Debt Related	22,821,964	9,671,644	(883,668)	0	(10.1%)	0.0%
Capitalized Purchases	5,118,661	467,655	(196,596)	(8,081)	(72.5%)	(1.8%)
Total Operating Expenses	\$144,582,698	\$39,090,491	(\$5,323,010)	(\$900,465)	(15.8%)	(2.4%)
Transfers Out to Other Funds	16,083,497	0	0	0	N/A	N/A
Capital Projects	300,905,407	8,264,911	(2,705,242)	9,578,398	(48.7%)	53.7%
Total Uses of Funds	\$461,571,602	\$47,355,402	(\$8,028,252)	\$8,677,933	(20.4%)	15.5%

Less Carryforward Budget	(162,158,610)
Increase/(Use) of Total Available Funds	(\$20,056,357)

See Page 16 for glossary and detailed data description for each column.

- The 2018 Adopted Budget includes 2018 appropriations in excess of the expected revenue collections for the year resulting in the use of budgetary funds available of \$20.1 million. This is primarily due to 2018 capital projects being fully obligated in the year of appropriation, although actual capital project spending may occur over multiple future years.

Recreation Fund

The Recreation Fund accounts for recreational services provided to citizens. Funding for these services comes from user fees and a General Fund transfer intended to cover mandated costs. Mandated costs include personal services, utilities, interfund charges and other required costs such as custodial fees and contractual escalators. Most Recreation Fund revenues and expenditures occur in the summer months.

Revenues (Sources of Funds)	2018 Budget	YTD Actual Thru Q1 2018	2017 Year-to-Date Sources Over/(Under)			
			2017	2018 Budget	% Chg vs. 2017	% Chg vs Budget
Aquatics	\$1,176,867	\$140,688	(\$37,370)	(\$29,763)	(21.0%)	(17.5%)
Centers & Fitness	1,425,960	301,456	56,893	4,757	23.3%	1.6%
Preschool and Active Adults	1,505,400	414,558	6,740	42,855	1.7%	11.5%
Special Events	169,500	29,107	10,871	7,490	59.6%	34.6%
Sports Programs	2,083,900	335,907	2,019	82,614	0.6%	32.6%
Youth Development & Camps	299,700	79,640	(43,292)	6,312	(35.2%)	8.6%
Total Recreation Fund Revenue	\$6,661,327	\$1,301,356	(\$4,139)	\$114,265	(0.3%)	9.6%
Transfers In from Other Funds	5,072,107	0	0	0	N/A	N/A
Total Sources of Funds	\$11,733,434	\$1,301,356	(\$4,139)	\$114,265	(0.3%)	9.6%

Expenditures (Uses of Funds)	2018 Budget	YTD Actual Thru Q1 2018	2017 Year-to-Date Uses Under/(Over)			
			2017	2018 Budget	% Chg vs. 2017	% Chg vs Budget
Personal Services	\$5,456,760	\$1,347,387	(\$189,811)	\$107,911	(16.4%)	7.4%
Temporary Compensation	3,118,451	579,251	(41,893)	(33,307)	(7.8%)	(6.1%)
Professional & Technical Services	634,795	309,721	(174,730)	(20,699)	(129.4%)	(7.2%)
Operating Supplies/Other	1,768,364	321,773	(31,814)	(16,182)	(11.0%)	(5.3%)
Utilities	906,252	164,188	(29,569)	17,620	(22.0%)	9.7%
Interfund Charges	184,335	43,299	(4,279)	2,349	(11.0%)	5.1%
Capital Related	932	2,212	4,003	(1,979)	64.4%	(849.4%)
Total Uses of Funds	\$12,069,889	\$2,767,831	(\$468,093)	\$55,713	(20.4%)	2.0%

Less Carryforward Budget	(36,955)
Increase/(Use) of Total Avail. Funds	(\$299,500)

See page 16 for glossary and detailed data description for each column.

