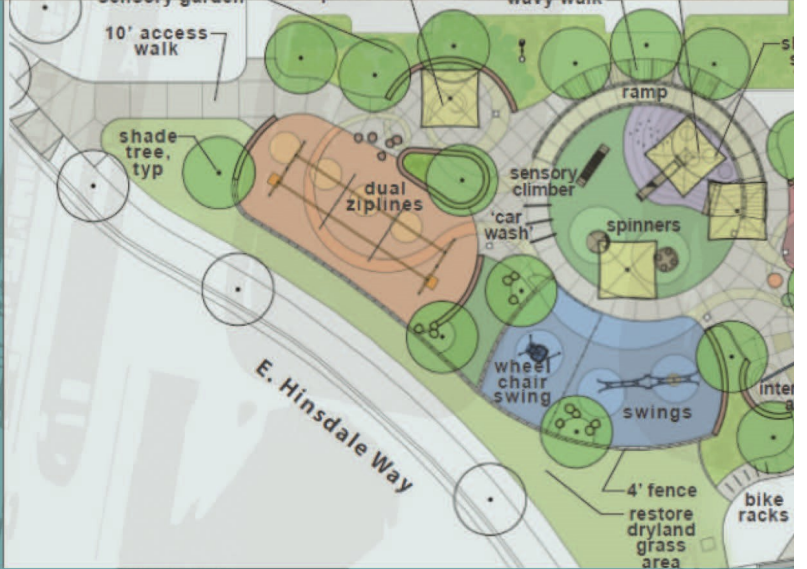




General Fund Revenue Summary



July 2020
Released September 8, 2020

General Fund Revenue Summary

The year started with strong economic conditions. The coronavirus pandemic caused widespread economic disruption starting in late March, with most Coloradans sheltering in place and non-essential businesses closed. The Metro area unemployment rate spiked to 11.9 percent in April and has fallen to 10.9% in June as the economy re-opens.

Despite the challenging economic climate, year-to-date sources are \$7.1 million (3.2%) above 2019 levels and \$1.8

million (0.8%) above the 2020 budget plan. Collections of property tax, sales tax, and capital-related use tax are the primary drivers of 2020 General Fund revenue performance. These gains were partially offset by lodger's tax, external charges, and fines & forfeitures coming in under budget. Since the majority of capital-related use taxes are transferred to the Capital Projects Fund, revenue available for General Fund operations is \$569,600 (0.3%) behind the budget plan.

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	\$123,386.1	\$5,023.6	4.2%	\$615.6	0.5%
Property Tax	43,714.1	7,193.7	19.7%	2,684.3	6.5%
Capital-Related Use Tax	17,727.8	3,050.3	20.8%	2,533.3	16.7%
Audit Revenue	2,980.6	(1,232.7)	(29.3%)	705.0	31.0%
Lodger's Tax	2,591.6	(1,779.7)	(40.7%)	(1,982.3)	(43.3%)
External Charges	2,546.3	(1,047.1)	(29.1%)	(1,290.1)	(33.6%)
Fines & Forfeitures	1,638.9	(1,129.8)	(40.8%)	(1,347.9)	(45.1%)
All Other Sources	38,841.9	(2,939.6)	(7.0%)	(94.8)	(0.2%)
Total Sources	\$233,427.3	\$7,138.7	3.2%	\$1,823.1	0.8%
Less Capital Transfer	24,834.4	3,026.1	13.9%	2,392.6	10.6%
Operating Revenue	\$208,592.9	\$4,112.7	2.0%	(\$569.6)	(0.3%)

Economic Data Year-to-Date Comparisons

▲ Unemployment Rate

Metro area average YTD rate (Jun) at 7.3%, up 4.4 percentage points from 2019

▼ Consumer Confidence Index

Mountain Region average YTD (Jul) at 108.1, down 19.6% from 2019

▼ Aurora Building Permits

of new dwelling Units and commercial buildings

1,624 permitted YTD (Jul), down 30.0% from 2019

▼ Metro Area Home Sales

YTD (Jun) sales show a decrease of 14.5% compared to 2019

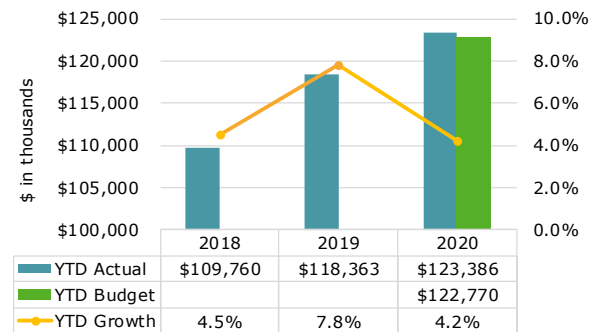
All indicator data is the most current available of as this report's publication date

