



CITY OF AURORA, COLORADO

Financial Performance Report



For the Quarter Ending March 31, 2017

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Prepared by the Office of Budget and
Financial Planning








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Economic Update

The United States economy is expected to continue expanding in 2017 and 2018. While economic growth decelerated at the end of 2016, the slowdown is largely associated with a steep trade deficit stemming from a correction of unusually high exports in the summer of 2016. Most other indicators

Local Economic Indicators

Current Mo Data/ % Chg to Prior Mo		Year-to-Date Avg % Change	
AURORA BUILDING PERMITS			
New housing and commercial permits			
	157 (Mar) + 25.6%	+ 7.6%	
Misc. (existing structure) permit valuation			
	\$19.2M (Mar) + 28.2%	+ 22.1%	
CONSUMER CONFIDENCE INDEX (CCI) MOUNTAIN REGION			
	125.0 (Mar) - 0.7%	+ 31.7%	
LEEDS BUSINESS CONFIDENCE INDEX CO (values above 50 indicate expansion)			
	Q2 2017 63.4	Q1 2017 60.3	Q2 2016 55.4
3.5% (Feb)	AURORA UNEMPLOYMENT RATE	+ 1.5%	

Note: All indicator data is most current available.

pointed to positive developments for 2017. Low unemployment combined with strong consumer confidence have stimulated consumer spending, the largest component of U.S. GDP. Business investments have also gained momentum, indicating higher confidence for future sales. Favorable employment and inflation figures have prompted the Federal Reserve to raise interest rates twice in three months. Multiple rate increases are expected in 2017, which have the potential to dampen economic growth.

Colorado's economy is forecast to continue its current expansion, though growth is expected to taper and more closely mirror the national pace. State unemployment stood at 3.4 percent as of February 2017, slightly below Aurora's rate of 3.5 percent. While low unemployment has stimulated wage growth and thus consumer spending, it has also constrained economic growth. With businesses struggling to attract qualified employees, job growth is expected to slow from 2.3 percent in 2016 to 2.0 percent in 2017. Oil and gas related industries, once a drag on economic growth, are once again contributing to economic growth as the industry recovers from the fall in oil prices that started in 2014.

Business confidence in Colorado remains high as business owners have expressed optimism about the second quarter of 2017, including raised expectations for sales, profits, and capital expenditures. At the same time, consumer confidence in the Mountain Region has reached its highest point since 2007. Both business and consumer confidence have been propelled by the promise of growth-focused and disposable income strengthening policy initiatives such as tax reductions and fewer regulations. Renewed optimism combined with a labor market near full employment should translate into continued strong consumer spending. However, continued confidence may well depend on the new administration's ability to meet business and consumer expectations.

Construction activity in Aurora has continued a trend of sizable increases. Through the first quarter of 2017, residential housing permits grew by 5.3 percent, while significant commercial construction has boosted capital-related revenue collections year-to-date. At the same time, existing structure permit valuations have remained robust.

General Fund

Revenues (Sources of Funds)

General Fund operating revenue collections through the first quarter of 2017 are \$1.7 million (2.5 percent) over budget. This increase is predominately due to higher than expected sales and auto use taxes, offsetting shortfalls in fines and forfeitures and external charges for services.

Sales tax collections are over budget by \$1.1 million (2.6 percent), equating to a \$1.8 million (4.2 percent) increase over 2016. Collections to date are largely associated with strong holiday sales, as reflected below in January's sales tax bar chart data, followed by months with moderate collection rates. Collections have been hampered by store closures in the "sport goods, hobby, books, music" category and struggles in adapting to changes in consumer behavior favoring online purchases as seen in the "department store" category. The City has been collecting sales tax from Amazon for a year as of March which has helped offset the year-to-date decline in other sectors. Nevertheless, large gains in sales tax revenue from building materials and all other taxpayers, driven by the technology sector, point to a healthy economy where both businesses and consumers feel financially secure enough to spend on remodeling and upgrading projects.

Auto use tax collections slowed considerably in the second half of 2016, as expected. However, a strong finish to the year in car sales has pushed revenue, typically collected with two months lag, \$459,900 (11.2 percent) over the year-to-date budget. Recent data suggest sales have tapered off locally, which is in line with nationwide trends. Collections of fines and forfeitures and court fees, which are collected in external charges are below expectations brought about by the issuance of fewer filings and legislative change impacting the collection process.

The detailed data shown on page 6 reveals that certain revenue sources have inconsistent timing of payments from year-

to-year. Property tax collections are \$645,300 below 2016, yet history combined with county data tells us that this has no bearing on the year end results. Audit revenue is another source that has inconsistent timing of collections year-to-year. Payments as a result of an audit correspond to the audit plan which can result in large variances when compared to the prior year. The audit team is fully staffed and has posted \$1.2 million in collections over 2016, which is \$300,500 better than the 2017 plan.

2017 Revenue Performance by Type

Revenue Category (\$ in thousands)	2017 YTD Budget	Actuals (Under) / Over Budget	
		\$	%
General Sales Tax	\$42,949.7	\$1,120.0	2.6%
Capital Related Use Tax	6,091.4	1,421.8	23.3%
Auto Use Tax	4,116.9	459.9	11.2%
Franchise Fees and Taxes	1,941.3	(20.1)	(1.0%)
Fines & Forfeitures	1,273.8	(303.6)	(23.8%)
Highway User's Fees & Taxes	1,813.9	113.6	6.3%
Audit Revenue	1,424.7	300.5	21.1%
All Other Gen Fund Revenue	16,864.5	(64.5)	(0.4%)
Total Revenue	\$76,476.1	\$3,027.5	4.0%
Less Capital Transfer	8,029.7	1,346.4	16.8%
Operating Revenue	\$68,446.4	\$1,681.1	2.5%

