



General Fund Revenue Summary

October 2019

Released December 2, 2019

General Fund Revenue Summary

Slowing growth continues to be the message from local economists. While business indicators have weakened in the state in recent months, employment and consumer indicators support continued economic expansion. Headwinds, such as the global economic slowdown and the uncertainty of trade policy suggest downside risk to economic growth.

City of Aurora revenue growth has not yet experienced slowing growth, actually

quite the opposite. General Fund revenue collections through October, summarized below, are ahead of the operating projection by \$4.1 million (1.5%). This equates to a 7.7% increase over 2018. Collections of sales tax, capital-related use tax, and audit revenue drive overall 2019 performance. Capital-related use tax is transferred to the Capital Projects Fund and is excluded from General Fund operating revenue.

Revenue by Category - October Year-to-Date (\$ in Thou.)

Revenue Category (\$ in thousands)	2019 YTD Actuals	Actuals (Under)/ Over 2018		Actuals (Under)/ Over 2019 Proj.	
		\$	%	\$	%
General Sales Tax	\$172,962	\$15,472	9.8%	\$1,920	1.1%
Capital-Related Use Tax	21,614	(1,805)	(7.7%)	1,396	6.9%
Highway Users Tax/Fee	9,878	939	10.5%	355	3.7%
Audit Revenue	5,527	263	5.0%	833	17.8%
Fines and Forfeitures	3,876	(736)	(16.0%)	(243)	(5.9%)
Interest Income	1,696	558	49.0%	220	14.9%
Other Intergovernmental	1,004	571	131.8%	365	57.1%
All Other Sources	99,220	5,114	5.4%	705	0.7%
Total Sources	\$315,777	\$20,376	6.9%	\$5,552	1.8%
Less Capital Transfer	31,366	151	0.5%	1,464	4.9%
Operating Revenue	\$284,412	\$20,225	7.7%	\$4,088	1.5%

Economic Data Year-to-Date Comparisons

Unemployment Rate

Metro Area YTD average rate (Sept.) at 2.8%, down 0.2 percentage points from 2018 average

Consumer Confidence Index

Mountain Region average YTD (Oct.) at 135.2, up 1.2% from 2018

Aurora Building Permits

of new dwelling Units and commercial buildings

2,300 permitted YTD (Oct.), up 24.1% from 2018

Metro Area Home Sales

YTD (Sept.) sales show an increase of 6.1% compared to 2018

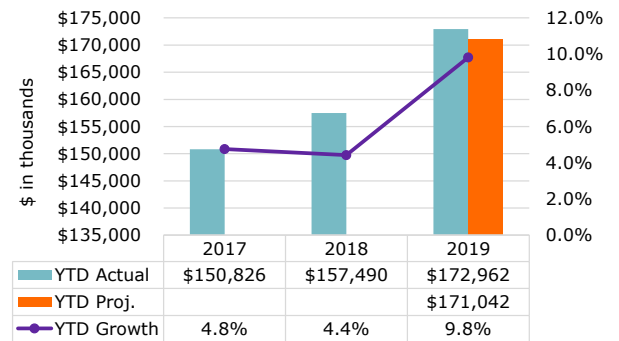
All indicator data is the most current available of as this report's publication date

Sales Tax

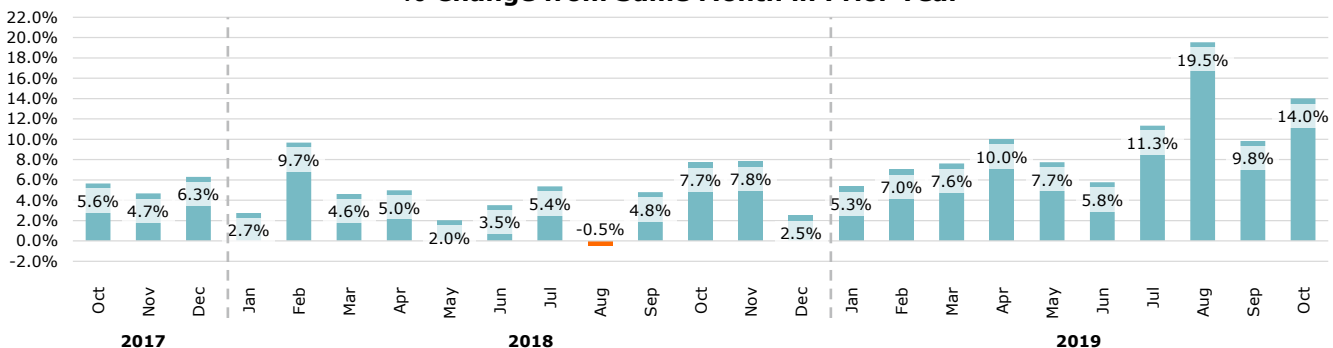
Higher than budgeted sales tax collections over the first several months of the year led staff to increase expected 2019 sales tax collections by \$6.3 million over budget. Collections through October have surpassed the projection by \$1.9 million. When comparing to 2018, year-to-date collections are up 9.8%, as shown by the *Sales Tax Performance* chart, making 2019 the highest rate of increase seen since 1999.

