



General Fund Revenue Summary



April 2020
Released June 2, 2020

General Fund Revenue Summary

The year started with strong economic conditions. Unfortunately, the coronavirus pandemic caused widespread economic disruption in late March, with most Coloradoans sheltering in place and non-essential businesses closed. The most recent Metro area unemployment rates that are available (through March) show low 3.3% unemployment. However, April brought both record unemployment claims in Colorado and a national unemployment rate of 14.7%, better reflecting the current economic reality.

Despite the economic contraction, year-to-date revenues benefitted from the strong economic conditions earlier in the year. General Fund revenues through April, summarized below, are ahead of the operating budget by about \$2.3 million (2.1%). This equates to a 7.3% increase over 2019. Collections of sales tax, capital-related use tax, and auto use tax 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 - April Year-to-Date (\$ in Thou.)

Revenue Category (\$ in thousands)	2020 YTD Actuals	Actuals (Under)/ Over 2019		Actuals (Under)/ Over 2020 Budget	
		\$	%	\$	%
General Sales Tax	\$72,571.6	\$4,822.0	7.1%	\$1,696.8	2.4%
Capital-Related Use Tax	9,775.2	1,762.0	22.0%	494.6	5.3%
Use Tax - Automobile	6,975.9	338.2	5.1%	777.0	12.5%
Lodgers Tax	1,856.6	(264.0)	(12.4%)	(361.7)	(16.3%)
Fines & Forfeitures	1,084.1	(502.1)	(31.7%)	(534.5)	(33.0%)
Interest Income	692.6	191.3	38.2%	300.6	76.7%
Construction Permits	654.0	285.1	77.3%	404.5	162.1%
All Other Sources	36,151.2	3,184.1	9.7%	119.3	0.3%
Total Sources	\$129,761.1	\$9,816.6	8.2%	\$2,896.6	2.3%
Less Capital Transfer	13,692.2	1,937.8	16.5%	554.4	4.2%
Operating Revenue	\$116,069.0	\$7,878.8	7.3%	\$2,342.2	2.1%

Economic Data Year-to-Date Comparisons

▲ Unemployment Rate

Metro area average YTD rate (Mar.) at 3.3%, up 0.2 percentage points from 2019

▼ Consumer Confidence Index

Mountain Region average YTD (Apr.) at 124.1, down 6.0% from 2019

▲ Aurora Building Permits

of new dwelling Units and commercial buildings

912 permitted YTD (Apr.), up 51.5% from 2019

▲ Metro Area Home Sales

YTD (Mar.) sales show an increase of 1.7% compared to 2019

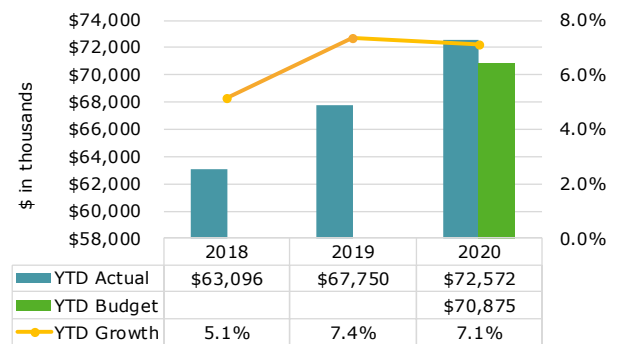
All indicator data is the most current available of as this report's publication date

