



Fund Performance Report

General Fund
Marijuana Tax Revenue Fund
2020-21 Holiday Sales



For the Quarter Ending
December 31, 2020

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Prepared by the Office of Budget and Financial Planning

Important Note: The data contained in this report are unaudited and not considered final. The figures represent an estimate of year-end performance (on a budgetary basis) given the information available at the time and are not expected to vary materially.

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Economic Update

The national economy saw a sharp economic recovery from the COVID-19-induced recession, with gross domestic product (GDP) increasing by an annualized rate of 33.4 percent in the third quarter of 2020. The economic recovery slowed considerably in the fourth quarter, with GDP increasing by an annualized rate of 4.1 percent. National unemployment rates have followed a similar trend. The national unemployment rate was 14.4 percent in April and consistently improved in each of the next six months, reaching 6.6 percent unemployment in October. However, the national unemployment rate barely improved over the next two months, with December unemployment at 6.5 percent.












The shape of Colorado's recovery has largely mirrored the national trends, although Colorado's unemployment rate in December rose to 8.2 percent from 6.4 percent in November. This increase in unemployment related to the implementation in fifteen Colorado counties of more restrictive "Level Red" restrictions relating to the COVID-19 pandemic. Despite this temporary setback, the Leeds Business Confidence Index (LBCI), a local measure of business expectations, rose to 47.9 points for the fourth quarter of 2020. However, confidence regarding expectations for the 1st quarter of 2021 is unimproved at the same 47.9 points. In comparison, the consumer confidence index remains higher than during the early months of the pandemic, but fell in both November and December.

Unemployment rates in the Metro Area averaged 2.7 percent for the first two months of 2020. By April the Metro Area unemployment rate had risen to 11.9 percent. The opening of the economy brought some jobs back and the unemployment rate improved every month through November, when it hit 6.3 percent. "Level Red" restrictions imposed in December resulted in Metro Area unemployment rising back up to 8.3 percent.

Even with considerable improvements over recent months, most economic indicators remain low by historic standards and some local indicators like unemployment have moved backwards in recent months. Also, the recovery has been uneven across sectors of the economy, with the travel, tourism, and leisure & hospitality sectors all continuing to suffer significant impacts as a result of the pandemic.

There is still an element of uncertainty looking forward, including questions about how the new COVID-19 variants will impact the recovery from the pandemic. That stated, the development of three effective COVID-19 vaccines does provide a reason for optimism that economic conditions will improve, especially in the second half of 2021 and beyond as more people get vaccinated.

Local Economic Indicators

2020 Current Month Compared to Prior Year		2020 YTD Avg Compared to Prior Year	
Metro Area Unemployment Rate			
	8.3% (Dec) Up 6.1 percentage points	7.1% Up 4.5 percentage points	
Consumer Confidence Index (CCI) Mountain Region			
	100.8 (Dec) -31.1%	105.7 -22.1%	
AURORA BUILDING PERMITS # of New Commercial Buildings			
	3 (Dec) + 50.0%	62 +8.8%	
AURORA BUILDING PERMITS # of New Residential Buildings			
	271 (Dec) - 23.9%	2,784 - 25.9%	
Local Outlook Surveys			
Manpower, Inc. % Companies Hiring Denver-Aurora-Broomfield MSA			
	Q1 2021 18%	Q4 2020 18%	Q1 2020 26%
LEEDS Business Confidence Index (LBCI) (values above 50 indicate expansion)			
	Q1 2021 47.9	Q4 2020 47.9	Q1 2020 50.8
LBCI Component	Q1 2021	Change	
		Quarterly	Annual
State Economy	46.9		
National Economy	43.5		
Industry Sales	51.5		
Industry Profits	48.7		
Industry Hiring	49.9		
Capital Expenditures	46.8		
LBCI	47.9		

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

Revenues (General Fund Sources of Funds)

As shown in the *2020 Revenue Performance by Type* table, total General Fund sources (unaudited) finished the year above projection by \$30.7 million (8.6%). Significant reductions in the mid-year revenue projection and a stronger-than-expected economic recovery led to most revenue streams exceeding expectations. Sales tax collections accounted for 68.4 percent of the over-performance in total sources. Capital-related use tax, auto use tax, audit revenue, and lodger's tax also contributed to the favorable revenue performance.

Because the COVID-19 pandemic did not slow down construction activity in the city in 2020, capital-related use taxes were the second largest source of positive variance in total sources. After transferring development-related revenues to the Capital Projects Fund, General Fund operating revenues finished the year \$26.4 million (8.2%) over projection.