The chart below shows that monthly collections have been strong throughout the year. Data (particularly quarterly collections in April, July, and Oct.) suggests the recent state regulation requiring out-of-Aurora retailers to collect sales tax based on the location of the buyer has had a positive impact. A significant impact, particularly in July, August, and October results, has also stemmed from development in the city leading to business-to-business sales.

Sales Tax Performance (\$ in Thou.)



% Change from Same Month in Prior Year



Capital Related Use Tax

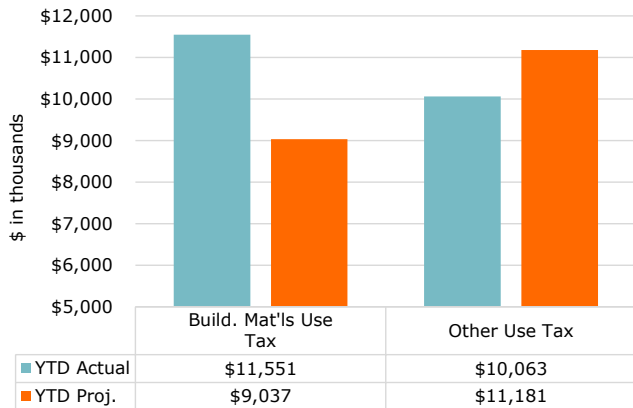
Capital-related use tax is comprised of building materials use tax (BMUT) and other (equipment and consumables) use tax. Because these revenue streams are predominantly generated by activities relating to one-time construction projects, they are transferred out of the General Fund to the Capital Projects Fund to be used for one-time purposes. Therefore, this revenue is excluded from General Fund operating revenue.

Higher than budgeted capital-related use tax collections over the first half of the year led staff to increase expected 2019 collections by \$814,100 over the budget. Combined collections

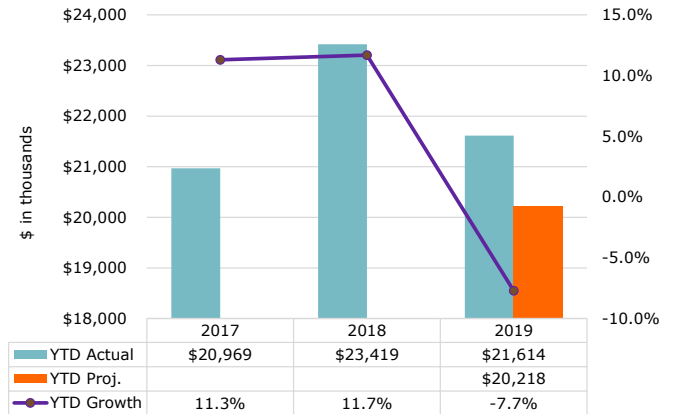
through October have surpassed the projection by \$1.4 million with BMUT collections tracking ahead of projection and other use tax collections behind.

When comparing to 2018, year-to-date collections are 7.7% less as seen on the *Capital-Related Use Tax Performance* chart below. An inordinately large amount collected in October 2018 will not recur, causing annual collections to fall further behind 2018 yet remain at a historically healthy level. Year-to-date combined collections are higher than every other year except 2018.

Capital Related Use Tax Components
\$ in Thousands



Capital-Related Use Tax Performance
\$ in Thousands



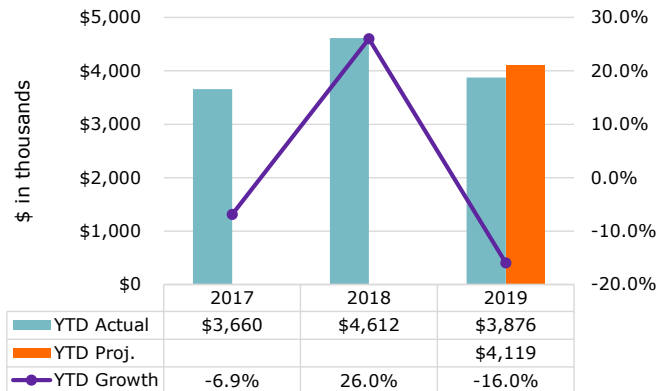
Fines and Forfeitures

Collections of fines and forfeitures are generated primarily by the issuance of tickets. Tickets often result in modified behavior and are one of many public safety tools. Traffic tickets are the main source of funding in this revenue stream yet tickets are also issued for certain criminal charges, building regulation violations, and animal, zoning and fire charges. Also included in this funding source are court bond forfeitures, library and restricted breed fines, and various types of restitution.

