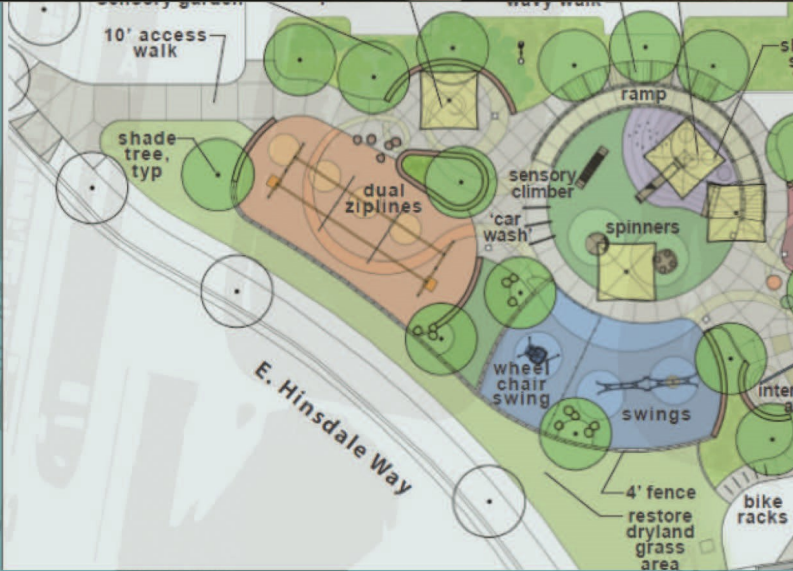




General Fund Revenue Summary



May 2020
Released June 19, 2020

General Fund Revenue Summary

The year started with strong economic conditions. Unfortunately, the coronavirus pandemic caused widespread economic disruption starting in late March, with most Coloradoans sheltering in place and non-essential businesses closed. A surge in April unemployment resulted in the year-to-date unemployment rate rising to 5.5%.

Despite May revenues coming in significantly under 2019 levels, year-to-date revenues have benefitted from the strong

economic conditions earlier in the year. General Fund revenues through May, summarized below, are behind the operating budget by about \$1.4 million (1.0%). This revenue equates to a 2.9% increase compared to 2019. Collections of lodger's tax, external charges, and fines & forfeitures were the primary drivers of General Fund revenues coming in under budget. These negative impacts were partially offset by strong construction permit revenue and automobile use tax collections.

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

Revenue Category (\$ in thousands)	2020 YTD Actuals	Actuals (Under)/ Over 2019		Actuals (Under)/ Over 2020 Budget	
		\$	%	\$	%
General Sales Tax	\$85,996.3	\$2,879.4	3.5%	\$0.7	0.0%
Capital-Related Use Tax	11,336.3	1,291.7	12.9%	278.3	2.5%
Use Tax - Automobile	8,329.8	(296.2)	(3.4%)	450.2	5.7%
Lodger's Tax	2,031.3	(754.8)	(27.1%)	(863.2)	(29.8%)
External Charges	1,597.8	(492.9)	(23.6%)	(818.1)	(33.9%)
Fines & Forfeitures	1,159.1	(840.9)	(42.0%)	(923.0)	(44.3%)
Construction Permits	815.4	144.9	21.6%	456.4	127.1%
All Other Sources	46,858.3	3,394.0	7.8%	247.7	0.5%
Total Sources	\$158,124.3	\$5,325.2	3.5%	(\$1,171.1)	(0.7%)
Less Capital Transfer	16,177.4	1,341.3	9.0%	205.0	1.3%
Operating Revenue	\$141,946.8	\$3,983.9	2.9%	(\$1,376.0)	(1.0%)