As can be seen in the *% Change from Same Month in Prior Year* graph, 2020 was an uneven year in terms of sales tax collections. The first two months of the year saw growing sales tax collections during a time period marked by a strong pre-pandemic economy. The economic shutdown caused by the COVID-19 pandemic caused sales tax collections to fall during the second quarter. This was followed by a surprisingly strong economic recovery as the economy re-opened. Pent-up demand and growing personal income aided by the large federal stimulus helped to drive robust retail sales during the second half of the year. In July, collections were significantly enhanced by sales tax collections from variable top taxpayers, a term coined to describe top taxpayers who submit large amounts of sales tax inconsistently. Finally, sales tax collections increased as a direct result of the implementation of the new Marketplace Facilitator Ordinance. While the 2020 mid-year projection did not include any additional revenue from this new source, additional revenues were collected starting in September. Over the last four months of 2020, Aurora collected a total of \$2.7 million in additional revenue as a direct result of the ordinance. Revenue related to the new Marketplace Facilitator Ordinance drove about 44.3 percent of the sales tax growth experienced over the last four months of 2020.

Sales tax collections in 2020 were 5.3 percent higher than in 2019. Despite this positive result, sales tax performance was not consistent across all business sectors. The sectors experiencing the largest growth in sales tax collections were liquor stores (20.4%), electronics/computer stores (17.8%), grocery stores (14.6%), discount stores (9.2%) and building materials stores (8.7%). In contrast, department stores were down 33.4%, clothing stores were down 18.0%, and eating & drinking places were down 11.1%.

See page 6 for detail revenue performance by source.

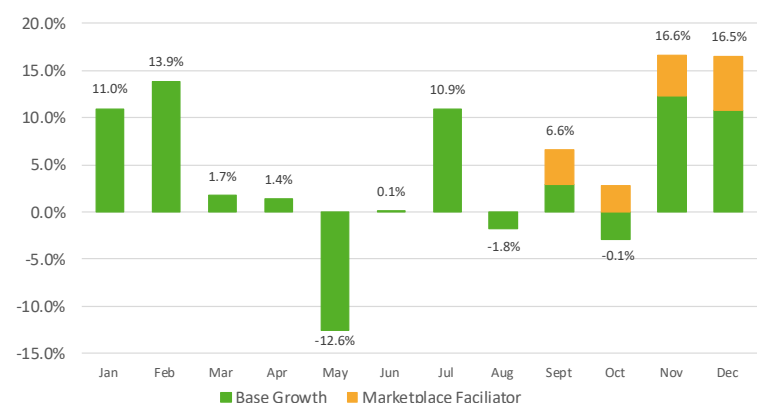
2020 Revenue Performance by Type

Revenue Category (\$ in thousands)	2020 YTD Actuals	Actuals (Under)/ Over 2020 Proj	
		\$	%
General Sales Tax	\$213,780.4	\$21,029.6	10.9%
Capital-Related Use Tax	29,123.6	3,499.9	13.7%
Auto Use Tax	21,481.1	1,573.6	7.9%
Audit Revenue	6,015.7	2,114.6	54.2%
Lodger's Tax	4,428.4	981.5	28.5%
Construction Permits	1,969.6	448.8	29.5%
Other Intergovernmental	1,723.8	918.4	114.0%
All Other Sources	109,482.3	161.1	0.1%
Total Sources	\$388,005.1	\$30,727.6	8.6%
Less Capital Transfer	40,655.2	4,310.3	11.9%
Operating Revenue	\$347,349.9	\$26,417.3	8.2%

Sales Tax Top Taxpayers by Industry Category

Industry Category (\$ in thousands)	YTD Dec		\$ Variance	% Change
	2020	2019		
Eating & Drinking Places	\$26,320.8	\$29,603.4	(\$3,282.7)	(11.1%)
Discount Stores	25,090.6	22,973.8	2,116.8	9.2%
Building Materials	19,090.0	17,554.8	1,535.2	8.7%
Utilities	11,270.0	11,310.2	(40.2)	(0.4%)
Auto Dealers and Parts	10,892.9	12,171.2	(1,278.3)	(10.5%)
Telecommunication/Cellular	8,439.2	9,371.5	(932.2)	(9.9%)
Grocery Stores	5,957.0	5,199.2	757.8	14.6%
Beer, Wine, and Liquor Stores	5,452.9	4,530.5	922.4	20.4%
Electronics/Computers	5,322.1	4,518.1	804.0	17.8%
Clothing and Clothing Accessories	4,742.2	5,781.4	(1,039.3)	(18.0%)
Department Stores	3,075.5	4,619.5	(1,544.0)	(33.4%)
Furniture and Home Furnishings	2,339.4	2,387.8	(48.4)	(2.0%)
Sport Goods, Hobby, Books, Music	1,751.7	1,971.7	(220.0)	(11.2%)
Other Top Taxpayers	15,921.5	12,569.6	3,351.9	26.7%
Consistent Top Taxpayers	\$145,665.8	\$144,562.7	\$1,103.1	0.8%
Variable Top Taxpayers	10,890.2	9,683.2	1,207.0	12.5%
Total of All Other Taxpayers	63,061.2	57,292.3	5,768.9	10.1%
Total Sales Tax Collections	\$219,617.2	\$211,538.2	\$8,079.1	3.8%
Less Sales Tax Incentives	5,836.8	8,510.9	(2,674.1)	(31.4%)
Total Reported Sales Tax	\$213,780.4	\$203,027.3	\$10,753.1	5.3%

Sales Tax % Change from Same Month in Prior Year



2020

Expenditures (General Fund Uses of Funds)

Final audited data for 2020 are not yet available. An estimate of year-end General Fund uses has been formulated for the purposes of this report. No significant changes are anticipated that would materially alter the following analysis.

