



General Fund Revenue Summary



February 2020

Released April 10, 2020

General Fund Revenue Summary

After years of sustained growth, the United States is heading in to a period of economic contraction as a result of the coronavirus pandemic. Through February of 2020, however, economic indicators such as unemployment and consumer confidence remained strong.

Revenues through February reflected business and consumer activity through January, a period of time with strong economic conditions. General Fund revenue collections through February, sum-

marized below, are ahead of the operating projection by about \$3.8 million (8.0%). This equates to an 11.6% increase over 2019. Collections of sales tax, capital-related use tax, automobile use tax, and audit revenue were the primary drivers of this 2020 performance. Capital-related use tax is transferred to the Capital Projects Fund and is excluded from General Fund operating revenue.

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

Revenue Category (\$ in thousands)	2020 YTD Actuals	Actuals (Under)/ Over 2019		Actuals (Under)/ Over 2020 Budget	
		\$	%	\$	%
General Sales Tax	\$39,966	\$4,323	12.1%	\$2,716	7.3%
Capital-Related Use Tax	5,269	1,109	26.7%	73	1.4%
Use Tax - Automobile	3,811	292	8.3%	641	20.2%
Audit Revenue	944	274	40.8%	294	45.2%
External Charges for Serv	834	201	31.7%	48	6.0%
Property Tax	677	209	44.5%	0	0.0%
Interest Income	329	106	47.7%	149	82.9%
All Other Sources	6,671	70	1.1%	103	1.6%
Total Sources	\$58,501	\$6,583	12.7%	\$4,023	7.4%
Less Capital Transfer	6,918	1,231	21.7%	217	3.2%
Operating Revenue	\$51,583	\$5,352	11.6%	\$3,806	8.0%

Economic Data Year-to-Date Comparisons

▼ Unemployment Rate

Metro area average YTD rate (Feb.) at 2.7%, down 0.9 percentage points from 2019

▲ Consumer Confidence Index

Mountain Region average YTD (Feb.) at 143.0, up 10.3% from 2019

▼ Aurora Building Permits

of new dwelling Units and commercial buildings

291 permitted YTD (Feb.), down 13.1% from 2019

▲ Metro Area Home Sales

YTD (Feb.) sales show an increase of 2.5% compared to 2019

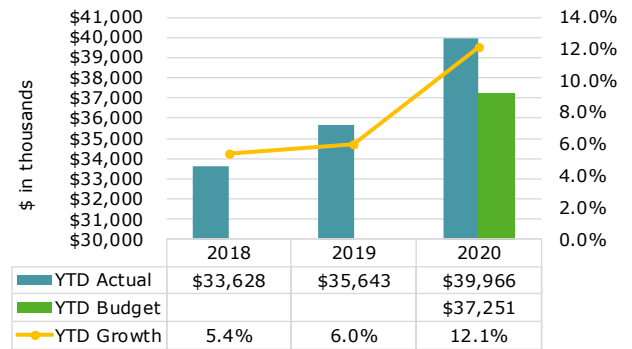
All indicator data is the most current available of as this report's publication date

Sales Tax

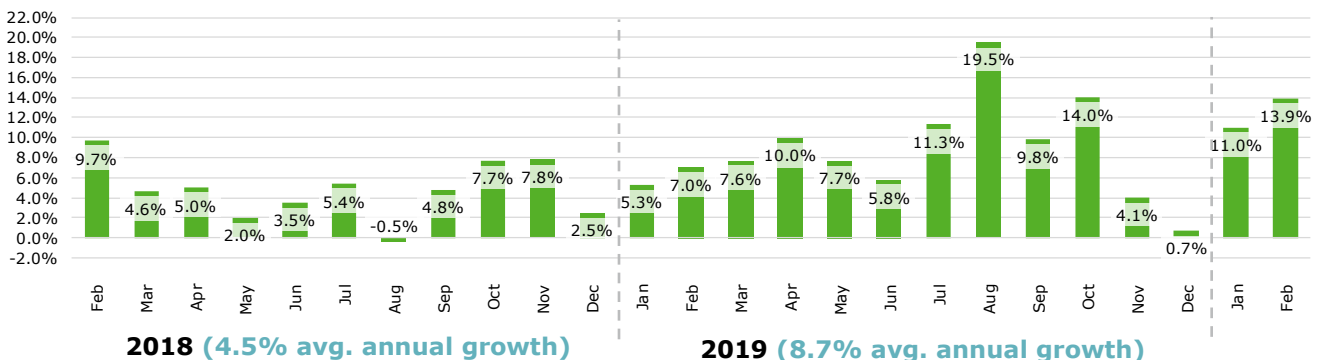
Year-to-date sales tax collections through February are \$2.7 million (7.3%) ahead of the budget plan. This equates to a 12.1% increase over 2019, which is better than the 2.6% full-year average increase needed to hit the amount built-in to the 2020 Adopted Budget. The monthly chart below shows that collections for the month of February were 13.9% higher than the same month in 2019.