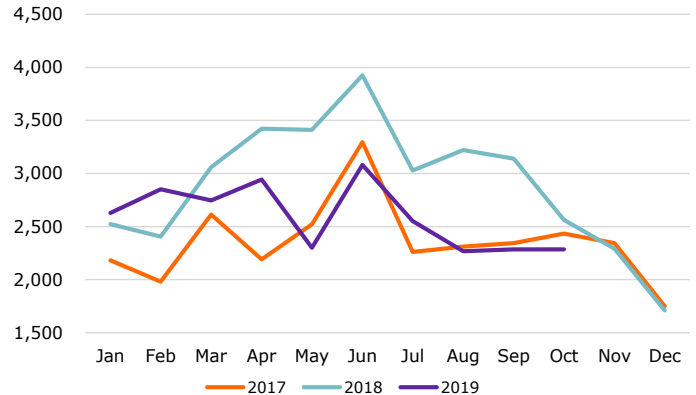
Year-to-date collections of fines and forfeitures are coming in behind 2018 by \$735,900 (16.0%) which is \$242,800 less than

the mid-year projection. Over the same time period, traffic tickets issued have declined 16.5% after increasing 23.0% in 2018 over 2017. In 2017, increased violence towards law enforcement nationwide led Aurora to mandate two officers per vehicle. This reduced the number of patrol vehicles on the road. In 2018, enforcement returned to one officer per vehicle and this, combined with new leadership in the Traffic Division, led to an increase in tickets issued and a corresponding increase in collections. For 2019, Traffic Division staffing shortages have hampered officers' ability to issue tickets at 2018 levels.

Fines and Forfeitures
\$ in Thousands





of Traffic Tickets Issued
Provided by Court Administration



Finance Department Indicators (for the month ending 10/31/19)

Accounts Payable

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

Target: 30 Days for 85% of Vendor Payments			
	87% (Oct)	85% (YTD)	

Investments

The city takes advantage of higher yields with investments in the Municipal, Corporate, and Government sectors. So far in 2019 the weighted average yield rate is 2.21%, which is up from 1.44% for 2017 and 1.99% for 2018.

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

October	2017	2018	2019
Cash & Investment Portfolio	\$478.7 M	\$570.3 M	\$ 599.0 M
Weighted avg. yield	1.44%	1.99%	2.21%
Duration (months)	18.0	15.4	20.5

Financing Transactions Over Previous 12 Months

In the course of the recent AMC refinancing, the City's credit rating was upgraded to the highest possible rating of Aaa.

Pending transactions include the 2019 Heavy Fleet (\$4 million) and in 2020, the Southeast Rec Center (\$30 million).

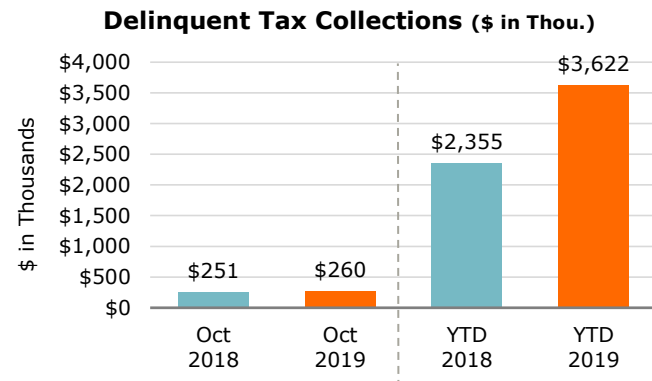
Purpose	Amount	Closed	Rate	Term (yrs.)	Lender/ Banker
AMC Refinancing COPs	\$62.9 M	19-Oct	1.84%	11	Stifel
Water Prepayment*	\$-45.0 M	19-Sep	26.3% NPV	n/a	n/a
Wastewater 2018B**	Up to \$28 M	18-Dec	Float	3/10.5	PNC
Wastewater 2018A	\$2.0 M	18-Dec	3.04%	10.5	PNC
Wastewater Interfund	\$16.0 M	18-Dec	2.50%	8	Water

*Voluntary Prepayment of Series 2016 Step Coupon Bonds

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

Delinquent Tax Collections

Delinquent collections of \$260,400 in October are in line with past historical averages. Year-to-date collections are higher than average with the additional collections attributable to the work of collections staff but also are believed to be partially attributable to the new tax system's ability to more accurately capture delinquent revenue collections.



City of Aurora

Report Prepared by
Office of Budget and Financial Planning

15151 East Alameda Parkway, Suite 5500

Aurora, Colorado 80012

budget1@auroragov.org