The COVID-19 pandemic and the resulting economic recession prompted the city to take 2020 General Fund balancing actions of \$26.1 million. The vast majority of these balancing needs were achieved through 2020 expenditure reductions, to include a reduced transfer out to the Capital Projects Fund, a selective hiring freeze, and two furlough days.

Total General Fund uses were \$435,700 (0.1%) under projection. This positive variance is predominately the result of unspent 2020 items that will be re-appropriated in 2021: Coronavirus Aid, Relief, and Economic Security (CARES) Act funding (\$4.4 million), affordable housing seed funding (\$1.0 million, professional/technical), and a new target system for the Police training academy (\$180,000, debt/equipment purchases). To re-appropriate these funds, spring supplementals totaling \$5.6 million will be requested in 2021.

Personnel-related expenditures ended the year \$86,900 over projection. The *2020 Personnel Expenditures* chart shows salaries and benefits savings of \$2.9 million, the result of consistently high career service vacancies and increased attrition in the Police Department. These savings are often used for turnover-related accrued leave payouts (special pay) and overtime expenditures. Wildland fire deployments in the Fire Department have also contributed to higher than projected overtime compensation. Savings in temporary compensation can be largely attributed to lower than projected expenditures for snow removal and Aurora Reservoir personnel.

There was a significant amount of variance within the professional/technical, operating supplies, and debt/equipment purchases classes. This was mainly due to items that were projected in one class but posted as expenditures to other classes. The net of these expenditure classes was under projection by \$612,300.

Overages in utilities were primarily associated with higher than projected street light expenditures as new subdivisions have increased the number of street lights in the city. These overages were largely offset by vehicle repair savings in the fleet/risk interfund class.

The increased transfer out to the Capital Projects Fund of \$4.3 million is entirely offset by higher than projected capital-related General Fund revenue and does not have a bottom-line impact on the fund.

See page 6 for detail expenditure performance by category.

2020 Expenditure Performance

Expenditure Category (\$ in thousands)	2020 YTD Actuals	Actuals Under/ (Over) Projection	
		\$	%
Personal Services	\$238,986.1	(\$597.5)	(0.3%)
Temp Compensation	2,644.6	510.6	16.2%
Professional/Technical	17,352.9	(1,280.4)	(8.0%)
Operating Supplies	19,310.1	1,536.9	7.4%
Utilities	10,913.2	(314.5)	(3.0%)
Fleet/Risk Interfund	17,517.6	278.8	1.6%
Debt/Equip Purchases	4,338.8	355.8	7.6%
Total Operating Exp.	\$311,063.3	\$489.7	0.2%
CARES Funding Adjust	(4,361.3)	4,361.3	n/a
Capital Rev Transfer	40,655.2	(4,310.3)	(11.9%)
Other Transfers Out	14,142.5	(104.9)	(0.7%)
Total Uses of Funds	\$361,499.7	\$435.7	0.1%

2020 Personnel Expenditures

Personnel Category (\$ in thousands)	YTD Dec Projection	YTD Dec Actuals	Actuals Under/ (Over) Projection
Regular Employee Salary & Benefits	\$226,558.1	\$223,643.5	\$2,914.6
Special Pay	4,754.4	7,157.9	(2,403.4)
Overtime Compensation	7,076.0	8,184.6	(1,108.7)
Temporary Compensation	3,155.2	2,644.6	510.6
Total Salary & Other Compensation	\$241,543.8	\$241,630.7	(\$86.9)

General Fund Vacancies	Q1	Q2	Q3	Q4
Total Career Service	94.0	102.5	120.5	117.3

2020 Citywide Utilities

Utility (\$ in thousands)	YTD Dec Projection	YTD Dec Actuals	Actuals Under/ (Over) Projection
Electricity	\$1,711.5	\$1,720.7	(\$9.3)
Natural Gas	254.6	247.8	6.9
Non-Routine Maint-XCEL	894.8	983.6	(88.8)
Street Lights-XCEL	4,180.9	4,446.3	(265.4)
Traffic Lights, Signs	131.0	139.9	(8.9)
Water/Sewer	3,425.9	3,371.0	55.0
Other Utilities	0.0	4.0	(4.0)
Total Dec YTD	\$10,598.7	\$10,913.2	(\$314.5)

General Fund | Fund Summary

The General Fund is the operating fund for the City of Aurora. It accounts for receipts, appropriations, and expenditures unless sepa-

rate fund reporting is required. For an overview of the General Fund budget, including a breakdown of uses and departments, see page 8.