Sales Tax

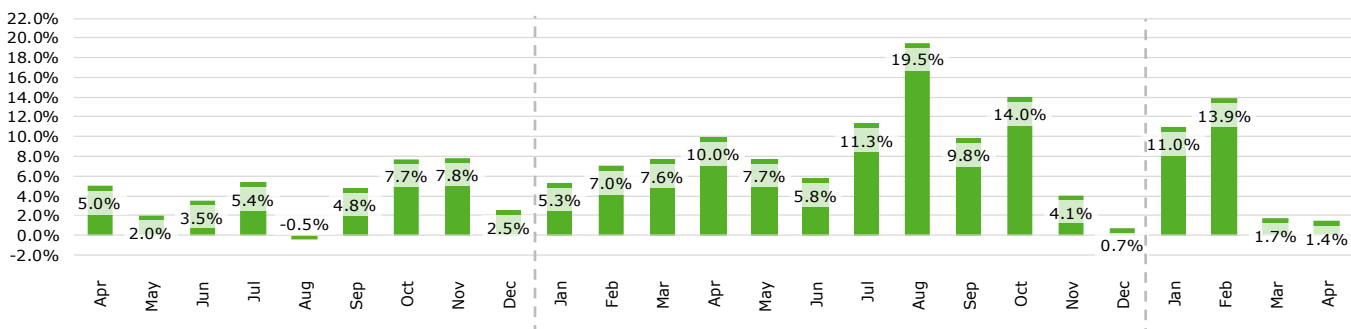
Year-to-date sales tax collections through April are \$1.7 million (2.4%) ahead of the budget plan. This equates to a 7.1% increase over 2019. The monthly chart below shows that collections for January and February are driving the year-to-date performance.

As a result of the pandemic, April sales tax revenues show significant year-over-year declines in retail. Notable declines in sales tax revenue include a 28.1% decline from eating and drinking places, a 48.2% decline from clothing stores, a 32.9% decline from sports goods, hobby, books, and music stores, and 35.4% decline from furniture stores. Slightly offsetting these decreases are the 37.5% growth in sales taxes received from grocery stores as well as the 25.7% increase from beer, wine, and liquor stores. Several large one-time sales tax payments from companies that generally don't generate much sales tax also significantly boosted April collections.

Sales Tax Performance



% Change from Same Month in Prior Year



Capital Related Use Tax

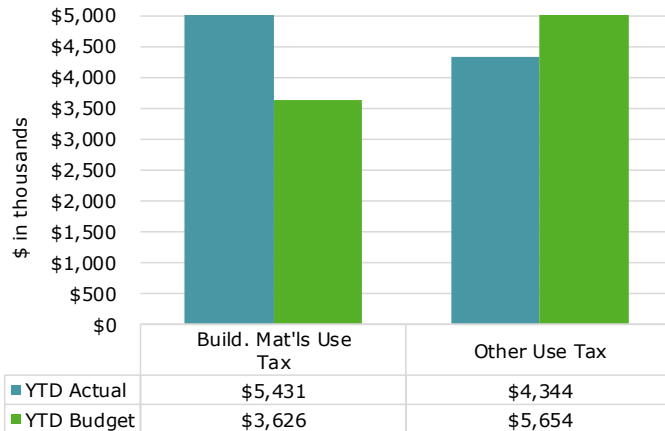
Capital related use tax is comprised of building materials use tax (BMUT) and other (equipment and consumables) use tax. Because these revenue streams are predominantly generated by activities relating to one-time construction projects, they are transferred out of the General Fund to the Capital Projects 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 slightly behind. Together,

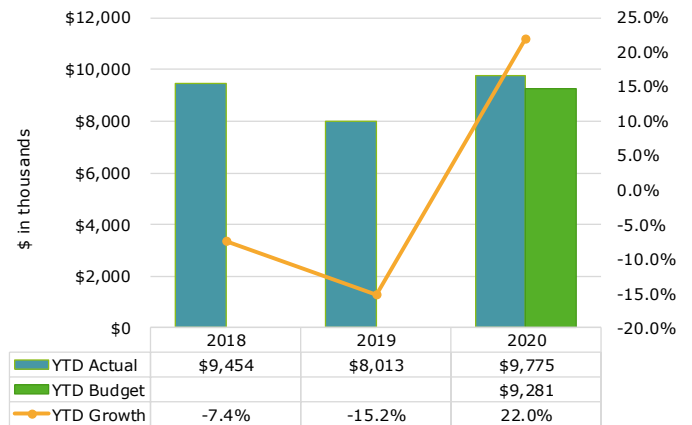
capital related use tax collections are tracking ahead of the monthly budget plan by 5.3%, or \$494,600. This equates to a 22.0% increase when comparing to the prior year as seen on the Capital Related Use Tax Performance chart below.

Despite the pandemic, construction activity continues to be strong. In fact, BMUT revenues in April were stronger than any other month so far in 2020. None the less, the rapidly deteriorating economic conditions are likely to impact this revenue stream going forward.