Top Taxpayers by Industry Category

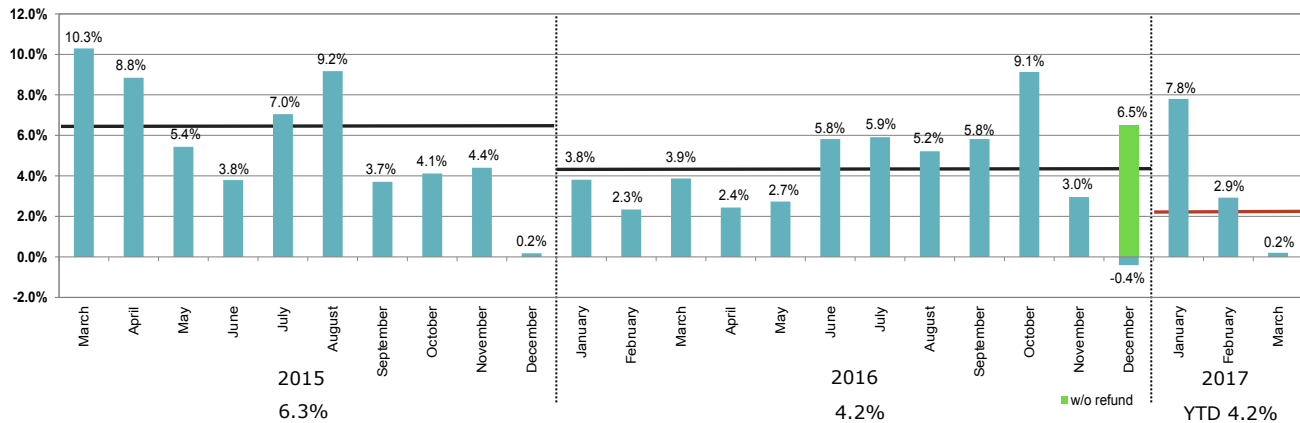
Industry Category (\$ in thousands)	2017 YTD Mar	2016 YTD Mar	\$ Variance	% Change
Eating & Drinking Places	\$5,977.0	\$5,659.1	\$317.9	5.6%
Discount Stores	5,367.5	5,274.6	92.9	1.8%
Utilities	3,074.5	3,003.6	70.9	2.4%
Telecommunication/Cellular	2,531.9	2,522.5	9.4	0.4%
Building Materials	2,369.4	2,033.0	336.4	16.5%
Auto Dealers and Parts	2,108.1	2,033.9	74.2	3.7%
Department Stores	1,274.4	1,426.3	(151.9)	(10.7%)
Grocery Stores	1,218.0	1,228.2	(10.2)	(0.8%)
Clothing and Clothing Accessories	1,060.4	1,057.0	3.4	0.3%
Beer, Wine, and Liquor Stores	1,129.8	1,204.2	(74.4)	(6.2%)
Electronics/Computers	879.8	839.3	40.5	4.8%
Sport Goods, Hobby, Books, Music	685.6	863.9	(178.3)	(20.6%)
Furniture and Home Furnishings	566.9	554.7	12.2	2.2%
Other Top Taxpayers	2,967.7	2,593.9	373.8	14.4%
TOTAL TOP TAXPAYERS	\$31,210.9	\$30,294.1	\$916.8	3.0%
Total of All Other Taxpayers	13,790.7	12,825.2	965.6	7.5%
Less Sales Tax Incentives	932.0	837.9	94.1	11.2%
TOTAL SALES TAX	\$44,069.7	\$42,281.4	\$1,788.3	4.2%

Sales Tax

Percent Change from Same Month in Prior Year

Black line: Average annual % growth

Red line: % growth required to hit budget



General Fund

Expenditures (Uses of Funds)

General Fund operating expenditures through the first quarter of 2017 are \$1.6 million (2.5 percent) under the budget plan. As shown on the Expenditure Performance chart, this unpredicted surplus has been driven by significant savings in the Personal Services category. When including transfers out to other funds, total expenditures are only \$270,700 (0.4 percent) under budget, due to a higher than expected transfer of capital-related revenue to the Capital Projects Fund. Increases in the capital transfer are associated with stronger than expected construction activity in the City and are entirely offset by higher construction-related revenue which exceeds budget by \$1.4 million (23.3 percent).

The personnel-related expenditures chart reveals \$1.7 million in year-to-date salary and benefits savings. Dramatically low unemployment has created hiring challenges throughout various departments, generating numerous position vacancies in 2016 and into the first quarter of 2017. To date, there are no signs of easing and thus, recruiting qualified personnel is expected to remain a challenge through 2017. Savings in salary and benefits have offset overages in Police overtime and temporary compensation spending in the Police and Judicial Departments.

Utility costs through March 2017 have also remained below budget as shown on the Citywide Utilities table. Streetlight operations has been the main factor behind \$178,500 in savings, driven by lower than expected electricity costs. While the 2017 streetlight utility budget may prove somewhat high, energy prices are expected to steadily recover from the decline that began in 2015. Thus, future actuals may be closer to budget.

Operating supplies are under budget by \$136,800 (3.0 percent). Comparably limited snowfall during the first quarter of the year has resulted in below average snow removal expenditures.

Variances in all other categories combined are slightly under budget by \$60,800.

2017 Expenditure Performance

Expenditure Category (\$ in thousands)	2017 YTD Bud	Actuals Under/ (Over) Proj	
		\$	%
Personal Services	\$51,776.3	\$1,394.0	2.7%
Temp Compensation	460.6	(153.0)	(33.2%)
Professional/Technical	2,655.2	(35.1)	(1.3%)
Operating Supplies	4,605.9	136.8	3.0%
Utilities	1,616.8	178.5	11.0%
Fleet/Risk Interfund	3,128.4	92.7	3.0%
Debt/Equip Purchases	493.9	3.2	0.7%
Total Operating Exp.	\$64,737.1	\$1,617.1	2.5%
Capital Rev Transfer	8,029.7	(1,346.4)	(16.8%)
Other Transfers Out	1,934.5	0.0	0.0%
Total Uses of Funds	\$74,701.3	\$270.7	0.4%

Q1 2017 Personnel Expenditures

Personnel Category (\$ in thousands)	YTD Mar Bud	YTD Mar Actuals	Actuals Under/(Over) Budget
Regular Employee Salary & Benefits	\$49,799.5	\$48,135.7	\$1,663.8
Special Pay	996.6	1,022.9	(26.4)
Overtime Compensation	980.2	1,223.7	(243.4)
Temporary Compensation	460.6	613.5	(153.0)
Total Salary & Other Compensation	\$52,236.9	\$50,995.9	\$1,241.1

2017 Citywide Utilities

Utility (\$ in thousands)	YTD Mar Bud	YTD Mar Actuals	Actuals Under/ (Over) Proj.
Electricity	\$351.9	\$347.8	\$4.1
Natural Gas	131.1	112.9	18.2
Non-Routine Maint	148.2	202.8	(54.6)
Street Lights-XCEL	824.9	700.4	124.5
Traffic Lights, Signs	46.5	20.5	26.0
Water/Sewer	71.6	50.5	21.1
Other Utilities	42.6	3.4	39.2
Total Mar YTD	\$1,616.8	\$1,438.3	\$178.5