Sales Tax

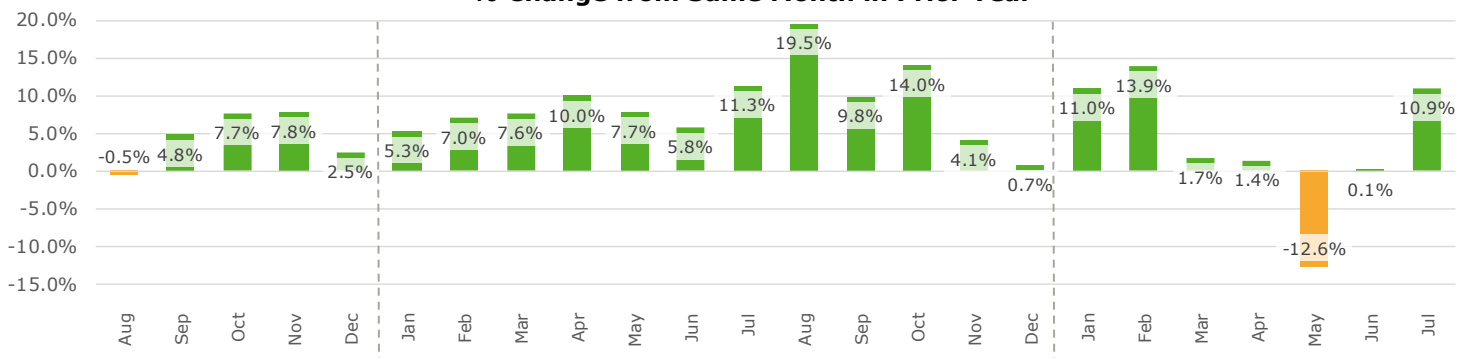
Year-to-date (YTD) sales tax collections are \$615,600 (0.5%) ahead of the budget plan. Reflecting rapidly deteriorating economic conditions, May sales tax revenues declined 12.6% compared to May 2019. YTD sales tax collections improved with strong collections in July, which grew by 10.9% compared to 2019. The monthly chart below shows General Fund collections improving since a low in May.

Sales tax collections are increasingly benefitting from the economy re-opening. Mall anchors, clothing stores, and eating & drinking places are all still down compared to July 2019, but have shown improvement over the last two months. Furniture stores, sporting good stores, and hobby stores improved so much that they showed growth over July 2019. Revenues from companies not tracked as top taxpayers grew by 33.3% in July and appeared to benefit from several large business-to-business transactions. Because these transactions are highly variable, associated collections are considered one-time in nature.

Sales Tax Performance



% Change from Same Month in Prior Year



Property Tax

Property tax collections are administered by county governments in Colorado. Since portions of Aurora reside in Arapahoe, Adams, and Douglas counties, the city receives property taxes from all three counties. By state law, property valuations are reassessed every two years. The last reassessment was in 2019, which affects the property tax revenue received in 2020. As can be seen in the Total Assessed Valuation table, the 2019 reassessment resulted in a 23.0% increase in the assessed value of property in Aurora.

The vast majority of property tax is received in the first seven months of the year. Year-to-date, Aurora has received \$43.7 million in property tax collections. With this level of current collections, the city is already \$1.8 million (4.3%) over the full year budget plan for 2020.

Reflecting the higher valuations, Aurora expects to receive \$45.3 million in property taxes in 2020. This is \$4.3 million (8.1%) higher than the amount assumed in the 2020 budget. Given the recent growth, Aurora is projecting that 2020 property tax collections will exceed the Taxpayers Bill of Rights (TABOR) revenue limitation by \$3.3 million in 2020. Revenue above the TABOR limit in 2020 will need to be refunded in 2021. When excluding the amount collected YTD over the TABOR limit, General Fund operating revenue drops to \$2.4 million below the budget plan.

