



Fund Performance Report

General Fund | Marijuana Tax Revenue Fund

Special Report 2019-20 Holiday Sales

For Quarter Ending
December 31, 2019

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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 United States is currently in the longest period of economic growth in post-World War II history. Growth continued in the second half of 2019, with gross domestic product (GDP) growing by 2.1% nationally in both the 3rd and 4th quarters of 2019. The combination of low unemployment and rising wages fueled growth in consumer spending, which was a major driver of economic expansion in recent months.

The Colorado economy continued to be stronger than the nation as a whole, ranking as the seventh fastest state for economic growth as of the second quarter of 2019. During the first six months of 2019, Colorado's economy (real gross domestic product) grew by 3.7% compared to the first six months of 2018.









Local economists expect the Colorado economy to continue growing in 2020. Tightening labor markets and higher wages being paid by employers are expected to moderate economic growth going forward. The local Consumer Confidence Index (CCI) rose by 8.1% in December 2019 compared to December 2018. Despite this strong finish to the year, consumer confidence across 2019 was only 1% higher than in 2018.



Locally, unemployment rates in the Metro region dropped over the course of 2019, with unemployment at a historically low 2.3% in the 4th quarter of 2019. Similarly, local outlook surveys indicate the state business sentiment is becoming more optimistic. According to a report published by Manpower, Inc., 26% of Metro region companies plan to hire during the first quarter of 2020, which is up significantly from 17% for the fourth quarter of 2019. By contrast, the outlook back in 2009 was 11% as the nation came out of the Great Recession.

The Leeds Business Confidence Index, a local measure of business expectations, trended downward last year finishing with a negative score in the 4th quarter of 2019. This trend was broken and the confidence index returned to positive territory for the 1st quarter of 2020. Five of the Index's six components had positive perceptions. The national economy was the only component with a negative perception. Each of the six components report higher expectations for the first quarter of 2020 compared to the last quarter of 2019.

Year-to-date, the total number of permitted dwelling units plus commercial buildings has pushed ahead of last year by 5.5%. Building activity gained momentum in 2016 and has remained relatively consistent through the end of 2019, driving capital-related revenues.

Local Economic Indicators

2019 Current Month Compared to Prior Year	2019 YTD Avg Compared to Prior Year
Metro Area Unemployment Rate	
 2.3% (Dec) Down 1.3 percentage points	2.7% Down 0.4 percentage points 
Consumer Confidence Index (CCI) Mountain Region	
 146.2 (Dec) + 8.1%	135.6 + 1.0% 
AURORA BUILDING PERMITS # of New Dwelling Units and Commercial Buildings	
 358 (Dec) + 49.8%	2,726 + 5.5% 
Metro Area Home Sales	
 4,440 (Dec) + 20.5%	57,248 + 7.7% 

Local Outlook Surveys			
Manpower, Inc. % Companies Hiring Denver-Aurora-Broomfield MSA			
	Q1 2020 26%	Q4 2019 17%	Q1 2019 22%
LEEDS Business Confidence Index (LBCI) (values above 50 indicate expansion)			
	Q1 2020 50.8	Q4 2019 46.9	Q1 2019 50.1
LBCI Component	Q1 2020	Change Quarterly	Annual
State Economy	51.5	▲	▲
National Economy	45.9	▲	▲
Industry Sales	54.1	▲	▲
Industry Profits	52.1	▲	▲
Industry Hiring	50.6	▲	▼
Capital Expenditures	50.6	▲	▼
LBCI	50.8	▲	▲

Revenues (General Fund Sources of Funds)

Over the second half of 2019, revenue collections (unaudited) out-performed the mid-year projection by 2.1% resulting in additional sources of \$7.8 million. Compared to 2018, final collections are up \$19.1 million or 5.4%. Gains in sales tax, capital-related use tax, and audit revenue are the primary drivers behind the favorable revenue performance.

Over a quarter of the favorable variance is the result of significant development in Aurora. The majority of the development related revenue will be transferred to the Capital Projects Fund resulting in General Fund operating revenue of \$5.6 million, or 1.7% more than the mid-year projection plan.