Revenues (Sources of Funds)	2020 Budget	2020 Projection	YTD Actual thru Dec 2020	2020 Year-to-Date Sources Over/(Under)			
				2019	2020 Projection	% Chg vs 2019	% Chg vs Proj
Sales Tax - General	\$208,377,583	\$192,750,830	\$213,780,431	\$10,753,111	\$21,029,601	5.3%	10.9%
Use Tax - Capital Related	25,525,226	25,623,726	29,123,631	3,532,041	3,499,905	13.8%	13.7%
Use Tax - Automobile	20,170,348	19,907,498	21,481,130	(864,282)	1,573,632	(3.9%)	7.9%
Property Tax	41,930,207	45,330,207	44,885,758	7,606,183	(444,449)	20.4%	(1.0%)
Franchise Fees & Taxes	15,021,497	13,921,497	14,237,533	(67,920)	316,036	(0.5%)	2.3%
Highway User's Fees & Taxes	12,537,390	11,492,608	11,446,018	(1,448,941)	(46,590)	(11.2%)	(0.4%)
Other Auto Related (SOT, MV Fees)	4,197,122	4,197,122	4,575,157	294,583	378,035	6.9%	9.0%
Audit Revenue	3,901,168	3,901,168	6,015,732	(625,582)	2,114,564	(9.4%)	54.2%
Other Taxes	14,690,506	9,090,290	10,509,189	(4,276,475)	1,418,899	(28.9%)	15.6%
Other Intergovernmental Fees & Taxes	2,615,954	2,615,954	3,575,996	374,196	960,042	11.7%	36.7%
Business Licenses & Other Permits	3,438,998	3,438,998	3,806,375	84,649	367,377	2.3%	10.7%
Fines & Forfeitures	5,070,694	2,535,347	2,955,896	(1,514,445)	420,549	(33.9%)	16.6%
Internal Charges for Services	7,580,981	7,580,981	7,749,846	61,149	168,865	0.8%	2.2%
External Charges for Services	6,658,507	4,441,224	4,671,266	(1,659,126)	230,042	(26.2%)	5.2%
Other General Fund Revenue	3,419,739	6,219,739	4,240,871	73,199	(1,978,868)	1.8%	(31.8%)
Total General Fund Revenue	\$375,135,920	\$353,047,189	\$383,054,830	\$12,322,340	\$30,007,641	3.3%	8.5%
Transfers In from Other Funds	2,230,337	4,230,337	4,950,269	2,591,261	719,932	109.8%	17.0%
Total Sources of Funds	\$377,366,257	\$357,277,526	\$388,005,099	\$14,913,601	\$30,727,573	4.0%	8.6%
General Fund Operating Revenue ¹	\$340,278,244	\$320,932,593	\$347,349,873	\$11,339,939	\$26,417,280	3.4%	8.2%

Expenditures (Uses of Funds)	2020 Budget	2020 Projection	YTD Actual thru Dec 2020	2020 Year-to-Date Uses Under/(Over)			
				2019	2020 Projection	% Chg vs 2019	% Chg vs Proj
Personal Services	\$244,952,005	\$238,388,554	\$238,986,073	(12,751,570)	(597,519)	(5.6%)	(0.3%)
Temporary Compensation	3,020,691	3,155,242	2,644,624	364,370	510,619	12.1%	16.2%
Professional & Technical Services	18,570,033	16,072,555	17,352,918	(1,385,706)	(1,280,363)	(8.7%)	(8.0%)
Operating Supplies/Other	20,619,717	20,846,980	19,310,076	1,992,142	1,536,904	9.4%	7.4%
Utilities	11,972,944	10,598,700	10,913,246	(761,932)	(314,546)	(7.5%)	(3.0%)
Interfund Charges	17,468,598	17,796,403	17,517,637	(807,605)	278,766	(4.8%)	1.6%
Capital Purchases (Equip, Vehicles, Other)	5,842,740	4,694,563	4,338,756	2,416,263	355,807	35.8%	7.6%
General Fund Operating Expenditures	\$322,446,728	\$311,552,997	\$311,063,330	(10,934,037)	\$489,667	(3.6%)	0.2%
CARES Funding Adjustment	0	0	(4,361,257)	4,361,257	4,361,257	n/a	n/a
Capital Related Revenue Transfer Out ²	37,088,013	36,344,933	40,655,226	(3,573,663)	(4,310,292)	(9.6%)	(11.9%)
All Other Transfers Out to Other Funds	29,412,568	14,037,531	14,142,452	12,234,542	(104,921)	46.4%	(0.7%)
Total Uses of Funds	\$388,947,309	\$361,935,461	\$361,499,749	\$2,088,099	\$435,712	0.6%	0.1%
Increase/(Use) of Available Funds ³	(\$11,581,052)	(\$4,657,935)	\$26,505,349				

See page 9 for glossary and detailed data description for each column.