Economic Data Year-to-Date Comparisons

▲ Unemployment Rate

Metro area average YTD rate (Apr.) at 5.5%, up 2.5 percentage points from 2019

▼ Consumer Confidence Index

Mountain Region average YTD (May) at 117.3, down 11.8% from 2019

▲ Aurora Building Permits

of new dwelling Units and commercial buildings

1,044 permitted YTD (May), up 44.8% from 2019

▼ Metro Area Home Sales

YTD (Apr) sales show a decrease of 5.0% compared to 2019

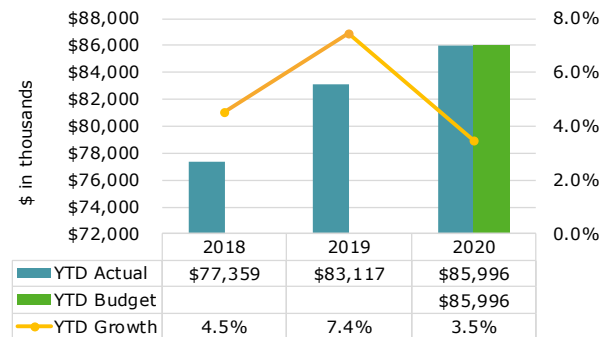
All indicator data is the most current available of as this report's publication date

Sales Tax

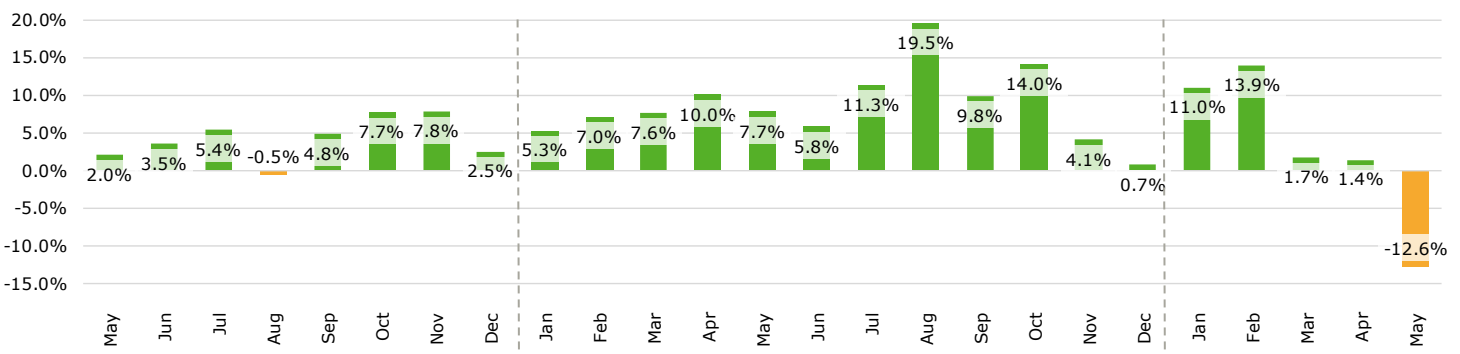
Year-to-date (YTD) sales tax collections are at the level anticipated in the budget plan. Unfortunately, YTD sales tax receipts were \$1.7 million above the budget plan just one month ago. Reflecting rapidly deteriorating economic conditions, May sales tax revenues declined 12.6% compared to May 2019. The monthly chart below shows how General Fund collections have slowed over the course of 2020.

The closure of non-essential businesses in April significantly impacted sales tax receipts in May. Notable declines include a 32.2% decline from eating and drinking places (normally the largest sector for sales tax receipts in Aurora), a 94.5% decline from clothing stores, a 86.8% decline from sports goods, hobby, books, and music stores, a 79.8% decline from department stores, and a 71.2% decline from furniture stores. Slightly offsetting these decreases are the 22.3% increase from liquor stores and the 20.6% increases from discount stores.