The Sales Tax Performance chart shows increasing growth in sales tax revenue. Part of this growth reflects the late Thanksgiving in 2019, which pushed a higher proportion of holiday sales shopping into December. This contributed to strong January 2020 sales tax collections. Strong revenue growth was also seen from Variable Top Taxpayers, a term coined to describe top taxpayers who submit large amounts with inconsistency. Sales tax growth in 2020 is not expected to continue as a result of the coronavirus pandemic.

Sales Tax Performance (\$ in Thou.)



% Change from Same Month in Prior Year



Capital Related Use Tax

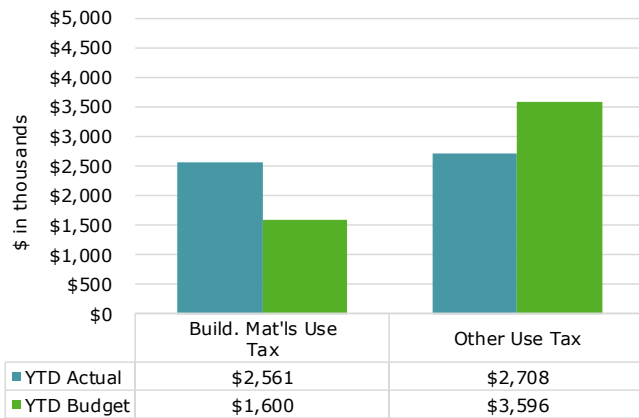
Capital-related use tax is comprised of building materials use tax (BMUT) and other (equipment and consumables) use tax. Because these revenue streams are predominantly generated by activities relating to one-time construction projects, they are transferred out of the General Fund to the Capital Projects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

Year-to-date BMUT collections are significantly ahead of the budget plan while other use tax is behind. Together, capital related use tax collections are tracking ahead of the monthly

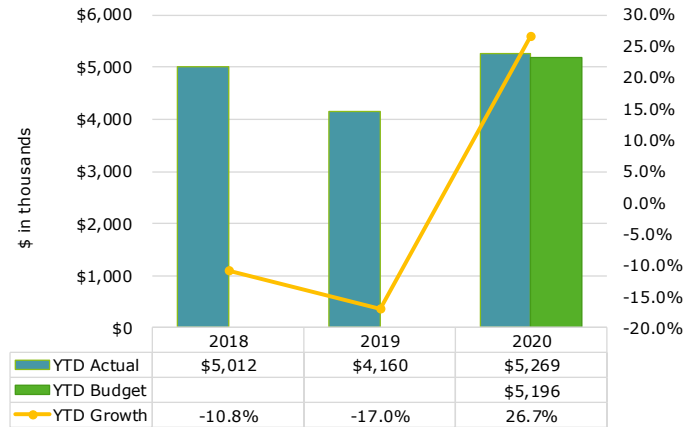
budget plan by 1.4%, or \$73,500. This equates to a 26.7% increase when comparing to the prior year as seen on the Capital Related Use Tax Performance chart below. The 2020 budget had assumed a reduction in BMUT revenues sources that so far has not materialized. Similarly, the 2020 budget assumed an increase in other use taxes. Two months in, other use taxes are slightly down year-to-date compared to 2019.

Capital related use tax collections are very volatile month to month, making two months of data difficult to rely upon when making presumptions regarding full-year performance.