Sales tax collections came in ahead of projection by \$2.3 million (1.2%), equating to an 8.7% increase over 2018. A look at 2019 collections by industry category compared to last year shows the industries and types of taxpayers behind the increase. Among the Baseline Top Taxpayers, growth in the Eating and Drinking Places, Building Materials, and Auto Dealers and Parts categories is significant. Even more significant is the growth seen in the Variable Top Taxpayers, a term coined to describe top taxpayers who submit large amounts with inconsistency. A large portion of these collections are from business-to-business sales stemming from development and business investment. Sales tax performance has also benefitted from the implementation of HB 19-1240 requiring out-of-state retailers to collect sales tax based on the location of the buyer, whether or not the retailer has a physical presence in Colorado. These collections are reported in the Total of All Other Taxpayers category. See the Holiday Report on page 7 for more information on Sales Tax performance.

Audit revenue ended the year \$1.6 million above the mid-year projection. Over the second half of the year, several large audits were collected. The Audit team continues to outperform expectations as the division is fully staffed and has gained experience over the last couple years.

Revenue streams with notable shortfalls compared to the projection include franchise fees and taxes as well as fines and forfeitures. Telephone occupational tax collections are down from a large taxpayer that made an accounting change. Cable franchise fees are down as more people switch to other viewing options. Fines and forfeitures are down primarily due to the decline in traffic tickets issued.

See page 6 for more detailed collection data by revenue source.

2019 Revenue Performance by Type

Revenue Category (\$ in thousands)	2019 YTD Actuals	Actuals (Under)/ Over 2018		Actuals (Under)/ Over 2019 Proj.	
		\$	%	\$	%
General Sales Tax	\$203,027	\$16,170	8.7%	\$2,346	1.2%
Capital-Related Use Tax	25,592	(3,017)	(10.5%)	1,972	8.3%
Franchise Fees and Taxes	14,305	83	0.6%	(415)	(2.8%)
Highway Users Tax/Fee	12,895	1,116	9.5%	469	3.8%
Audit Revenue	6,641	(10)	(0.1%)	1,628	32.5%
Fines and Forfeitures	4,470	(939)	(17.4%)	(453)	(9.2%)
Interest Income	2,558	701	37.7%	553	27.6%
All Other Sources	103,633	5,030	5.1%	1,732	1.7%
Total Sources	\$373,122	\$19,134	5.4%	\$7,833	2.1%
Less Capital Transfer	37,081	(937)	-2.5%	2,210	6.3%
Operating Revenue	\$336,041	\$20,071	6.4%	\$5,623	1.7%