Total Assessed Valuation City of Aurora

Certified Valuation (in Millions of \$)	2018	2019	Change (\$)	Change (%)
Arapahoe County	\$3,479.0	\$4,175.3	\$696.3	20.0%
Adams County	\$1,085.1	\$1,427.9	\$342.8	31.6%
Douglas County	\$31.2	\$48.3	\$17.1	54.9%
TOTAL	\$4,595.3	\$5,651.5	\$1,056.2	23.0%

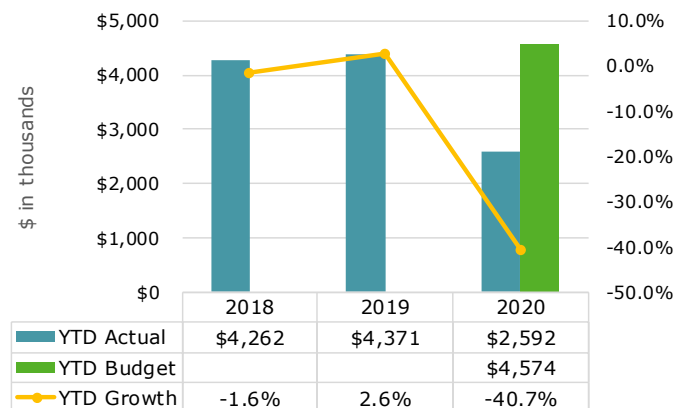


Lodger's Tax

Aurora charges an 8.0% tax rate on transactions furnishing rooms and other accommodations by hotels and similar businesses. The travel and tourism sector of the economy has been heavily impacted by the pandemic, causing metro area hotel occupancy to fall in April to 15.7%. Recovery has been slow, with hotel occupancy improving to 24.8% in May and 35.7% in June. For comparison purposes, hotel occupancy was 86.3% in June 2019.

Lodger's tax collections through July are \$1.8 million (40.7%) below 2019 and \$2.0 million (43.3%) below the budget plan. Not surprisingly, this shortfall has occurred almost entirely in the last four 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. Unlike the recovery seen in sales tax collections, lodger's tax has shown more lasting negative impacts. Lodger's tax in May was down 74.2% compared to 2019, June was down 67.1%, and July was down 66.2%.



Lodger's Tax Performance



Finance Department Indicators (for the month ending 7/31/20)

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	
 86% (Jul)	85% (YTD) 

Investments

In light of budgetary uncertainty stemming from COVID-19, the city adopted a more defensive investing strategy focused on increased liquidity. This strategy, along with historically low interest rates, has resulted in a declining average yield.

The portfolio balance increased in July due to solid water revenues, growing tax receipts, and expenditure reduction efforts. In July, the weighted average yield was 1.79%, which is down from 1.83% in 2018 and 2.23% in 2019.

July	2018	2019	2020
Cash & Investment Portfolio	\$509.8 M	\$597.2 M	\$625.9 M
Weighted avg. yield	1.83%	2.23%	1.79%
Duration (months)	16.3	18.6	20.2

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.

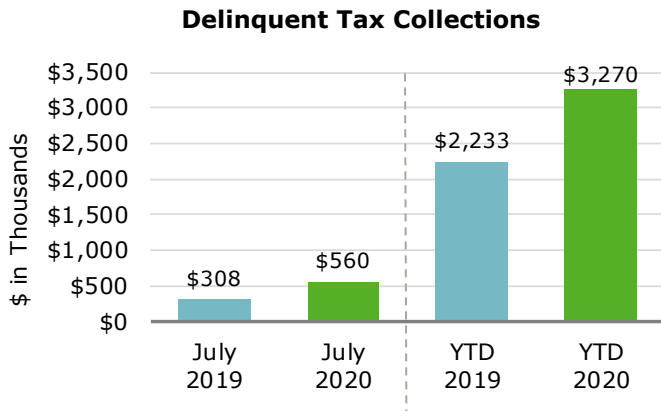
Pending transactions include Southeast Rec Center (\$30 million) and 2020 Fleet (\$4 million).

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 July were \$559,600. To put this numbers in perspective, collections averaged about \$286,600 per month in the 2018-2019 time period. July delinquent tax collections were largely the result of a single large taxpayer delinquency that was collected. Absent this collection, July would have been an average month. As with July collections, strong year-to-date collections have benefitted from several large collections over the course of 2020.



City of Aurora

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