Sales Tax Performance



% Change from Same Month in Prior Year

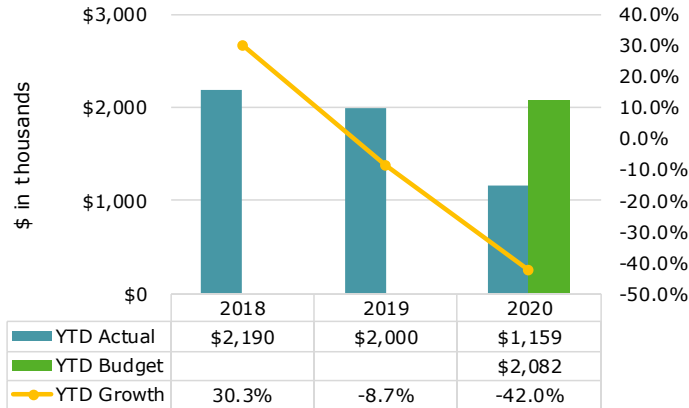


Fines & Forfeitures

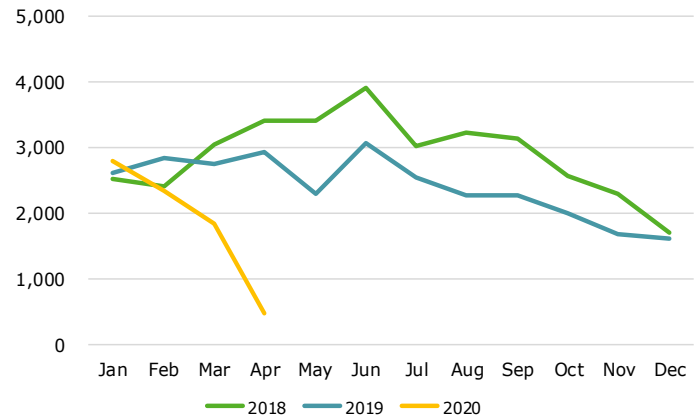
Collections of fines and forfeitures are generated primarily by the issuance of tickets. Tickets often result in modified behavior and are one of many public safety tools. Traffic tickets are the main source of funding in this revenue stream yet tickets are also issued for certain criminal charges, building 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 behind 2019 by \$840,900 (42.0%) which is \$923,000 less than the 2020 budget plan. While revenues early in the year were roughly on par with 2019, revenues in April and May of 2020 were both down more than 80%. Vacant positions on the Motorcycle Enforcement Team and, more recently, a shift in Police priorities during the pandemic have resulted in less traffic tickets being issued. As shown in the chart below, the number of traffic tickets issued is declining, with in April declined by 83.7% compared to the prior year.

Fines and Forfeitures
\$ in Thousands



of Traffic Tickets Issued
Provided by Court Administration

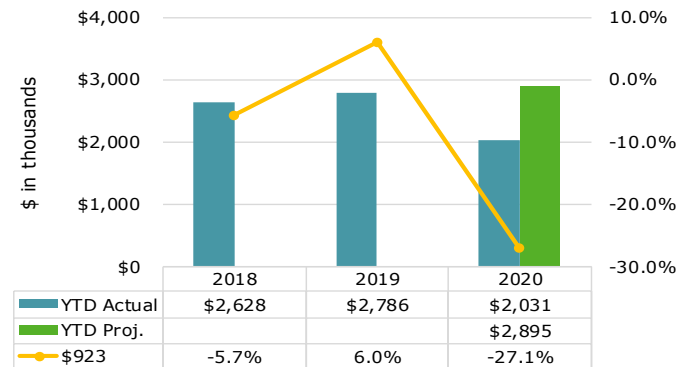


Lodger's Tax

The City of Aurora charges an 8.0% tax rate on all transactions furnishing rooms and other accommodations by hotels and other similar businesses. With the recent pandemic and restrictions on non-essential travel, the travel and tourism sectors of the economy have been heavily impacted. Metro area hotel occupancy in April fell to 15.7%. Further exacerbating the negative economic impacts, the average hotel room rate in April fell by 40.4% compared to April 2019.

