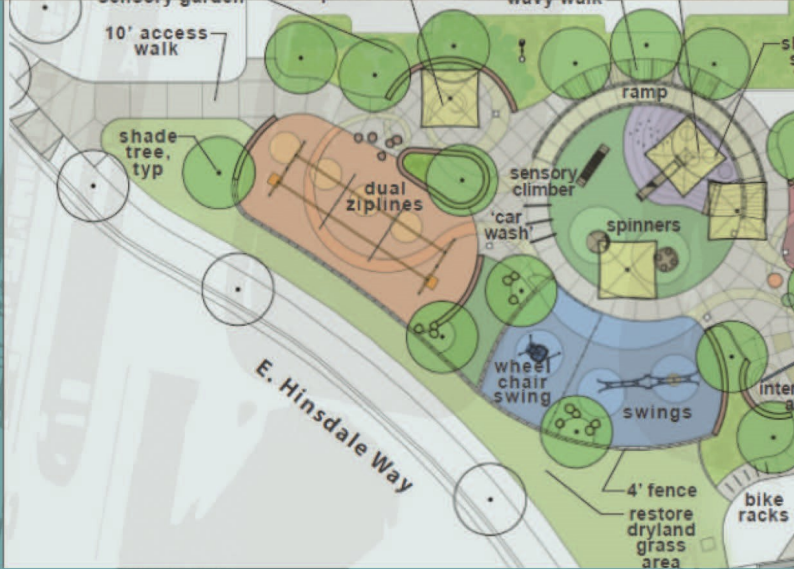




General Fund Revenue Summary



November 2020

Released January 5, 2021

General Fund Revenue Summary

City of Aurora revenues declined significantly in the second quarter as a result of the pandemic-induced recession. As a result, staff's mid-year projection lowered General Fund revenues in 2020 by \$22.1 million (5.9%).

Since July, economic activity has recovered faster than projected, resulting in General Fund revenues significantly exceeding the lowered projection. This trend continued in November when General Fund revenues exceeded the projection by \$4.7 million. Year-to-date, Gen-

eral Fund operating revenues exceed the projection by \$23.9 million (8.3%).

Significant reductions in the mid-year revenue projection and a stronger-than-expected economic recovery have led to most revenue streams exceeding expectations. About 69 percent of the over-performance in year-to-date General Fund sources has been in sales tax collections. Capital related use tax, audit revenue, and auto use tax also contributed to the over-performance in General Fund sources.

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

Revenue Category (\$ in thousands)	2020 YTD Actuals	Actuals (Under)/ Over 2019		Actuals (Under)/ Over 2020 Proj	
		\$	%	\$	%
General Sales Tax	\$196,279.9	\$8,207.5	4.4%	\$18,838.6	10.6%
Capital-Related Use Tax	26,631.0	2,841.0	11.9%	2,449.3	10.1%
Auto Use Tax	19,622.7	(1,177.2)	(5.7%)	1,234.9	6.7%
Audit Revenue	5,801.5	(322.7)	(5.3%)	2,000.4	52.6%
Lodger's Tax	4,081.0	(3,736.1)	(47.8%)	749.4	22.5%
Specific Ownership Tax	2,952.8	396.0	15.5%	405.1	15.9%
Construction Permits	1,882.2	245.1	15.0%	410.0	27.8%
All Other Sources	93,418.9	2,399.0	2.6%	1,114.8	1.2%
Total Sources	\$350,670.0	\$8,852.6	2.6%	\$27,202.3	8.4%
Less Capital Transfer	37,270.4	2,910.8	8.5%	3,260.9	9.6%
Operating Revenue	\$313,399.6	\$5,941.8	1.9%	\$23,941.4	8.3%

Monthly Economic Data Year-to-Date

▲ Unemployment Rate

Metro area average YTD rate (Oct) at 7.1%, up 4.4 percentage points from 2019

▼ Consumer Confidence Index

Mountain Region average YTD (Nov) at 106.1, down 21.2% from 2019

▼ Aurora Building Permits

59 commercial projects permitted YTD (Nov), up 7.3% from 2019. 2,513 residential projects permitted YTD (Nov), down 29.6% from 2019.