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)	2017 Budget	YTD Actual thru Q1 2017	2017 Year-to-Date Sources Over/(Under)				Mar 2017 Actual	Mar Variance Over/(Under)	
			2016	2017 Budget	% Chg vs 2016	% Chg vs Budget		2016	2017 Budget
Sales Tax - General	\$173,151,966	\$44,069,685	\$1,788,263	\$1,119,995	4.2%	2.6%	\$12,164,245	\$18,490	(\$173,476)
Use Tax - Capital Related	22,683,798	7,513,115	1,229,483	1,421,751	19.6%	23.3%	1,894,358	101,786	298,588
Use Tax - Automobile	18,036,814	4,576,743	91,971	459,879	2.1%	11.2%	1,409,514	(97,232)	62,224
Property Tax	30,939,076	9,245,342	(645,319)	0	(6.5%)	0.0%	8,989,399	(650,123)	0
Franchise Fees & Taxes	14,034,064	1,921,231	89,637	(20,101)	4.9%	(1.0%)	856,046	31,511	(13,078)
Highway User's Fees & Taxes	11,727,149	1,927,563	135,515	113,632	7.6%	6.3%	902,574	(8,273)	(9,173)
Other Auto Related (SOT, MV Fees)	3,353,090	609,119	(19,100)	42,644	(3.0%)	7.5%	289,576	14,575	19,359
Audit Revenue	2,818,620	1,725,169	1,174,311	300,514	213.2%	21.1%	1,167,037	1,078,834	212,152
Other Taxes	12,928,315	2,331,875	46,221	40,347	2.0%	1.8%	858,233	(39,197)	(4,304)
Other Intergovernmental Fees & Taxes	3,363,175	514,305	265,251	(17,999)	106.5%	(3.4%)	452,048	298,615	(3,938)
Business Licenses & Other Permits	2,951,520	563,813	81,203	31,330	16.8%	5.9%	237,831	(22,181)	(37,274)
Fines & Forfeitures	5,005,317	970,116	(209,337)	(303,640)	(17.7%)	(23.8%)	426,687	(85,899)	(126,883)
Internal Charges for Services	6,548,600	1,593,085	140,722	3,835	9.7%	0.2%	531,777	51,520	2,027
External Charges for Services	6,600,083	1,432,453	(109,656)	(191,215)	(7.1%)	(11.8%)	577,827	(2,363)	(31,624)
Other General Fund Revenue	2,191,108	510,062	(339,004)	26,572	(39.9%)	5.5%	189,570	(277,734)	25,102
Total General Fund Revenue	\$316,332,695	\$79,503,676	\$3,720,160	\$3,027,545	4.7%	0.5%	\$30,946,723	\$412,328	\$219,703
Transfers In from Other Funds	1,672,925	0	0	0	n/a	n/a	0	0	0
Total Sources of Funds	\$318,005,620	\$79,503,676	\$3,720,160	\$3,027,545	4.9%	4.0%	\$30,946,723	\$412,328	\$219,703
General Fund Operating Revenue ¹	\$285,363,542	\$70,127,505	\$2,192,430	\$1,681,103	3.2%	2.5%			

Expenditures (Uses of Funds)	2017 Budget	YTD Actual thru Q1 2017	2017 Year-to-Date Uses Under/(Over)				Mar 2017 Actual	2016	2017 Budget
			2016	2017 Budget	% Chg vs 2016	% Chg vs Budget			
Personal Services	\$205,011,445	\$50,382,338	(\$9,398,605)	\$1,394,007	(22.9%)	2.7%			
Temporary Compensation	2,161,120	613,525	(159,921)	(152,952)	(35.3%)	(33.2%)			
Professional & Technical Services	13,365,480	2,690,315	(192,375)	(35,146)	(7.7%)	(1.3%)			
Operating Supplies/Other	18,515,809	4,485,489	(353,084)	136,753	(8.5%)	3.0%			
Utilities	11,479,684	1,438,258	(138,783)	178,508	(10.7%)	11.0%			
Interfund Charges	14,338,251	3,035,714	452,375	92,713	13.0%	3.0%			
Debt/Capital Related	3,639,945	474,303	321,908	3,249	40.4%	0.7%			
General Fund Operating Expenditures	\$268,511,734	\$63,119,943	(\$9,468,485)	\$1,617,133	(17.6%)	2.5%			
Capital Related Revenue Transfer Out ²	30,969,153	9,376,172	(1,527,729)	(1,346,441)	(19.5%)	(16.8%)			
All Other Transfers Out to Other Funds	22,791,574	1,934,509	269,952	0	12.2%	0.0%			
Total Uses of Funds	\$322,272,461	\$74,430,624	(\$10,726,263)	\$270,692	(16.8%)	0.4%			
Less Carryforward Budget	(2,584,855)								
Incr/(Use) of Available Funds³	(\$1,681,986)								

See page 17 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 2017 Adopted Budget includes the planned use of \$1.7 million in funds available primarily associated with the one-time expenditures for medians and Heritage Eagle Bend intersection improvements and the one-time transfer of marijuana funds available to the Marijuana Tax Revenue Fund.

Water/Wastewater Funds

Revenue (Sources of Funds)

Through the first quarter of 2017, revenue in the combined Water and Wastewater funds is \$2.0 million (5.0 percent) over the year-to-date revenue plan. Most revenue sources are close to plan, with the exception of water utility sales. This revenue source is ahead of plan by \$1.3 million primarily due to atypical weather patterns and new customers that have been added over the last few years. The chart below shows that revenue in the Wastewater Fund is at plan with the Water Fund driving the year-to-date variance.

Q1 2017 Revenue

Over/(Under) Budget Plan

Revenue Type	Water	Wastewater	Combined
Utility Sales - Water	\$1,280,665	\$0	\$1,280,665
Utility Sales - WW	0	159,189	159,189
Development Fees	202,962	(160,438)	42,524
External Charges for Services	190,952	(62,091)	128,861
Investment Income	152,619	(1,762)	150,858
Other Revenue	186,032	68,801	254,832
Total Revenue	\$2,013,229	\$3,699	\$2,016,928

Average yearly temperature and precipitation trends are used in the development of monthly revenue collection plans, particularly for water sales which is the largest source of revenue. March is typically the snowiest month of the year accounting for about 20 percent of annual snowfall, however, March 2017 was the least snowy March on record. Lower than average precipitation for the period as well as continued

growth and development both contribute to water utility sales collections over plan.

When comparing to 2016 revenue collections through March, 2017 revenue is higher by a total of \$4.4 million (11.6 percent). This is primarily due to higher collections of developer fees, shown in the chart below, but also partly due to utility rate and development fee increases effective in 2017. Increases include a 3.0 percent overall water rate increase and a \$1.00/month increase in the monthly usage fee for storm drainage service. No rate increase was recommended for sanitary sewer in 2017.