Lodger's tax collections through May are \$863,200 (29.8%) below the budget plan. Not surprisingly, this revenue shortfall has occurred almost entirely in the last two months. Through the end of March, lodger's tax was only \$60,300 (1.0%) below the budget plan. Then the pandemic hit and several large Aurora hotels shut down entirely. Revenues in April (reflecting March hotel activity) fell \$301,300 below the budget plan and then fell another \$501,600 below the plan in May.

Lodger's Tax Performance



Other Sources of General Fund Revenue

External Charges are service-related fees that comprise about 1.8% of planned General Fund revenues in 2020. Year-to-date, collection of external charges are \$818,100 (33.9%) below the budget plan. A number of city government facilities closed as a result of the pandemic, including recreation centers, city courts, and city libraries. This has resulted in various recreational admission charges and rental fees not being collected. Similarly, city courts are temporarily not collecting various court-related fees. Finally, to protect both city employees and citizens, the Neighborhood Services Department is not performing in-person



housing inspections, resulting in a drop in associated fees.

One of the few bright spots in General Fund revenues has been auto use tax. Year-to-date, auto use tax revenues is \$450,200 (5.7%) over the budget plan. The city receives auto use tax up to four months after the purchase of a motor vehicle. Nationally, auto sales in April declined by 50 percent compared to March 2020. Given this national trend and the four month lag in receiving revenues, it is expected that auto use tax receipts will start to decline in the next few months.

Finance Department Indicators (for the month ending 5/31/20)

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	
 84% (May)	85% (YTD) 

Investments

In light of budgetary uncertainty stemming from COVID-19, the city adopted a more defensive investing strategy. This strategy focused on liquidity, which brought down both yield and average duration. In May, the weighted average yield was 1.92%, which is up from 1.80% in 2018 and down from 2.21% in 2019.

Although General Fund revenues declined significantly in May, expenditure reduction efforts and solid water-related cash balances helped to minimize the reduction in the portfolio balance.

May	2018	2019	2020
Cash & Investment Portfolio	\$505.2 M	\$598.0 M	\$608.3 M
Weighted avg. yield	1.80%	2.21%	1.92%
Duration (months)	17.3	16.8	18.2

Financing Transactions Over Previous 12 Months

The City of Aurora is pleased that in the course of the AMC refinancing its credit rating was upgraded to Aaa, the highest possible.

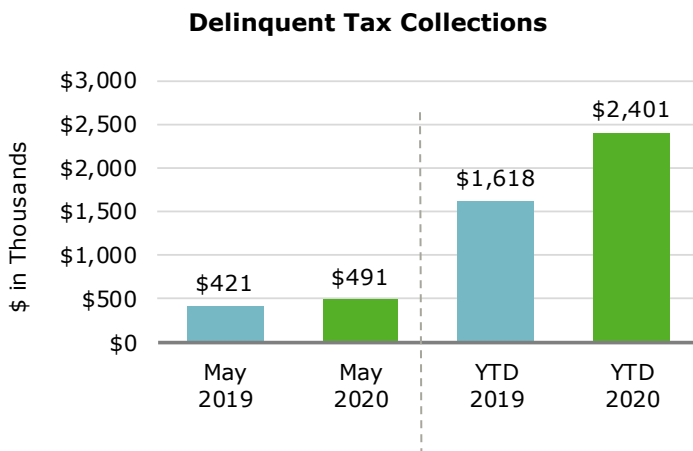
Pending transactions include Southeast Rec Center (\$30 million), 2020 Fleet (\$4 million) and Street Lights Acquisition (\$32 million).

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 in May were \$490,900. To put this numbers in perspective, collections averaged about \$286,600 per month in the 2018-2019 time period. May delinquent tax collections are attributed to businesses finding financing sources as well as seeing improved cash flows as stay at home orders were lifted. Both factors have provided businesses with additional funding to pay tax obligations. Strong year-to-date collections benefitted from a large collection from a large taxpayer that was made in February of 2020.



City of Aurora

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