- Operating revenue accounts for the transfer out of construction related use tax to the Capital Projects Fund (CPF).
- The transfer to the CPF is calculated in December and transferred out of the General Fund.
- The 2020 Adopted Budget includes the planned use of \$10.1 million in funds available, primarily associated with one-time 2020 budget amendments to include a one-time increase in the

Police Money Purchase Pension Plan, a citywide Americans with Disabilities Act (ADA) assessment, Fire apparatus, and affordable housing seed funding. In the 2020 Fall Supplemental process, an additional \$1.5 million was added to appropriate a portion of the I-70/Picadilly Interchange set aside. The 2020 projection reduces the planned use of funds available to \$4.7 million as departments have identified projects and services that can be postponed, suspended, or eliminated.

2020-21 Holiday Sales (Sales Tax Revenue)

Sales tax revenue is the backbone of the city's General Fund budget and accounts for more than half of total revenue collections in that fund. The bulk of holiday season sales occur in November, which includes Black Friday, and December, when the majority of holiday shopping is done. Depending on the year, Cyber Monday can occur in either month. The city collects sales tax revenues the month after sales are realized, thus November and December 2020 sales were posted in December 2020 and January 2021 respectively.

As shown below, sales tax collections in December 2020 grew by 16.5 percent and January 2021 collections grew by 12.2 percent, both compared to the same month one year ago. Implementation of the new Marketplace Facilitator Ordinance generated additional sales tax collections of \$1.9 million combined across December 2020 and January 2021. Another positive factor was growth in sales tax collected from companies outside the top 200 taxpayers, which increased by \$2.3 million.

The top taxpayers by industry table compares 2020-21 holiday sales tax collections to 2019-20 collections. Total sales tax collections increased by 13.9 percent this holiday shopping season, with the top taxpayers increasing by 7.0 percent. The top taxpayers are a group of large and consistent taxpayers whose collections are predominantly generated by retail sales. Collections from this group are slightly behind the 8.3 percent holiday sales growth rates reported by the National Retail Federation for the 2020-2021 holiday season.

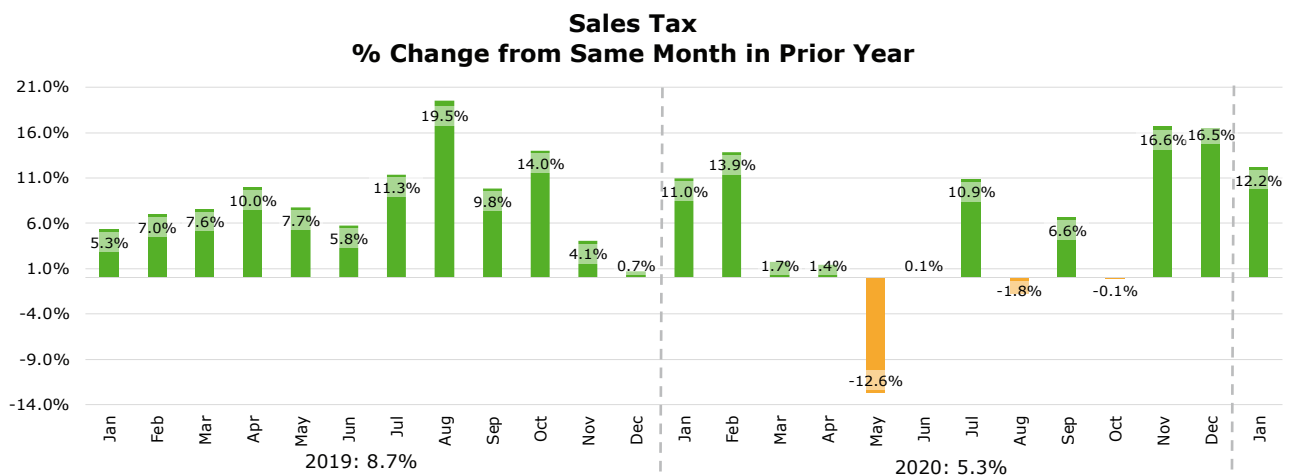
Among the top taxpayers, Discount Stores, Building Materials, Electronics/Computer Stores, Utilities, Liquor Stores, and Grocery Stores all experienced double digit growth rates in their sales tax collections. Spread across multiple industry

categories, the top taxpayer list includes nine online-only businesses, all of which saw increased sales tax collections this holiday. Across the United States, the National Retail Federation estimated that online and other non-store sales increased by 23.9 percent this holiday season.

Partially offsetting these increases were the decreased collections experienced in the Eating & Drinking Places, Industrial Sales, and Department Stores categories. Eating & Drinking places suffered the impacts of a temporary ban on indoor dining that started in late November and ended in early January. A majority of industrial sales tax collections come from large one-time variable sales tax payments, which have generally been decreasing over recent months. While all of Aurora's largest brick-and-mortar department stores saw decreased sales tax collections, results were also weighed down by the closure of JC Penny and Stein Mart stores in Aurora in 2020.