Expenses (Uses of Funds)

Total fund uses through March of 2017 are \$11.4 million under the first quarter budget plan, mostly due to lower than anticipated spending against capital projects. Year-to-date uses are \$8.3 million less than 2016 for the same period of time,

Q1 2017 Expenses

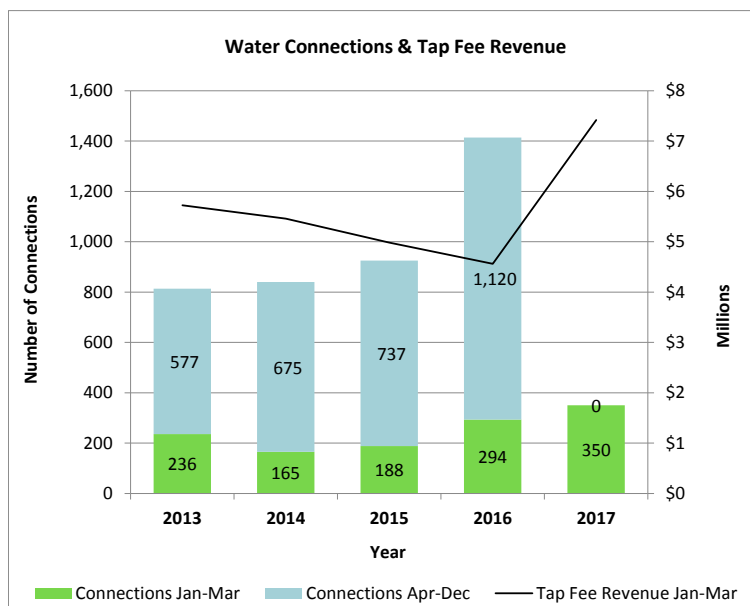
Under/(Over) Budget Plan

Expense Type	Water	Wastewater	Combined
Personal Services	\$11,671	\$181,886	\$193,557
Temporary Compensation	49,185	7,117	56,302
Professional & Technical Services	1,249,656	156,990	1,406,646
Operating Supplies/Other	468,721	162,467	631,187
Utilities	(147,537)	843,060	695,522
Interfund Charges	71,199	66,107	137,307
Debt Related	0	0	0
Capital Related	593,218	435,679	1,028,897
Capital Projects	1,379,500	5,861,237	7,240,737
Total Expenses	\$3,675,613	\$7,714,542	\$11,390,156

again driven by less capital spending, as well as lower debt related payments in 2017. 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 2017 are \$4.1 million (10.9 percent) lower than the year-to-date budget plan. This is largely due to timing of large annual contracts and purchases in Professional & Technical Services, as well as Capital Related (vehicle/equipment) purchases. Utility expenses account for \$695,500 of the variance which is mainly the result of the timing of payments to Metro Wastewater for the charges for sanitary sewer service. Currently there is no indication of specific savings in these



Water/Wastewater Funds

categories that would cause these variances to flow through to year end results.

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 2017 capital working budget by program, which includes unspent funds carried forward from previous years. To measure capital spending, Aurora Water creates a spending plan for each quarter.

The 2017 spending plan assumes that \$87.8 million of the appropriated \$200.0 million will be spent by year-end. The majority of the balance of appropriated funds not included in the 2017 spending plan is the result of water storage projects and water rights acquisitions that are opportunistic and cannot always be timed to the budget.

Of the anticipated \$87.8 million annual spending plan, \$12.8 million (14.6 percent) was projected to be spent in the first quarter. Capital project expenditures through March are \$7.2 million (56.6 percent) under the year-to-date plan. This vari-

ance is largely due to changes in the Collection program in the Wastewater Fund as various projects have been redefined to support development activity. In the Water Fund, scope of work considerations at Aurora Pump Station in the Pumping program and the timing of Source of Supply (SOS) Water projects resulted in lower than anticipated spending through the first quarter.

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. The capital projects with the highest spending and/or encumbrances through the first quarter are the Second Creek Regional Lift Station (\$5.0 million), Interceptor Rehabilitation (\$4.9 million) and Wemlinger Water Purification Facility Improvements (\$3.4 million).

Capital Projects Status

Water and Wastewater Funds

Program	2017 Working Budget	2017 Spending Plan	YTD Spending Plan	*YTD Spending	Under/ (Over) Plan	Encumbered Funds
WATER FUND						
Operations & General Mgmt	\$1,512,503	\$1,008,747	\$63,961	\$188,167	(\$124,206)	\$1,221,611
Pumping	6,834,450	2,100,845	1,223,917	176,812	1,047,105	983,620
SOS Other	14,742,074	9,229,241	1,034,069	1,777,301	(743,232)	2,389,681
SOS Storage	74,217,984	5,975,868	244,617	243,444	1,174	2,214,017
SOS Water	8,935,322	19,623,582	1,596,246	490,010	1,106,236	1,820,406
Trans & Distrib	14,337,056	5,236,696	371,126	154,389	216,737	2,197,216
Treatment	17,674,361	7,530,158	802,625	926,938	(124,313)	3,855,458
Total Water Fund	\$138,253,750	\$50,705,138	\$5,336,561	\$3,957,061	\$1,379,500	\$14,682,009
WASTEWATER FUND						
Collection	\$28,431,468	\$24,994,159	\$3,844,658	\$824,972	\$3,019,687	\$14,402,456
Operations & General Mgmt	5,630,207	3,728,315	1,720,215	288,381	1,431,834	2,718,740
Storm Water	27,558,424	8,389,556	1,898,971	489,255	1,409,716	5,337,153
Total Wasterwater Fund	\$61,620,099	\$37,112,031	\$7,463,844	\$1,602,608	\$5,861,237	\$22,458,349
Totals	\$199,873,849	\$87,817,169	\$12,800,405	\$5,559,668	\$7,240,737	\$37,140,358

*Year-to-date spending does not include encumbrances.

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)	2017 Budget	YTD Actual thru Q1 2017	2017 Year-to-Date Sources Over / (Under)			
			2016	2017 Plan	% Chg vs 2016	%Chg vs. Plan
Utility Sales - Water	\$104,261,214	\$17,136,662	\$698,532	\$1,280,665	4.2%	8.1%
Utility Sales - Wastewater	57,167,781	14,315,884	1,018,935	159,189	7.7%	1.1%
Development Fees	44,173,119	8,608,880	3,094,249	42,524	56.1%	0.5%
Charges for Services	7,427,894	1,524,973	(240,375)	128,861	(13.6%)	9.2%
Investment Income	1,861,266	665,337	(332,735)	150,858	(33.3%)	29.3%
Other Revenue	844,141	369,477	203,984	254,832	123.3%	222.3%
Total Sources of Funds	\$215,735,415	\$42,621,212	\$4,442,590	\$2,016,928	11.6%	5.0%