Revenues (Sources of Funds)

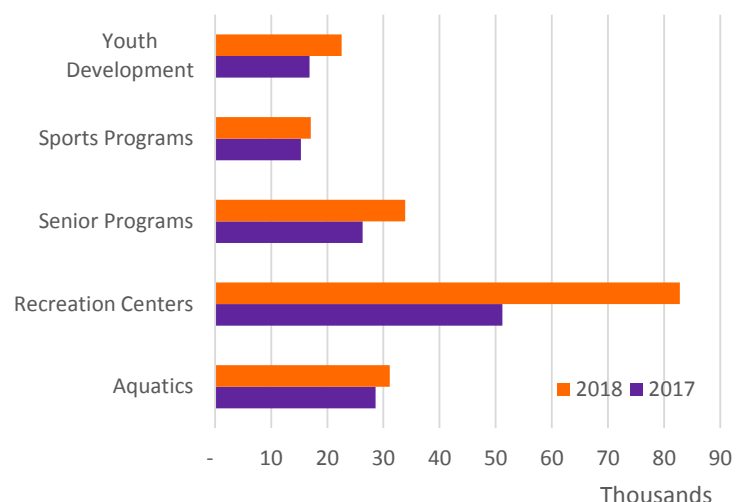
Operating revenue collections in the Fund, which excludes the General Fund subsidy, are ahead of the plan by \$114,300 (9.6%), and close to 2017 revenues for the same period. Aquatics revenues are underperforming to plan, but are offset by better than expected revenues primarily from Sports Programs and Special Events. Minor one-time spikes in revenues for the first quarter of 2017 account for the negative variance seen in 2018.

Expenditures (Uses of Funds)

Year-to-date expenditures are 2.0% under plan. This variance is accounted for primarily in personal services and is attributable to a combination of vacancy savings, in part due to new hires brought on at lower wages, and utilities expenditures. As expected, due to the added operations of Moorhead Recreation Center, year-over-year expenditures are 20.4% higher than Q1 2017 spending.

Recreation Attendance

Q1 2017 vs. Q1 2018



Development Review Fund

The Development Review Fund (DRF) is dependent on construction and development activity. Revenues and expenditures fluctuate depending on the level of development activity in the City and the resulting changes in plan review and inspection activity.

Revenues (Sources of Funds)	2018 Budget	YTD Actual thru Q1 2018	2018 Year-to-Date Sources Over/(Under)			
			2017	2018 Budget	% Chg vs 2017	% Chg vs Budget
Contractor Licensing	\$624,180	\$155,708	\$750	\$16,173	0.5%	11.6%
Permits	13,489,217	2,643,936	(584,370)	(371,574)	(18.1%)	(12.3%)
Application and Admin Fees	2,921,432	822,171	(90,371)	169,086	(9.9%)	25.9%
Interest	116,150	48,159	9,499	22,194	24.6%	85.5%
Other Revenue	51,510	46,869	16,969	35,354	56.8%	307.0%
Total Sources of Funds	\$17,202,489	\$3,716,843	(\$647,522)	(\$128,767)	(14.8%)	(3.3%)

Expenditures (Uses of Funds)	2018 Budget	YTD Actual thru Q1 2018	2018 Year-to-Date Uses Under/(Over)			
			2017	2018 Budget	% Chg vs 2017	% Chg vs Budget
Personal Services	\$10,504,933	\$2,796,452	(\$311,280)	(\$39,862)	(12.5%)	(1.4%)
Temporary Compensation	997,572	182,091	(9,284)	61,698	(5.4%)	25.3%
Professional & Technical Svcs	2,242,228	225,604	208,028	325,514	48.0%	59.1%
Operating Supplies/Other	894,821	159,807	(23,126)	(12,659)	(16.9%)	(8.6%)
Interfund Charges	195,911	46,663	(4,988)	263	(12.0%)	0.6%
Capital Related	75,000	0	0	0	0.0%	0.0%
Total Operating Expenditures	\$14,910,465	\$3,410,617	(\$140,649)	\$334,954	(4.3%)	8.9%
Transfers Out to Other Funds	2,006,371	0	0	0	N/A	0.0%
Total Uses of Funds	\$16,916,836	\$3,410,617	(\$140,649)	\$334,954	(4.3%)	8.9%

Less Carryforward Budget	(1,580,507)
Incr/(Use) of Total Avail Funds	\$1,866,160

See page 16 for glossary and detailed data description for each column.