Top Taxpayers by Industry Category

Industry Category	Holiday Sales		\$	%
	2020-21	2019-20	Variance	Change
Discount Stores	\$ 5,437.18	\$ 4,891.19	\$ 546.0	11.2%
Eating & Drinking Places	4,492.1	4,977.4	(485.3)	(9.7%)
Building Materials	3,277.5	2,882.8	394.7	13.7%
Electronics/Computers	2,932.3	2,556.3	376.0	14.7%
Auto Dealers and Parts	2,659.6	2,953.0	(293.4)	(9.9%)
Telecommunication/Cellular	2,073.4	2,046.5	26.8	1.3%
Utilities	1,970.4	1,774.3	196.0	11.0%
Grocery Stores	1,739.7	1,570.2	169.5	10.8%
Clothing and Clothing Accessories	1,190.9	1,279.1	(88.2)	(6.9%)
Beer, Wine, and Liquor Stores	1,034.5	845.8	188.8	22.3%
Department Stores	799.6	1,003.2	(203.6)	(20.3%)
Sport Goods, Hobby, Books, Music	677.5	663.2	14.3	2.2%
Industrial Sales	661.7	1,180.0	(518.4)	(43.9%)
Furniture and Home Furnishings	467.3	479.1	(11.8)	(2.5%)
Other Top Taxpayers	4,094.1	2,223.2	1,871.0	84.2%
BASELINE TOP TAXPAYERS	\$33,507.6	\$31,325.2	\$ 2,182.4	7.0%
Total of All Other Taxpayers	11,397.5	9,089.6	2,307.8	25.4%
Less Sales Tax Incentives	1,014.1	1,868.6	(854.5)	(45.7%)
TOTAL SALES TAX	\$43,890.9	\$38,546.2	\$ 5,344.7	13.9%



Marijuana Tax Revenue Fund

In 2014, Aurora voters approved a 5.75% city sales tax and 5.0% excise tax from cultivation facilities, charged on the sale of unprocessed retail marijuana. Aurora voters also granted the city permission to increase or decrease the sales tax rate without further voter approval so long as the rate of taxation does not exceed 10.0%. In 2017, City Council increased the city's retail marijuana sales tax rate from 5.75% to 7.75% to

fund homeless services and housing projects. In 2020, City Council approved an additional increase to the city's retail marijuana sales tax rate from 7.75% to 8.75%. This 1.0 percentage point increase became effective July 1, 2020 and will fund youth violence prevention activities. Additionally, the city collects a state shareback of 10.0% of the 15.0% state special sales tax based on Aurora's retail marijuana sales.

2020 Marijuana Tax Revenue

Revenues	2020 Budget	2020 Projection ¹	YTD Actual thru Dec 2020 ¹	2020 Year-to-Date Revenues Over/(Under)			
				2019	2020 Projection	% Chg vs 2019	% Chg vs Projection
Sales Taxes	\$7,943,226	\$9,567,962	\$10,805,519	\$2,477,991	\$1,237,557	29.8%	12.9%
Excise Taxes	1,296,000	1,614,167	1,693,575	509,587	79,408	43.0%	4.9%
State Shareback	1,588,645	1,811,308	2,011,194	339,353	199,886	20.3%	11.0%
Investment & Other Income	115,000	129,678	147,250	11,313	17,572	8.3%	13.6%
Total Sources of Funds	\$10,942,871	\$13,123,115	\$14,657,538	\$3,338,244	\$1,534,423	29.5%	11.7%

¹ The FY 2020 Projection and YTD Actuals thru Dec include the impact of the 1.0 percentage point increase to the city's retail marijuana sales tax rate. This change was effective July 1, 2020 and all proceeds will be used to cover the costs associated with youth violence prevention activities.

Fund Summary	2020 Actual/Commitment	2014-2020 Total
Sales Taxes	\$10,805,519	\$39,454,989
Excise Taxes	1,693,575	5,139,481
State Shareback	2,011,194	8,345,602
Investment & Other Income	147,250	452,514
Total Revenue	\$14,657,538	\$53,392,586

Transportation Projects	\$0	\$3,800,000
Transportation Maintenance	0	2,100,000
Concrete and Asphalt Projects	0	2,000,000
Medians	250,000	1,000,000
Debt Service for Central Rec. Center	1,998,311	11,994,621
Debt Service for Road Projects	4,000,000	12,000,000
Nexus Program Reserve	0	680,000
Homeless Services and Housing	2,773,090	12,384,157
Youth Violence Prevention	451,246	451,246
Victim Services	183,930	183,930
General Fund Balancing	2,000,000	2,000,000
Expenditures/Commitments	\$11,656,577	\$48,593,954

Unobligated Funds	\$4,798,632
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Types of Licenses	Number Issued as of 12/31/20
Stores	24
Cultivations	21
Product Manufacturing	16
Testing	1
Medical Cultivators	4
Medical Project Manufacturers	3

Year-End Results

Year-end marijuana tax revenues are \$1,534,400 (11.7%) higher than the mid-year projection. At the time of the projection, staff was unsure of the impact that the COVID-19 pandemic would have on retail marijuana sales. Increased sales generated additional revenue which helped to increase the unobligated fund balance from \$1.8 million at the end of 2019 to \$4.8 million for 2020.

As of December 31, 2020, licenses for 24 stores and 21 cultivation facilities have been issued. Marijuana businesses generated \$10.8 million in city sales tax revenue and \$1.7 million in excise tax revenue. The city also received \$2.0 million in state shareback.