Expenses (Uses of Funds)	2017 Budget	YTD Actual thru Q1 2017	2017 Year-to-Date Sources Under / (Over)			
			2016	2017 Plan	% Chg vs 2016	%Chg vs. Plan
Personal Services	\$36,470,463	\$9,895,561	(\$604,524)	\$193,557	(6.5%)	1.9%
Temporary Compensation	1,009,542	115,213	29,084	56,302	20.2%	32.8%
Professional & Technical Services	11,049,788	1,205,616	(240,534)	1,406,646	(24.9%)	53.8%
Operating Supplies/Other	25,203,253	5,160,624	(742,248)	631,187	(16.8%)	10.9%
Utilities	33,626,325	7,741,979	887,806	695,522	10.3%	8.2%
Interfund Charges	2,905,575	589,454	69,921	137,307	10.6%	18.9%
Debt Related	22,692,345	8,787,976	3,457,493	0	28.2%	0.0%
Capital Related	5,814,815	271,059	388,983	1,028,897	58.9%	79.1%
Total Operating Expenses	\$138,772,106	\$33,767,481	\$3,245,981	\$4,149,419	8.8%	10.9%
Capital Projects	199,873,849	5,559,668	5,013,969	7,240,737	47.4%	56.6%
Total Uses of Funds	\$338,645,955	\$39,327,150	\$8,259,951	\$11,390,156	17.4%	22.5%

Less Carryforward Budget	(106,455,621)
Increase/(Use) of Total Available Funds ¹	(\$16,454,919)

See Page 17 for Glossary and detailed data description for each column

- The 2017 Adopted Budget includes 2017 appropriations in excess of the expected revenue collections for the year resulting in the use of budgetary funds available of \$16.5 million. This is primarily due to 2017 capital projects being fully obligated in the year of appropriation, although actual capital project spending may occur over multiple future years.

Marijuana Tax Revenue Fund

In 2014, Aurora voters approved a 5.75 percent City sales tax and 5.0 percent excise tax from cultivation facilities, charged on the sale of unprocessed retail marijuana. Additionally, the City collects a state shareback of 15.0 percent of the 10.0 percent 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.

2017 Marijuana Tax Revenue

Revenues	2017 Budget	2017 YTD Actual thru Q1 2017	2017 Year-to-Date Revenue Over/(Under)			
			2016	2017 Budget	% Chg vs 2016	% Chg vs Budget
Sales and Excise Taxes	\$5,108,190	\$1,356,035	\$372,548	\$45,631	37.9%	3.5%
State Shareback	972,216	349,086	116,056	74,001	49.8%	26.9%
Investment Income	0	874	874	874	N/A	N/A
Total Revenue	\$6,080,406	\$1,705,995	\$489,478	\$120,506	40.2%	7.6%

2014-2017 Marijuana Funds

Fund Summary	2014-2016 Actual	2017 Budget	2014-2017 Total
Sales and Excise Taxes	\$7,361,009	\$5,108,190	\$12,469,199
State Shareback	1,708,839	972,216	2,681,055
Total Revenue	\$9,069,848	\$6,080,406	\$15,150,254
Transportation Projects	3,800,000	0	3,800,000
Concrete and Asphalt Projects	0	2,000,000	2,000,000
Medians	0	250,000	250,000
Debt Service for Central Recreation Center	2,000,000	2,000,000	4,000,000
Nexus Program Reserve	680,000	0	680,000
Homelessness Projects	1,500,000	1,500,000	3,000,000
Expenditures/Budget	7,980,000	5,750,000	\$13,730,000
Unobligated Funds			\$1,420,254

The City is on track to exceed the 2017 marijuana tax revenue assumption included in the 2017 Adopted Budget. Through March 2017, 21 stores and five cultivation facilities have generated \$1.2 million in City sales tax revenue and \$133,600 in excise tax revenue. Better than expected sales also impacted the state shareback, pushing revenue \$74,000 over budget. To date, City Council has identified several one-time projects throughout the City and also approved the ongoing funding of a debt payment associated with the construction of a new recreation center in Central Aurora. As a result, \$13.7 million of the estimated \$15.1 million in funds available has been obligated.

Development Review Fund

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

Revenues (Sources of Funds)	2017 Budget	YTD Actual thru Q1 2017	2017 Year-to-Date Sources Over/(Under)			
			2016	2017 Budget	% Chg vs 2016	% Chg vs Bud.
Contractor Licensing	\$600,000	\$154,958	\$1,095	\$24,728	0.7%	19.0%
Permits	11,513,500	3,228,306	848,279	729,296	35.6%	29.2%
Application and Admin Fees	2,493,540	912,542	358,418	371,317	64.7%	68.6%
Interest	115,000	38,660	8,005	13,700	26.1%	54.9%
Other Revenue	51,000	29,900	20,831	18,826	229.7%	170.0%
Total Revenue	\$14,773,040	\$4,364,365	\$1,236,628	\$1,157,866	39.5%	36.1%
Transfers In from Other Funds	0	0	0	0	0	N/A
Total Sources of Funds	\$14,773,040	\$4,364,365	\$1,236,628	\$1,157,866	39.5%	36.1%

Expenditures (Uses of Funds)	2017 Budget	YTD Actual thru Q1 2017	2016 Year-to-Date Uses Under/(Over)			
			2016	2017 Budget	% Chg vs 2016	% Chg vs Bud.
Personal Services	\$9,530,413	\$2,485,172	(\$541,842)	(\$22,768)	(27.9%)	(0.9%)
Temporary Compensation	880,116	172,808	(66,668)	100,986	(62.8%)	36.9%
Professional & Technical Svcs	3,992,424	433,632	(275,207)	109,568	(173.7%)	20.2%
Operating Supplies/Other	233,152	136,681	49,551	(95,930)	26.6%	(235.4%)
Interfund Charges	184,395	41,675	2,560	4,472	5.8%	9.7%
Capital Related	75,000	0	610	0	100.0%	0.0%
Total Operating Expenditures	\$14,895,500	\$3,269,968	(\$830,996)	\$96,328	(34.1%)	2.6%
Transfers Out to Other Funds	1,587,094	0	0	0	N/A	0.0%
Total Uses of Funds	\$16,482,594	\$3,269,968	(\$830,996)	\$96,328	(34.1%)	2.6%

Less Carryforward Budget	(686,372)
Incr/(Use) of Total Avail Funds	(\$1,023,182)

See page 17 for glossary and detailed data description for each column.