Revenue (Sources of Funds)

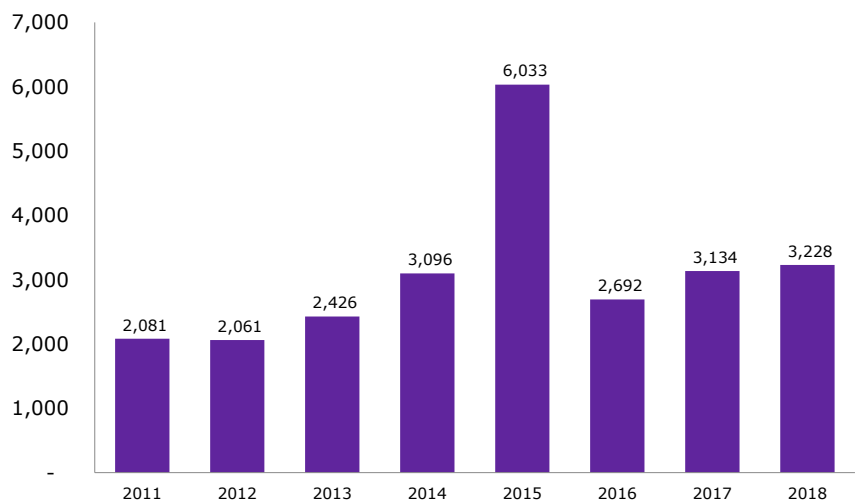
Primarily sources of revenue in the fund are from permits, development application fees and licensing. Revenue collections through March are \$128,800 (3.3%) less than the year-to-date plan. Development activity remains strong, and it is believed revenue will begin to stabilize in 2018. There are several larger projects in the queue, so it is anticipated total revenue will be at or near 2017 totals.

Expenditures (Uses of Funds)

Total expenditures are under budget plan by \$335,000 (8.9%), primarily due to timing of the Workflow System update expenses located in professional services. It is expected that these funds will be spent before year-end.

Permits Issued

Q1 2011-2018



Golf Courses Fund

The Golf Courses Fund was established for the operation and maintenance of City-owned and/or City-operated golf courses. The Fund is supported by green fees, driving range fees, and golf cart rentals, as well as pro shop sales and concessions. The majority of Fund revenue is earned from May through September and expenses, primarily temporary compensation, capital improvements, and operating supply expenses, are spent in tandem with revenues.

Revenues (Sources of Funds)	2018 Budget	YTD Actual Thru Q1 2018	2018 Year-to-Date Sources Over/(Under)			
			2017	2018 Budget	% Chg vs 2017	% Chg vs Budget
Revenue from User Fees	\$8,505,200	\$584,339	(\$211,865)	(\$83,168)	(26.6%)	(12.5%)
Interest Income	20,000	9,083	2,846	5,401	45.6%	146.7%
Miscellaneous Revenue	5,700	33,634	12,611	32,798	60.0%	3,923.2%
Total Fund Revenue	\$8,530,900	\$627,056	(\$196,408)	(\$44,969)	(23.9%)	(6.7%)
Transfers In from Other Funds	150,000	0	0	0	N/A	N/A
Total Sources of Funds	\$8,680,900	\$627,056	(\$196,408)	(\$44,969)	(23.9%)	(6.7%)