City Council has identified various projects to be funded with marijuana tax revenue, including the ongoing funding of debt payments towards the construction of two new recreation centers, one in central Aurora that opened in 2019 and another in southeast Aurora where construction began in 2020. In addition, City Council approved a variety of road projects. Furthermore, City Council committed the additional marijuana revenue associated with the 2.0 percentage point increase in 2017 to homelessness services and housing programs and the 1.0 percentage point increase in 2020 to youth violence prevention programs. As a result, \$48.0 million of funds available have been obligated or spent resulting in \$4.8 million in unobligated funds that can be used for one-time purposes.

General Fund Overview

Fund Description

The General Fund is the operating fund for the City of Aurora. It accounts for receipts, appropriations, and expenditures unless separate fund reporting is required.

Sources of Funds

Sources of funds include nearly all taxes and other resources traditionally associated with city operations. Revenues and expenditures from the 0.25% voter-approved sales tax for the police officer staffing mandate are included in this fund. Other sources include transfers in from other funds.

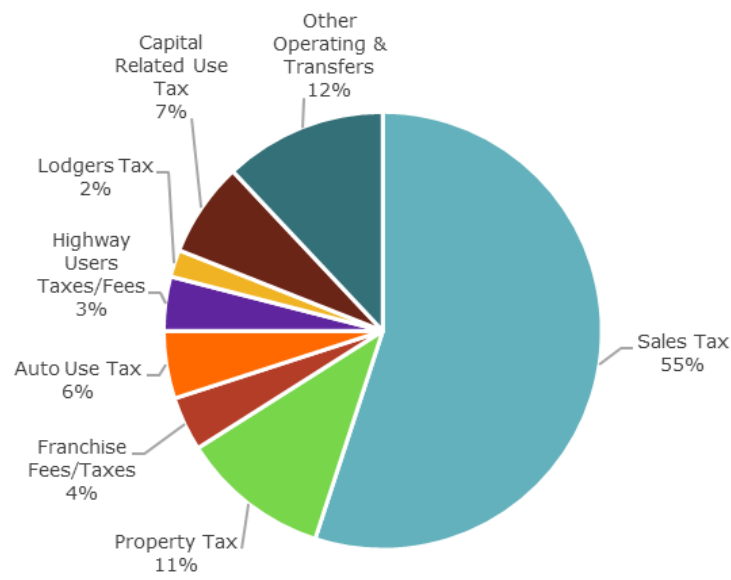
Retail sales remain the backbone of Aurora's General Fund, accounting for roughly 55% of total revenue. Use tax is a companion tax to sales tax and is associated with purchases of commodities and equipment. Approximately two-thirds of all General Fund revenue is dependent on purchases when use tax revenues (e.g. building materials use tax, automobile use tax, and equipment use tax) are included.

Uses of Funds

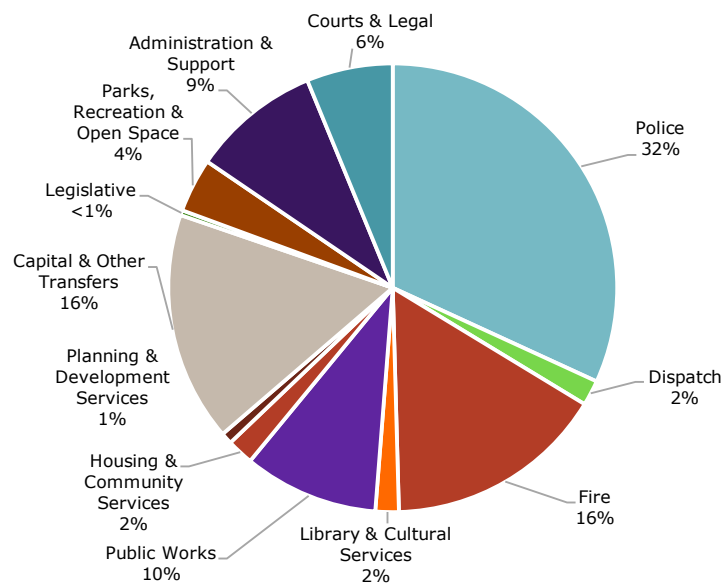
Uses of funds mainly result from expenditures incurred by the departments included in the General Fund. The majority of general services, programs and activities for the citizens of Aurora are supported by this fund, as well as the City Council and the administrative management functions. Other uses include transfers out to other funds, such as the transfer to the Capital Projects Fund.

Public safety functions, including Fire, Dispatch, Police, and Court Administration account for 56.0% of total General Fund appropriations in 2020.