Revenue (Sources of Funds)

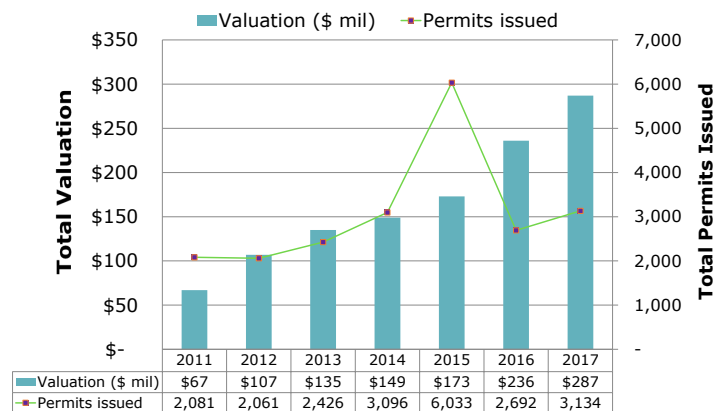
The primary sources of revenue in the fund are permits fees, development application fees and licensing. Revenue collections through March are \$1.2 million (36.1 percent) more than the year-to-date plan and \$1.2 million (39.5 percent) more than 2016. Coming off a strong fourth quarter in 2016, development continued at a strong pace through the first quarter of 2017. Permit revenue has not shown any signs of decline despite original estimates that new construction growth would stabilize in 2017.

Expenditures (Uses of Funds)

Total expenditures are over the budget plan by \$96,300 (2.6 percent), primarily due to professional services, namely the timing of the Comprehensive Plan update expenses and lower than expected roofing inspection contractor expenses. It is expected that these funds will be spent before year-end.

Project Valuations and Permits Issued

Year-to-Date Q1, 2011-2017



Cultural Services Fund

The Cultural Services Fund accounts for cultural-related services provided to citizens such as performing arts, fine arts, history, and public art. Funding for these services is provided by fees, donations, General Fund transfers, intergovernmental revenues from the Scientific and Cultural Facilities District (SCFD), and proceeds from the Art in Public Places (AIPP) ordinance.

Revenues (Sources of Funds)	2017 Budget	YTD Actual thru Q1 2017	2017 Year-to-Date Sources Over/(Under)			
			2016	2017 Budget	% Chg vs 2016	% Chg vs Budget
Cultural and SCFD Program						
General Admission	\$249,400	\$58,702	(\$11,639)	(\$6,671)	(16.5%)	(10.2%)
Restaurant/Concessions	32,000	6,264	(3,793)	(3,405)	(37.7%)	(35.2%)
Class Fees	373,000	86,465	(12,704)	(16,588)	(12.8%)	(16.1%)
Rental Fees-Cultural Facilities	65,000	11,861	4,361	1,903	58.1%	19.1%
Gifts and Grants	311,500	840	440	0	110.0%	0.0%
Other Revenue	97,011	21,238	(77,020)	1,352	(78.4%)	6.8%
Cultural and SCFD Revenue	\$1,127,911	\$185,370	(\$100,355)	(\$23,409)	(35.1%)	(11.2%)
AIPP 1% Project Allocation/Other	335,622	0	0	0	N/A	N/A
General Fund Subsidy	1,169,958	0	0	0	N/A	N/A
Total Sources of Funds	\$2,633,491	\$185,370	(\$100,355)	(\$23,409)	(35.1%)	(11.2%)

Expenditures (Uses of Funds)	2017 Budget	YTD Actual thru Q1 2017	2017 Year-to-Date Uses Under/(Over)			
			2016	2017 Budget	% Chg vs 2016	% Chg vs Budget
Cultural and SCFD Program						
Personal Services	\$1,153,632	\$258,651	(\$100,508)	\$54,733	(63.6%)	17.5%
Temporary Compensation	347,391	78,862	(6,984)	6,184	(9.7%)	7.3%
Professional & Technical Services	404,671	98,197	20,490	(7,733)	17.3%	(8.5%)
Operating Supplies/Other	367,433	100,018	24,317	11,362	19.6%	10.2%
Cultural and SCFD Expenditures	\$2,273,127	\$535,728	(\$62,685)	\$64,546	(13.3%)	10.8%
AIPP Program Expenditures	593,584	188,778	(110,298)	(16,217)	(140.5%)	(9.4%)
Total Uses of Funds	\$2,866,711	\$724,506	(\$172,983)	\$48,329	(31.4%)	6.3%

Less Carryforward Budget	0
Incr/(Use) of Total Avail Funds	(\$233,220)

See page 17 for glossary and detailed data description for each column.

Revenues (Sources of Funds)

Total year-to-date revenue is tracking behind budget by \$23,400 primarily due to lower than expected class fee revenue in Bicentennial Visual Arts due to a two-month closure of the Arts Center for remodeling and asbestos abatement. The \$100,400 variance from 2016 is also negatively affected by this closure, but is primarily due to a one-time insurance recovery payment in 2016 for damage sustained to the Spotlight Aurora art piece.

is due to vacancy savings in the History Museum and Fox Arts Programs. The \$100,500 increase from 2016 to 2017 in personal services spending is associated with the filling of vacant positions, including Museum and Marketing positions, and the Cultural Services Manager position. Spending in the 2017 AIPP program is \$110,300 over 2016 due to two light rail-related projects occurring in the first quarter of 2017, Colfax Bridge and Iliff Station. The program slightly over budget due to timing related to these projects, but is expected to end 2017 on budget.

Expenditures (Uses of Funds)

Expenditures through the first quarter of 2017 are under the budget plan by \$48,300. The majority of the positive variance

Recreation Fund

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

Revenues (Sources of Funds)	2017 Budget	YTD Actual Thru Q1 2017	2017 Year-to-Date Sources Over/(Under)			
			2016	2017 Budget	% Chg vs. 2016	% Chg vs Budget
Aquatics	\$1,207,200	\$178,058	\$ 17,176	\$ 24,481	10.7%	15.9%
Centers & Fitness	1,099,158	244,563	46,981	86,819	23.8%	55.0%
Preschool and Youth Programs	140,322	122,932	113,583	18,138	1,215.0%	17.3%
Recreation Division Management	344,078	18,236	(4,675)	(6,778)	(20.4%)	(27.1%)
Special Programs	1,512,400	407,818	10,847	40,006	2.7%	10.9%
Sports Programs	2,083,900	333,888	8,468	(2,994)	2.6%	(0.9%)
Total Recreation Fund Revenue	\$6,387,058	\$1,305,494	\$ 192,380	\$159,671	17.3%	13.9%
Transfers In from Other Funds	4,956,055	-	-	-	N/A	N/A
Total Sources of Funds	\$11,343,113	\$1,305,494	\$192,380	\$159,671	17.3%	13.9%