▼ Metro Area Home Sales

YTD (Oct) sales show a decrease of 1.8% compared to 2019

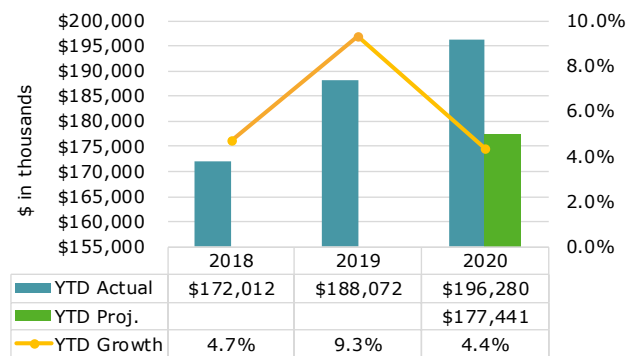
All indicator data is the most current available of as this report's publication date

Sales Tax

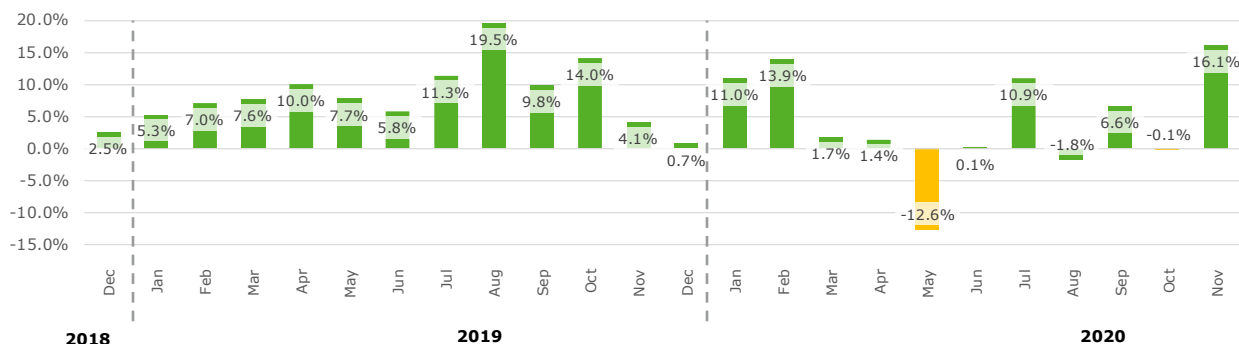
YTD sales tax collections are \$18.8 million (10.6%) higher than projection and \$8.2 million (4.4%) higher than 2019. One factor behind this performance is variable sales tax payments, which are up \$2.1 million compared to 2019. Another positive factor is implementation of the new Marketplace Facilitator ordinance. While the budget did not project any revenue related to this ordinance until 2021, Aurora has now collected an estimated \$1.9 million related to Marketplace Facilitators since September.

Sales taxes performance has not been consistent across all business sectors. The sectors experiencing the largest YTD growth in sales tax collections compared to 2019 are liquor stores (20.3%), electronics/computer stores (16.5%), grocery stores (14.7%), discount stores (8.7%) and building materials stores (8.3%). In contrast, department stores are down 34.3 percent and eating & drinking places are down 10.8 percent.

Sales Tax Performance (\$ in Thou.)



% Change from Same Month in Prior Year



Capital-Related Use Tax

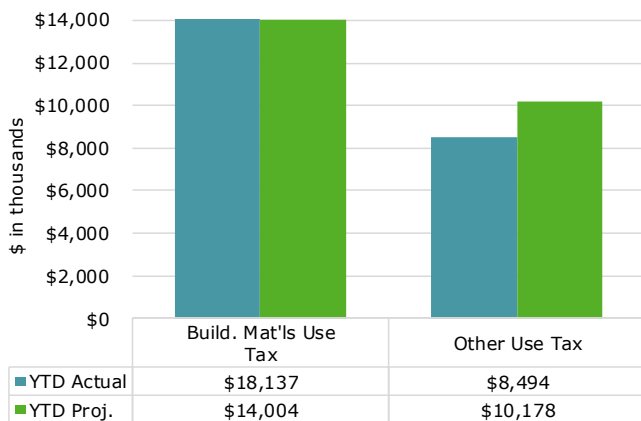
Capital-related use tax is comprised of building materials use tax (BMUT) and other (equipment and consumables) use tax. Because these revenue streams are predominantly generated by activities relating to one-time construction projects, they are transferred out of the General Fund to the Capital Projects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

Year-to-date (YTD) BMUT collections are ahead of projection while other use tax is behind. Together, capital-related use tax collections are tracking ahead of the monthly projection plan by

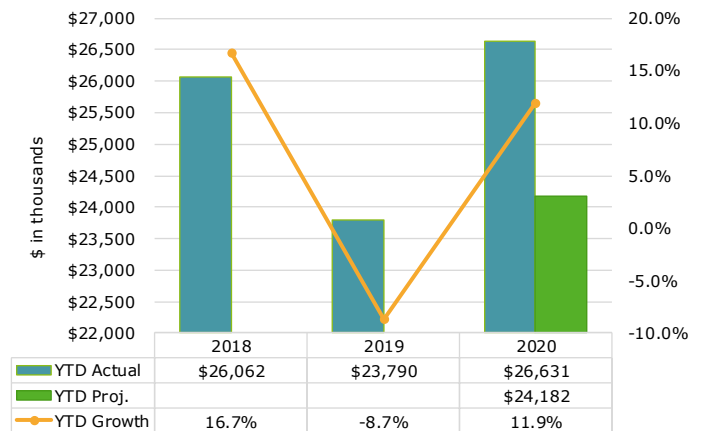
\$2.4 million (10.1%).