Capital Related Use Tax Components



Capital Related Use Tax Performance

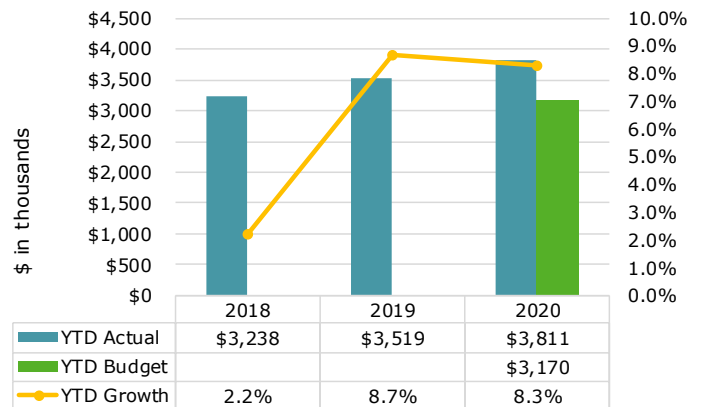


Auto Use Tax

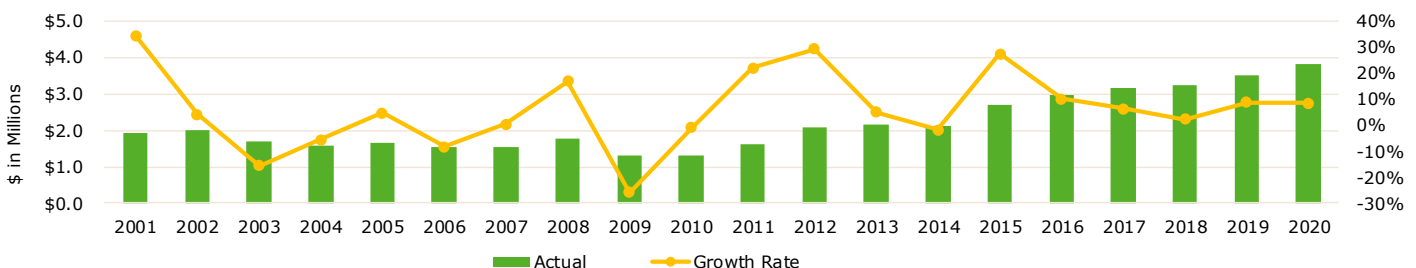
All motor vehicles, trailers, and semi-trailers purchased *outside* the city by Aurora residents are subject to the payment of use tax at the time of registration. Sales of new and used vehicles *within* the city by licensed vendors are reflected in sales tax collections. The city receives auto use tax up to four months after the purchase date while sales tax has a one-month lag.

Auto use tax collections through February are \$640,500 (20.2%) more than the budget plan. The 2020 budget had assumed a 9.7% reduction in this revenue source. In contrast, actual collection through February have been 8.3% higher than in 2019. The strong year-to-date performance in the first months of 2020 will be especially helpful if, as expected, automobile use taxes and other important General Fund revenue streams decline as a result of the coronavirus pandemic.

Auto Use Tax Performance





Auto Use Tax Historical Collections - February YTD



Finance Department Indicators (for the month ending 2/29/20)

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			
	85% (Feb)	85% (YTD)	

Investments

The city successfully increased the average duration of its fixed income portfolio, which resulted in an increased yield despite the fact that market rates declined throughout 2019. In February the weighted average yield is 2.23%, which is up from 1.59% in 2018 and 2.11% in 2019.

The portfolio balance has increased 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.

February	2018	2019	2020
Cash & Investment Portfolio	\$476.8 M	\$537.2 M	\$584.1 M
Weighted avg. yield	1.59%	2.11%	2.23%
Duration (months)	18.0	15.6	20.6

Financing Transactions Over Previous 12 Months

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

Pending transactions include Southeast Rec Center (\$30 million), 2020 Fleet (\$4 million) and Street Lights Acquisition (\$32 million).

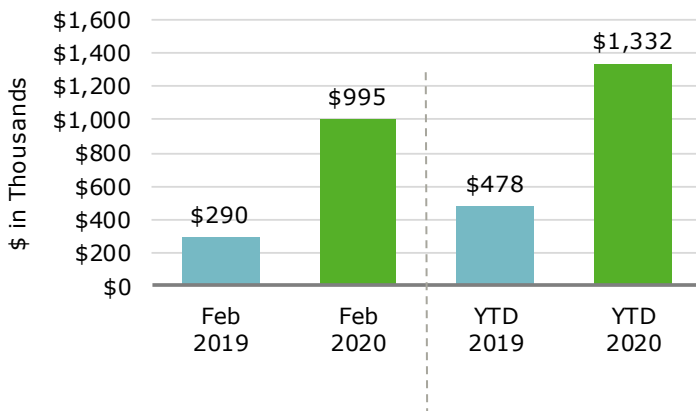
Purpose	Amount	Closed	Rate	Term (yrs.)	Lender/Banker
2019 Fleet	\$3.9 M	19-Dec	1.97%	6.3	JPM
AMC Refinancing COPs	\$62.9 M	19-Oct	1.84%	11	Stifel
Water Prepayment*	\$-45.0 M	19-Sep	26.3% NPV	n/a	n/a

*Voluntary Prepayment of Series 2016 Step Coupon Bonds

Delinquent Tax Collections

Delinquent collections of \$994,900 in February were significantly higher than the \$290,200 collected in February of 2019. Both the month-over-month and year-to-date increases relate largely to a single collection from a large taxpayer that was made in February of 2020. An average month of collections is considered to be about \$280,000.

Delinquent Tax Collections (\$ in Thou.)



City of Aurora

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