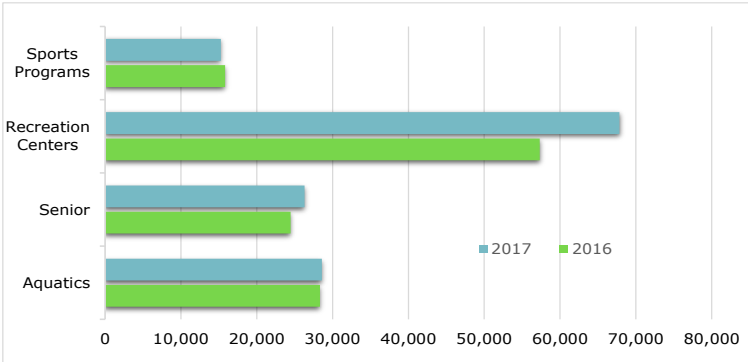
Expenditures (Uses of Funds)	2017 Budget	YTD Actual Thru Q1 2017	2017 Year-to-Date Uses Under/(Over)			
			2016	2017 Budget	% Chg vs. 2016	% Chg vs Budget
Personal Services	\$5,141,323	\$1,157,576	(\$187,522)	\$176,965	(19.3%)	13.3%
Temporary Compensation	2,944,196	537,358	(115,261)	(70,802)	(27.3%)	(15.2%)
Professional & Technical Services	518,936	134,991	3,559	(54,514)	2.6%	(67.7%)
Operating Supplies/Other	1,581,146	289,959	(33,228)	11,694	(12.9%)	3.9%
Utilities	979,769	134,619	(10,497)	48,018	(8.5%)	26.3%
Interfund Charges	166,470	39,020	1,512	3,187	3.7%	7.6%
Capital Related	11,635	6,215	(4,396)	(3,306)	(241.7%)	(113.6%)
General Fund Operating Expenditures	\$11,343,475	\$2,299,738	(\$345,833)	\$111,242	(17.7%)	4.6%
Transfers Out to Other Funds	0	-	-	-	N/A	N/A
Total Uses of Funds	\$11,343,475	\$2,299,738	(\$345,833)	\$111,242	(17.7%)	4.6%

Less CarryForward Budget	(42,050)
Increase/(Use) of Total Available Funds	\$41,688

See page 17 for glossary and detailed data description for each column.

lier in order to keep up with demand, especially in active-adult related programs in Special Services. Although spending is under budget, it is significantly higher than 2016. A significant amount of the variance is due to an additional payroll hitting in the first three months of 2017 compared to 2016.

Recreation Attendance
Year-to-Date Q1, 2016 vs. 2017



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)	2017 Budget	YTD Actual Thru Q1 2017	2017 Year-to-Date Sources Over/(Under)			
			2016	2017 Budget	% Chg vs 2016	% Chg vs Budget
Revenue from User Fees	\$8,300,362	\$796,204	\$255,319	\$256,984	47.2%	47.7%
Interest Income	42,000	7,351	879	(1,630)	13.6%	(18.1%)
Miscellaneous Revenue	12,000	21,023	17,650	18,248	523.4%	657.6%
Total Fund Revenue	\$8,354,362	\$824,578	\$273,848	\$273,602	49.7%	49.7%
Transfers In from Other Funds	150,000	0	0	0	N/A	N/A
Total Sources of Funds	\$8,504,362	\$824,578	\$273,848	\$273,602	49.7%	49.7%

Expenses (Uses of Funds)	2017 Budget	YTD Actual Thru Q1 2017	2017 Year-to-Date Uses Under/(Over)			
			2016	2017 Budget	% Chg vs 2016	% Chg vs Budget
Personal Services	\$3,010,541	\$796,867	(\$146,325)	\$2,194	(22.5%)	0.3%
Temporary Compensation	1,358,968	125,792	(41,890)	(44,121)	(49.9%)	(54.0%)
Professional & Technical Services	157,002	36,287	13,245	12,380	26.7%	25.4%
Operating Supplies/Other	1,631,578	370,649	(79,796)	(131,633)	(27.4%)	(55.1%)
Utilities	1,126,804	74,768	(18,474)	446	(32.8%)	0.6%
Interfund Charges	203,614	46,277	(1,057)	5,350	(2.3%)	10.4%
Debt Related	511,567	45,605	(45,605)	0	N/A	0.0%
Capital Related	33,303	0	0	8,325	N/A	100.0%
Total Fund Operating Expenses	\$8,033,377	\$1,496,245	(\$319,901)	(\$147,059)	(27.2%)	(10.9%)
Capital Projects	613,528	35,328	12,539	9,675	26.2%	21.5%
Total Uses of Funds	\$8,846,905	\$1,531,574	(\$307,362)	(\$137,385)	(25.1%)	(9.9%)

Less Carryforward Budget	(265,624)
Incr/(Use) of Total Avail Funds	(\$76,919)

See page 17 for glossary and detailed data description for each column.

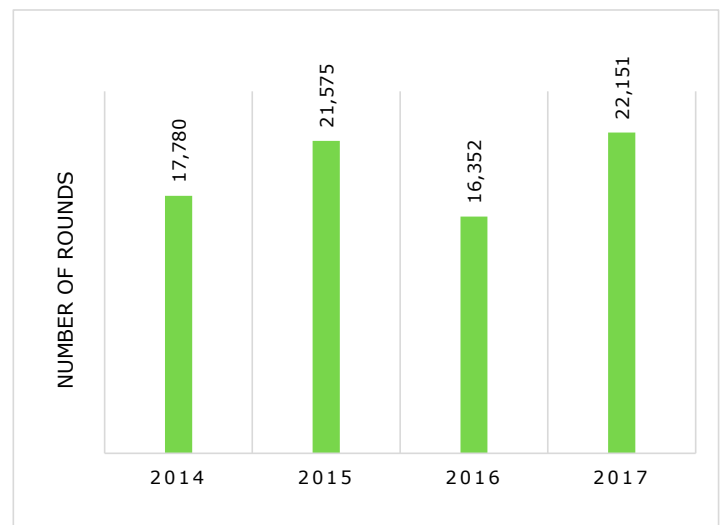
Revenue (Sources of Funds)

Total revenue is \$273,600 (49.7 percent) above the 2017 year-to-date plan. Unseasonably warm weather helped boost total rounds played well above typical play for the first quarter, which led to revenue from user fees coming in above average.

Expenses (Uses of Funds)

Total first quarter operating expenses are \$147,100 (10.9 percent) overspent compared to the 2017 budget plan. The unseasonably warm weather in the first quarter led to more required temporary personnel and operating supplies purchases that do not typically happen this early in the season. For example, grass cutting has already begun and several maintenance services related to the upkeep of the greens is already underway. Rounds played are the highest they have been in four years.

Rounds Played





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 percent 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 54.0 percent 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.