As seen on the Capital-Related Use Tax Performance chart below, YTD revenues have increased \$2.8 million (11.9%) when comparing to the prior year. This performance is mostly attributable to several large one-time BMUT payments received in June. With no extraordinarily large BMUT collections having been made since June, capital-related use tax revenues from July through November are down \$388,800 (3.4%) compared to 2019.

Capital-Related Use Tax Components



Capital-Related Use Tax Performance

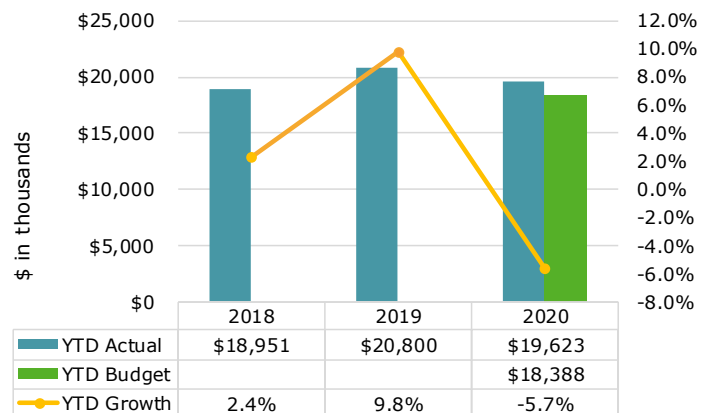


Auto Use Tax

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.

As a result of the COVID-19 pandemic and the associated economic recession, auto use tax collections in May and June dropped sharply. However, a combination of pent-up demand, federal stimulus, low interest rates, and dealer incentives have driven growing consumer demand for vehicles in recent months. In October Aurora collected \$2.5 million in auto use taxes, representing the single largest month of collections in the city's history. Monthly collections in November remained strong, coming in at \$2.0 million (the second largest month of collections in 2020). After these strong recent months, Aurora is \$1.2 million (6.7%) above the projection on a YTD basis. Despite the improving performance, YTD collections are still 5.7% below 2019 levels.

Auto Use Tax Performance





Auto Use Tax Historical Collections - November YTD



Finance Department Indicators (for the month ending 11/30/20)

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. Temporary delays while resolving administrative issues with a specific vendor of police equipment was the primary issue behind the November results. The Police Department is making process adjustments to provide for more timely processing of payments going forward.

Target: 30 Days for 85% of Vendor Payments			
	83% (Nov)	84% (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. In November, the weighted average yield was 1.70%, which is down from 2.05% in 2018 and 2.21% in 2019.

The portfolio balance has increased slightly during the pandemic due to steady water revenues, recovering sales tax receipts, and expenditure reduction efforts.

November	2018	2019	2020
Cash & Investment Portfolio	\$538.9 M	\$589.6 M	\$590.0 M
Weighted avg. yield	2.05%	2.21%	1.70%
Duration (months)	16.4	21.6	22.0

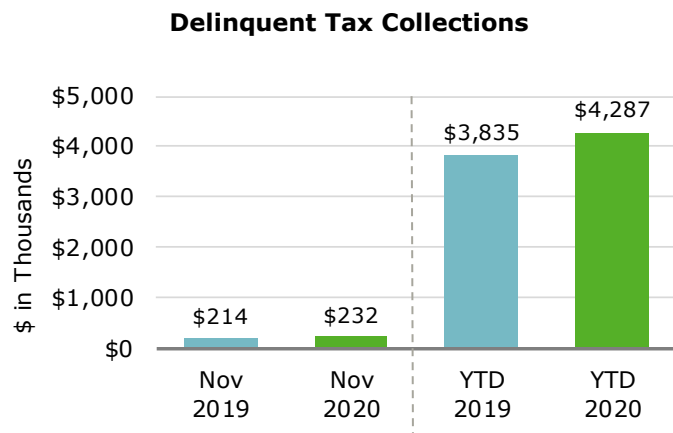
Financing Transactions Over Previous 12 Months

Future financing transactions include Heavy Fleet (\$4 million) and Aurora Water maintenance facility (SEAM; \$120 million).

Purpose	Amount	Closed	Rate	Term (yrs.)	Lender/ Banker
2019 Fleet	\$3.9 M	19-Dec	1.97%	6.3	JPM
Southeast Rec Center	\$37.5M	20-Oct	2.39%	25.0	RBC

Delinquent Tax Collections

Delinquent collections in November were \$232,300, below the recent monthly average. Looking more broadly at year-to-date collections in 2020, however, delinquent tax collections are up \$451,400 (11.8%) over 2019. Strong year-to-date collections have benefitted from several large collections made in the first half of 2020.



City of Aurora

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