Expenses (Uses of Funds)	2018 Budget	YTD Actual Thru Q1 2018	2018 Year-to-Date Uses Under/(Over)			
			2017	2018 Budget	% Chg vs 2017	% Chg vs Budget
Personal Services	\$3,127,320	\$726,992	\$69,875	\$104,826	8.8%	12.6%
Temporary Compensation	1,413,497	102,788	23,004	5,676	18.3%	5.2%
Professional & Technical Services	168,687	17,273	19,014	28,017	52.4%	61.9%
Operating Supplies/Other	1,637,284	301,626	69,023	(7,307)	18.6%	(2.5%)
Utilities	1,168,400	76,363	(1,595)	9,387	(2.1%)	10.9%
Interfund Charges	204,238	49,441	(3,164)	1,052	(6.8%)	2.1%
Debt Related	372,680	0	45,605	0	100.0%	N/A
Capital Related	33,303	0	0	8,326	N/A	N/A
Total Fund Operating Expenses	\$8,125,409	\$1,274,483	\$221,762	\$149,977	14.8%	10.5%
Transfers Out to Other Funds	200,000	0	0	0	N/A	N/A
Capital Projects	428,690	44,219	(8,891)	(1,350)	(25.2%)	(3.1%)
Total Uses of Funds	\$8,754,099	\$1,318,702	\$212,871	\$148,627	13.9%	10.1%

Less Carryforward Budget	(198,177)
Increase/(Use) of Total Avail. Funds	\$124,978

See page 16 for glossary and detailed data description for each column.

Revenue (Sources of Funds)

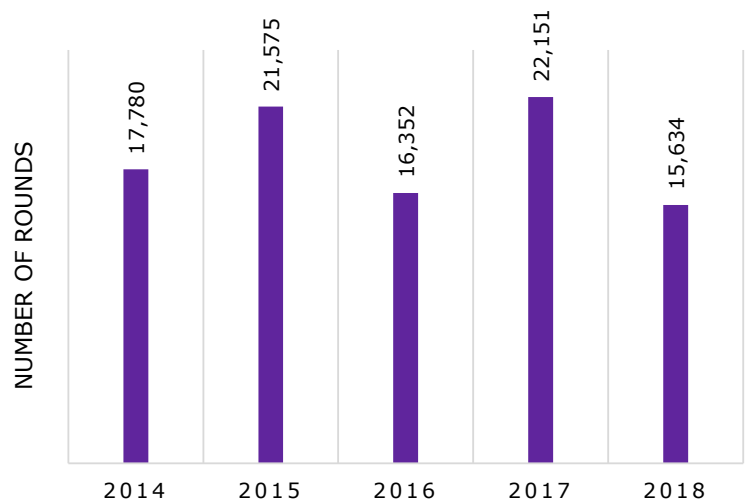
Total revenue at the end of the first quarter 2018 is \$196,400 (23.9%) below the 2017 revenue for the same period. Unseasonably warm weather helped boost total rounds played well above typical play for the first quarter in 2017. This decrease in rounds played combined with the recent closure of Fitzsimons Golf Course accounts for the variance. Although total rounds have been consistent for several years, the Golf Fund is facing uncertain attendance levels due to younger generations showing less interest in the game.

Expenses (Uses of Funds)

Total first quarter operating expenses are \$150,000 (10.5%) underspent compared to the 2018 spending plan. Expenses have been reduced associated with the closure of the Fitzsimons Golf Course late in 2017, as well as a general decrease in play.

Rounds Played

Q1 2014-2018



Marijuana Tax Revenue Fund

In 2014, Aurora voters approved a 5.75% City sales tax and 5.0% excise tax from cultivation facilities charged on the sale of unprocessed retail marijuana. Aurora voters also granted the City permission to increase or decrease the sales tax rate without further voter approval so long as the rate of taxation does not exceed 10.0%. In 2017, City Council increased the City's retail marijuana sales tax rate from 5.75% to 7.75%. Effective July 1, 2017, this rate increase will fund homeless services and housing projects. Additionally, the City collects a state shareback of 10.0% of the 15.0% state special sales tax based on Aurora's retail marijuana sales. From 2014 to 2016, marijuana sales and excise tax revenue was collected in the City's General Fund and set aside for Council's determination of use. In January 2017, the City began to account for marijuana tax revenue in a separate Marijuana Tax Revenue Fund for budgetary purposes.