Capital Related Use Tax Components



Capital Related Use Tax Performance

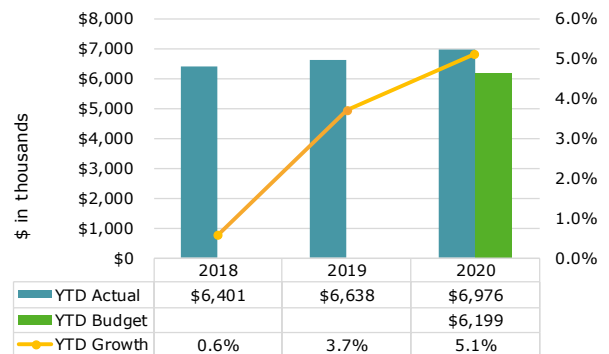


Auto Use Tax

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 April are \$777,000 (12.5%) more than the budget plan. The 2020 budget had assumed a 9.7% reduction in this revenue source. In contrast, actual collections through April are 5.1% higher than in 2019. The strong year-to-date performance represents the strong economy earlier in the year and the several month lag between sales and collections of auto use tax. Looking forward, the economic disruption caused by the coronavirus pandemic is likely to result in a significant reduction in this revenue stream within the next few months.

Auto Use Tax Performance



Other Sources of General Fund Revenue



While some revenue streams remain strong, others are showing significant declines. Collection of fines and forfeitures are generated primarily by the issuance of traffic tickets. Year-to-date, collections of fines and forfeitures are \$534,500 (33.0%) under the budget, as monthly revenues are trending downward. Vacant positions on the Motorcycle Enforcement Team and a shift in Police priorities during the pandemic resulted in a 33.2% decline in the number of traffic tickets issued in March 2020 compared to the prior year.

Lodger's tax has also been heavily impacted by the pandemic. With both business and recreational travel having largely dried up, some local hotels have temporarily closed and business is down significantly for most hotels remaining open. April 2020 lodger's tax was down \$277,700 (43.6%) compared to April 2019. Because the April lodger's tax revenue covered several weeks in March before most of the country was sheltering at home, May lodger's tax revenues will likely be even more impacted by the pandemic and the associated reductions in travel.

Finance Department Indicators (for the month ending 4/30/20)

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% (Apr)	85% (YTD)	

Investments

In light of budgetary uncertainty stemming from the COVID-19 pandemic, the City has adopted a more defensive investing strategy focused on increased liquidity. In April the weighted average yield is 2.00%, which is up from 1.67% in 2018 and down from 2.17% in 2019.

The portfolio balance has increased due to recent expenditure reduction efforts, 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	\$492.6 M	\$564.9 M	\$608.7 M
Weighted avg. yield	1.67%	2.17%	2.00%
Duration (months)	17.8	16.9	19.1

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.

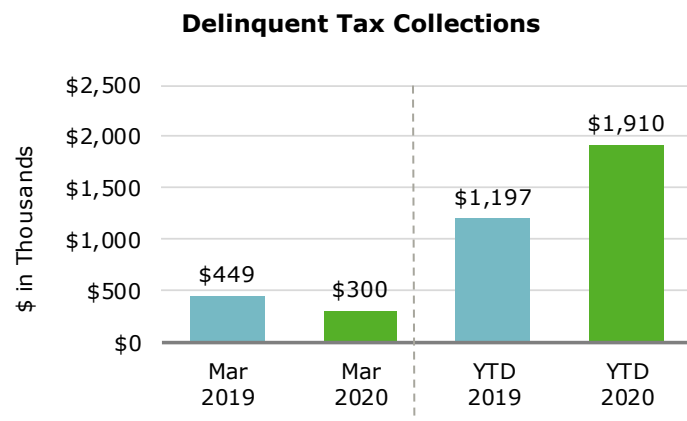
Pending transactions include Southeast Rec Center (\$30 million), 2020 Fleet (\$4 million) and Street Lights Acquisition (\$32 million).

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 \$300,100 in April were not as high as the \$449,200 collected in April of 2019. To put both numbers in perspective, collections averaged about \$286,600 per month in the 2018-2019 time period. As such, the \$300,100 in delinquent collections in April represents a slightly above average month. The strong year-to-date increase relates largely to a single collection from a large taxpayer that was made in February of 2020.



City of Aurora

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