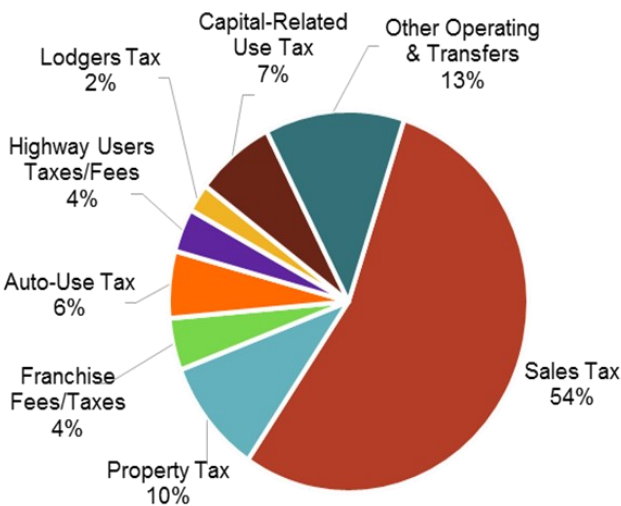
Uses of Funds

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.

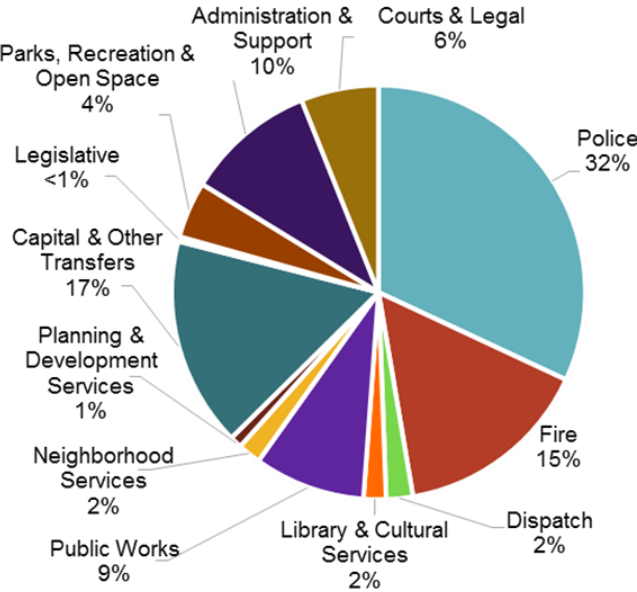
Public safety functions, including Fire, Dispatch, Police, and Court Administration account for 55.0 percent of total General Fund appropriations in 2017.

The 2017 Adopted Budget includes the planned use of \$1.7 million in funds available primarily associated with the one-time expenditures for medians, Heritage Eagle Bend intersection improvements, and the one-time transfer of marijuana funds available to the Marijuana Tax Revenue Fund.

2017 General Fund Revenue (Sources)



2017 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 ManagementInformation TechnologyInternal ServicesJudicialLibrary & 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
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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. 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. 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.
- 2017 Budget:** The 2017 Adopted Budget plus approved supplemental amendments.
- 2017 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
 - 2016 - The \$ difference between 2017 year-to-date / current month actuals compared to the 2016 actuals for the same timeframe
 - Budget - The \$ difference between the 2017 year-to-date / current month actuals through the current month compared to the 2016 year-to-date budget spending plan for the same timeframe
 - Percent Chg vs 2016 - The percentage change between 2017 year-to-date actuals through the current month and the 2016 actuals through the same month
 - Percent Chg vs Budget - The percentage change between the 2017 year-to-date actuals and the year-to-date budget spending plan
-

Finance Dept Indicators (for MONTH ending 3/31/17)

Accounts Payable

By making payments within the standard 30 days or less timeframe, 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)

87% (YTD)



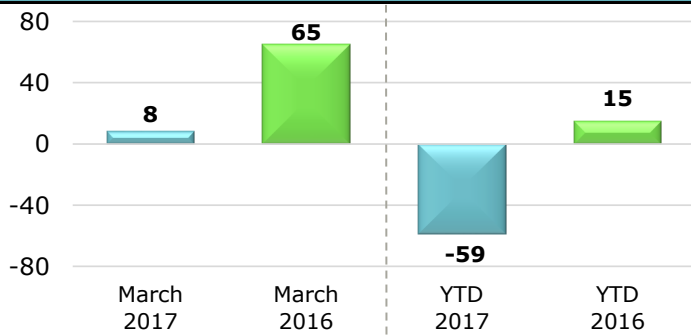
Business Licensing

Net licensing activity had a typical start to the year with license closures for annual tax filers that have gone out of business. 2017 year-to-date data shows that closures have not yet been entirely offset by new licenses, which is indicative of an a stabilized economy. This is in contrast to the first quarter of 2016 where new filings outpaced closures.

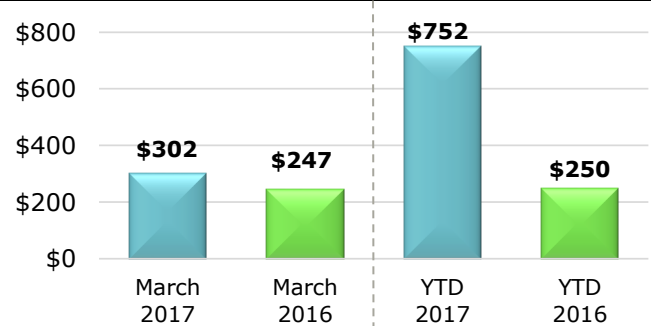
Delinquent Tax Collections

Collections of past due delinquencies have been very strong in the first quarter of 2017. A large part of this is a singular past due account. The division is also fully staffed with Revenue Agents.

Business License Activity (Net)



Delinquent Tax Collections



Investments

In recent months, 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 and gradually increase the duration of the portfolio.

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.

February	2015	2016	2017
Cash & investment portfolio	\$369.3 M	\$358.8 M	\$401.0 M
Weighted avg. yield	1.10%	1.18%	1.30%
Duration (months)	19.9	14.4	19.2

Financing Transactions Over Previous 12 Months

Pending future transactions include: Central Recreation Center (\$30 million), District 2 Police - Phase 2 (\$11.3 million), three new Fire Stations (\$24.0 million), and 2017 Fleet (\$2.0 million).

Purpose	Amount	Closed	Rate	Term (yrs.)	Lender/ Banker
Golf Loan Refinancing	\$3.9 M	3/17	2.00%	9.75	Inter-Fund
AW Refinancing	\$437.0 M	8/16	3.12%	30	Morgan Stanley
MLK/Moorhead	\$8.6 M	8/16	1.25%	6.5	Key
2016 Fleet	\$2.0 M	9/16	1.46%	7.5	Key
Wastewater Refi	\$28.9 M	11/16	1.56%	10	Wells



City of Aurora

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