2018 Marijuana Tax Revenue

Revenues	2018 Budget	2018 YTD Actual	2018 Year-to-Date Revenues Over/(Under)			
			2017	2018 Budget	% Chg vs 2017	% Chg vs Budget
Sales and Excise Taxes	\$7,915,474	\$1,791,004	\$434,968	(\$47,865)	32.1%	(2.6%)
State Shareback	1,388,139	345,977	(3,109)	(1,058)	(0.9%)	(0.3%)
Investment Income	35,000	18,000	17,126	9,250	1,959.5%	105.7%
Total Revenue	\$9,338,613	\$2,154,981	\$448,986	(\$39,673)	26.3%	(1.8%)
Transfers In	0	0	0	0	N/A	N/A
Total Sources of Funds	\$9,338,613	\$2,154,981	\$448,986	(\$39,673)	26.3%	(1.8%)

2014-2018 Marijuana Funds

Fund Summary	2014-2017 Actual	2018 Budget	2014-2018 Total
Sales and Excise Taxes	\$14,293,985	\$7,915,474	\$22,209,459
State Shareback	3,175,119	1,388,139	4,563,258
Investment Income	40,893	35,000	75,893
Total Revenue	\$17,509,997	\$9,338,613	\$26,848,610
Transportation Projects	\$3,800,000	\$0	\$3,800,000
Transportation Maintenance	0	2,100,000	2,100,000
Concrete and Asphalt Projects	2,000,000	0	2,000,000
Medians	250,000	250,000	500,000
Debt Service for Central Recreation Center	4,000,000	2,000,000	6,000,000
Debt Service for Road Projects	0	4,000,000	4,000,000
Nexus Program Reserve	680,000	0	680,000
Homeless Services and Housing	3,748,696	3,357,113	7,105,809
Expenditures/Commitments	\$14,478,696	\$11,707,113	\$26,185,809
Unobligated Funds			\$662,801

Types of Licenses	Number Issued as of 3/31/18
Stores	24
Cultivations	17
Product Manufacturing	16
Testing	1

Marijuana tax revenue through the first quarter of 2018 is tracking slightly below budget by \$39,700 (1.8%). Despite declining retail prices in Colorado, the City is expected to meet the assumptions included in the 2018 Adopted Budget as more marijuana businesses are scheduled to open in 2018. City Council has limited the number of retail marijuana stores in Aurora to 24. All 24 stores are expected to be in operation by the end of 2018. To date, a total of 21 stores and 11 cultivation facilities have generated \$1.6 million in City sales tax revenue and \$146,700 in excise tax revenue.

City Council identified various projects to be funded with marijuana tax revenue, including the ongoing funding of debt payments towards the construction of a new recreation center in central Aurora and a variety of road projects. Furthermore, City Council committed the additional marijuana revenue associated with the 2.0% increase in the City's special sales tax rate on retail marijuana to homeless services and housing. As a result, \$26.2 million of funds available have been obligated.

* 2017 revenues differ from the CAFR as the CAFR reports a portion of 2017 revenues in 2018 whereas the fund performance report does not.



Appendices



General Fund Overview

The General Fund is the operating fund for 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.

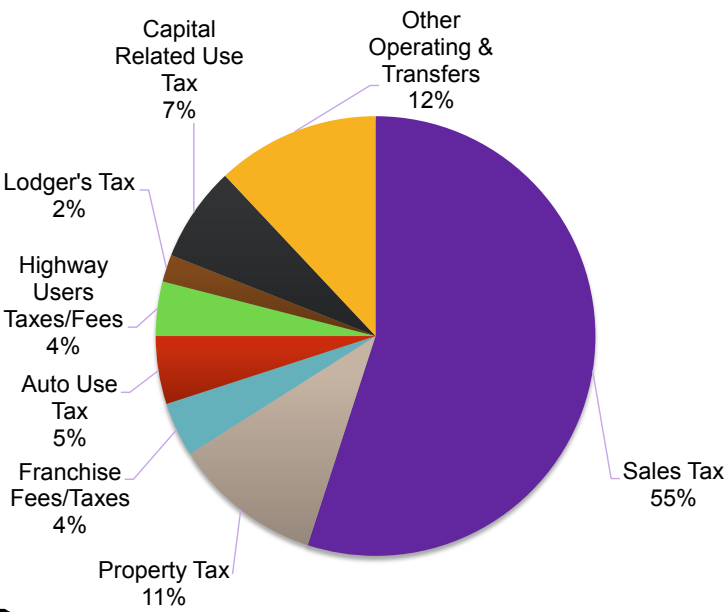
Uses of Funds

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.