2020 General Fund Revenue (Sources)



2020 General Fund Appropriations (Uses)



General Fund Departments

- | | | | |
|---|---|---|--|
| <ul style="list-style-type: none">City AttorneyCivil Service CommissionCommunicationsCourt AdministrationFinanceFire | <ul style="list-style-type: none">General ManagementHuman ResourcesInformation TechnologyJudicialLibrary & Cultural ServicesMayor & City Council | <ul style="list-style-type: none">Housing and Community ServicesNon-Departmental (snow removal, transfers, contingencies)Parks, Recreation & Open Space | <ul style="list-style-type: none">Planning & Development ServicesPolice (including Dispatch)Public DefenderPublic Works |
|---|---|---|--|



Appendices



Accrual Basis: Transactions are recorded as they occur, regardless of the timing of related cash flows.

Actuals: Transactions recorded in the accounting system on a cash basis. Certain revenue sources are recorded on the accrual basis instead of the cash basis. Accrual basis revenue sources will show zero collections for January, and in some cases February, and two or three months of receipts recorded in December.

Cash Basis: Transactions are recorded in accordance with cash flow regardless of economic transaction timing.

Encumbrances: The legal commitment of appropriated funds to purchase an item or service in the future. An encumbrance is recorded when a purchase order is recorded. The encumbrance is reduced as cash payments are made against the purchase order. If there is an encumbered balance at the end of any given year, the balance will carryforward and be added to the next year's working budget to cover the cash outlay in that year.

Spending Plan/Projection Plan/Revenue Plan: For current month and year-to-date comparison purposes, the 2020 budget and revenue assumptions have been projected monthly, or calendarized. Various methods were used in the process including: historical seasonality, known payment schedules, payroll and benefit calendars, and the straight line basis (1/12th per month).

Variance: Used to describe the difference or resulting percentage change in comparative data. Bracketed variances indicate an unfavorable result.

Column Descriptions

Sources of Funds: All revenue received from external/internal sources and interfund transfers into the fund.

Uses of Funds: All departmental expenditures incurred and interfund transfers out of the fund.

2020 Budget: The 2020 Adopted Budget plus approved supplemental amendments.

2020 Projection: A detailed estimate prepared mid-year for use in current year budget balancing and as the basis for the subsequent budget year estimates.

YTD Actual thru the Current Month: The year-to-date actual sources and uses of funds.



Year-to-Date / Current Month Variance:

- Over/(Under) - Current year sources under the prior year or budgeted/projected sources are unfavorable, indicated by brackets.
- Under/(Over) - Current year uses over the prior year or budgeted/projected uses are unfavorable, indicated by brackets.
 - 2019 - The \$ difference between 2020 year-to-date / current month actuals compared to the 2019 actuals for the same timeframe.
 - 2020 Budget/Projection - The \$ difference between the 2020 year-to-date / current month actuals through the current month compared to the 2020 year-to-date budget/projection spending plan for the same timeframe.
 - Percent Chg vs 2019 - The percentage change between 2020 year-to-date actuals through the current month and the 2019 actuals through the same month.
 - Percent Chg vs Budget/Projection - The percentage change between the 2020 year-to-date actuals and the year-to-date budget/projection spending plan.

Finance Department Indicators (for the month ending 12/31/20)

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. Staffing and workload issues across several departments were the largest drivers behind the December results. The affected departments are making adjustments to staffing, processes, and backlogs that will hopefully result in a more timely processing of accounts payable going forward.

Target: 30 Days for 85%			
	78% (Dec)	84% (YTD)	

Investments

In light of financial uncertainty stemming from the pandemic-induced recession, 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 December, the weighted average yield was 1.65%, 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.

December	2018	2019	2020
Cash & Investment Portfolio	\$538.9 M	\$589.6 M	\$593.7 M
Weighted avg. yield	2.05%	2.21%	1.65%
Duration (months)	16.4	21.6	22.2

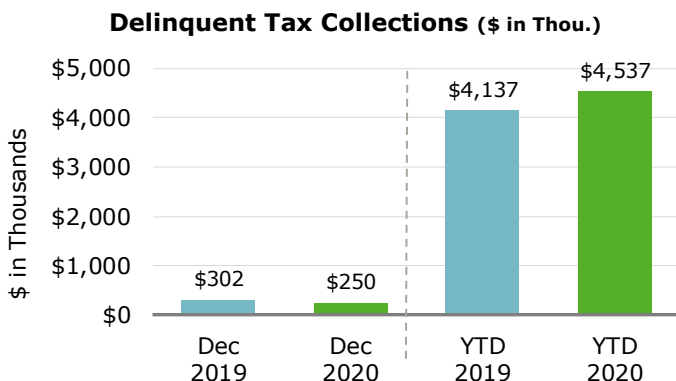
Financing Transactions Over Previous 12 Months

Future financing transactions include Heavy Fleet (\$9 million) and the Aurora Water maintenance facility (SEAM; \$150 million).

Purpose	Amount	Closed	Rate	Term (yrs.)	Lender/ Banker
Southeast Rec Center	\$37.5 M	20-Oct	2.39%	25.0	RBC

Delinquent Tax Collections

Delinquent collections in December were \$250,100, which is slightly below average. Looking more broadly at full-year collections in 2020, delinquent tax collections are \$399,300 (9.7%) above 2019.



City of Aurora

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