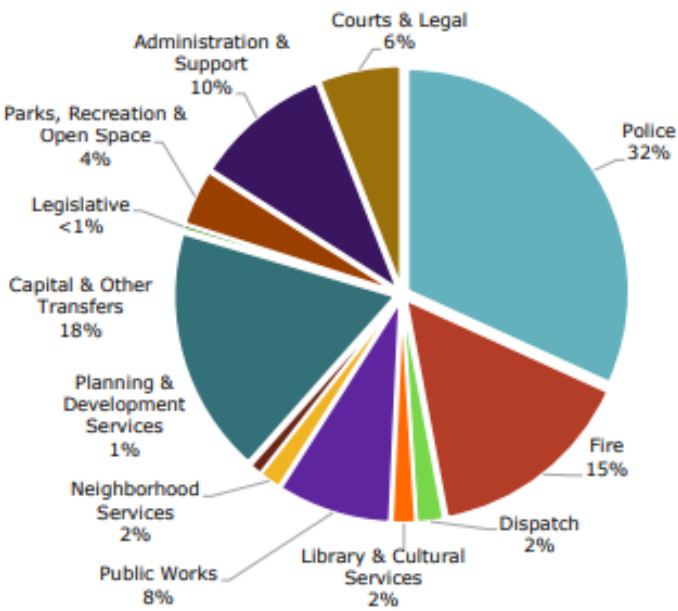
Public safety functions, including Fire, Dispatch, Police, and Court Administration account for 55.0% of total General Fund appropriations in 2018.

The 2018 Adopted Budget includes the planned use of \$1.4 million in funds available primarily associated with expenditures for major intersection traffic improvements.

2018 General Fund Revenue
(Sources)



2018 General Fund Appropriations
(Uses)



General Fund Departments

- | | | | |
|---|--|--|---|
| <ul style="list-style-type: none">City AttorneyMayor & City CouncilCivil Service CommissionCourt AdministrationFinanceFire | <ul style="list-style-type: none">General ManagementHuman ResourcesInformation TechnologyJudicialLibrary & Cultural ServicesNeighborhood Services | <ul style="list-style-type: none">Non-Departmental (snow removal, transfers, contingencies)Parks, Recreation & Open SpacePlanning & Development Services | <ul style="list-style-type: none">PolicePublic DefenderPublic Safety Communications CenterPublic Works |
|---|--|--|---|

Glossary

- 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 plus encumbrances. 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.
- 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.
- Variance:** Used to describe the difference or resulting percentage change in comparative data. For the General Fund, bracketed variances indicate an unfavorable result. For all other funds, bracketed variances indicate that the result is under the amount being compared to.
-

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.
- 2018 Budget:** The 2018 Adopted Budget plus approved supplemental amendments.
- 2018 Projection:** A detailed 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 plus encumbrances.
- Year-to-Date / Current Month Variance:**
- Over/(Under)
 - Current year sources under the prior year or budgeted sources are unfavorable, indicated by brackets; current year uses over the prior year or budgeted uses are unfavorable, indicated by brackets
 - 2017 - The \$ difference between 2018 year-to-date / current month actuals compared to the 2017 actuals for the same timeframe
 - Budget - The \$ difference between the 2018 year-to-date / current month actuals through the current month compared to the 2017 year-to-date projected budget (see note below) for the same timeframe
 - Percent Chg vs 2017 - The percentage change between 2018 year-to-date actuals through the current month and the 2017 actuals through the same month
 - Percent Chg vs Budget - The percentage change between the 2018 year-to-date actuals and the year-to-date projected budget (see note below)

Note: For General Fund current month and year-to-date comparison purposes, the 2018 Budget has 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).

Finance Dept. Indicators (for MONTH ending 3/31/18)

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.

Target: 30 Days for 85% of Vendor Payments



87% (March)

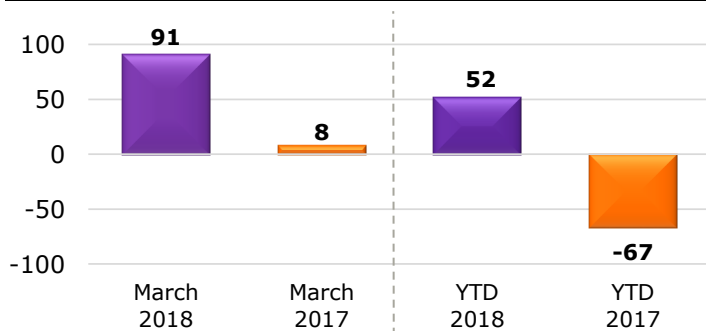
86% (YTD)



Business Licensing

March 2018 was a strong month with a net gain of 91 new business licenses. New licenses were led by the Retail Trade, Professional Services, and Health Care sectors. The reduction in 2017 YTD licenses is common over the first few months of the year as annual sales tax filers identify that their business closed at some point during the prior year.

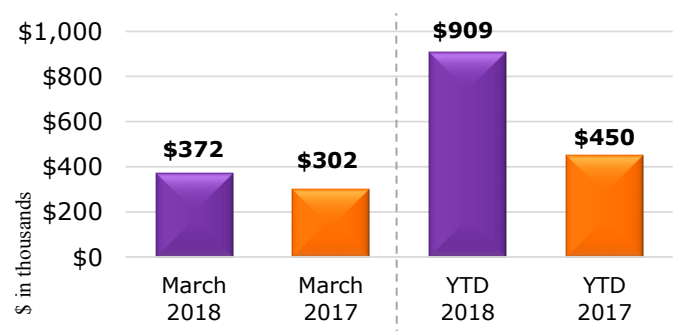
Business License Activity (Net)



Delinquent Tax Collections

Revenue collections were once again above average in March 2018. The increase in collections for 2018 can be attributed to an additional revenue agent being approved by City Council.

Delinquent Tax Collections



Investments

The City has taken advantage of higher yields with investments in the municipal, corporate, and government sectors. The City will continue to re-invest capital at higher rates as interest rates rise.

The portfolio balance has increased in both held positions and cash balances primarily due to growth in water sales and development fees. Aurora Water is accumulating capital for several large acquisitions and projects. Sales and use tax revenue in the General Fund continue to grow as well.

March	2016	2017	2018
Cash & investment portfolio	\$358.8 M	\$401.0 M	\$488.8 M
Weighted avg. yield	1.18%	1.30%	1.63%
Duration (months)	14.4	19.2	18.0

Financing Transactions Over Previous 12 Months

Pending future transactions include Certificates of Participation (COPS) for the Sixth Avenue Extension (\$25.0 million), Wastewater Revenue Bonds for the Fitzsimons Stormwater project (\$20.0 million), 2018 Fleet Acquisitions (\$2.0 million), and the Small Equipment Leasing Program (\$1.0 million).

Purpose	Amount	Closed	Rate	Term (yrs.)	Lender/ Banker
2017 Fleet	\$1.22 M	11/17	2.49%	7.5	Key
Cobblewood GID	\$0.65 M	10/17	4.68%	15	NBH
Fire Stations	\$27.7 M	8/17	2.91%	20.3	Janney
D2 Police Phase II	\$10.1 M	6/17	2.73%	14.7	Key
Central Rec Center	\$28.9 M	5/17	3.70%	25.5	Stifel



City of Aurora

Office of Budget and Financial Planning

15151 East Alameda Parkway, Suite 5500
Aurora, Colorado 80012
budget1@auroragov.org