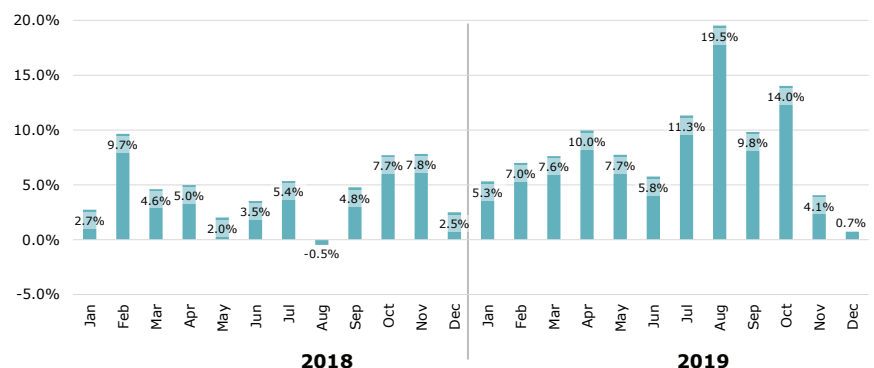
Sales Tax

Top Taxpayers by Industry Category

Industry Category (\$ in thousands)	YTD December		\$ Variance	% Change
	2019	2018		
Eating & Drinking Places	\$29,771	\$28,042	\$1,729	6.2%
Discount Stores	22,974	22,534	439	2.0%
Building Materials	17,573	16,289	1,283	7.9%
Auto Dealers and Parts	12,202	11,034	1,168	10.6%
Utilities	11,310	10,827	484	4.5%
Telecommunication/Cellular	9,371	9,278	93	1.0%
Clothing and Clothing Accessories	5,781	5,549	232	4.2%
Grocery Stores	5,199	4,823	376	7.8%
Electronics/Computers	4,858	4,745	114	2.4%
Department Stores	4,620	4,927	(308)	(6.2%)
Beer, Wine, and Liquor Stores	4,536	4,902	(366)	(7.5%)
Furniture and Home Furnishings	2,388	2,318	70	3.0%
Sport Goods, Hobby, Books, Music	1,972	2,340	(369)	(15.8%)
Other Top Taxpayers	12,619	11,809	810	6.9%
Baseline Top Taxpayers	\$145,174	\$139,418	\$5,756	4.1%
Variable Top Taxpayers	8,542	3,560	4,982	139.9%
Total of All Other Taxpayers	57,822	48,131	9,691	20.1%
Total Sales Tax Collections	\$211,538	\$191,108	\$20,430	10.7%
Less Sales Tax Incentives	8,511	4,251	4,260	100.2%
Total Reported Sales Tax	\$203,027	\$186,858	\$16,170	8.7%

Sales Tax

% Change from Same Month in Prior Year



Expenditures (General Fund Uses of Funds)

Final audited data for 2019 is 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.

General Fund uses are \$8.3 million (2.2%) under projection. This favorable variance is largely related to savings associated with the refinancing of the Aurora Municipal Center (AMC) and unspent 2019 projects. The majority of these savings will be re-appropriated in 2020.

The refinancing of the AMC saved \$5.9 million in lease payments, which is shown in the Other Transfers Out category. A 2020 spring supplemental request will re-appropriate these funds specifically for Information Technology projects in the Capital Projects Fund. Several projects that were projected but not spent in 2019 resulted in significant savings in the professional and technical services and capital purchases classes. This included funding for the migration of business licensing to the new tax and licensing system, the fiber infrastructure project to improve network connectivity and reliability to Fire Station 4 and Beck Recreation Center, seed funding to address affordable housing shortages in Aurora, and other smaller projects. To re-appropriate these funds, spring supplementals totaling \$2.2 million will be requested in 2020.

Savings from position vacancies were \$3.2 million as shown by the 2019 Personnel Expenditures chart. These savings were partially offset by higher than projected special pay and overtime expenditures in the Police and Fire Departments, driven by large protest events, and turnover-related leave pay-outs and acting pay.

Utilities expenditures were \$959,500 lower than projection. The Metro area experienced a cooler and wetter summer than usual, which resulted in reduced irrigation and significant savings in the water/sewer expenditure category. Electricity expenditures are below projection by \$348,100.

These savings were partially offset by a transfer out to the Capital Projects Fund that was \$2.2 million above projection. The impact of the increased transfer out is entirely offset by higher than projected General Fund revenue. It does not have a bottom-line impact on the fund.

There was a significant amount of variance within expenditure classes. This is due to items that were projected in one class but posted as expenditures to other classes. In addition, departments occasionally utilize funds saved throughout the year to complete one-time, end-of-year purchases.

2019 Expenditure Budget Performance

Expenditure Category (\$ in thousands)	2019 Projection	Actuals Under/ (Over) Proj	
		\$	%
Personal Services	\$227,739.3	\$1,504.8	0.7%
Temp Compensation	3,060.4	51.4	1.7%
Professional/Technical	18,025.7	1,979.6	11.0%
Operating Supplies	20,349.8	(952.4)	(4.7%)
Utilities	11,108.8	959.5	8.6%
Fleet/Risk Interfund	16,799.5	89.4	0.5%
Debt/Equip Purchases	7,765.7	1,010.7	13.0%
Total Operating Exp.	\$304,849.3	\$4,643.0	1.5%
Capital Rev Transfer	34,871.2	(2,209.9)	(6.3%)
Other Transfers Out	32,203.0	5,825.5	18.1%
Total Uses of Funds	\$371,923.4	\$8,258.6	2.2%

2019 Personnel Expenditures

Personnel Category (\$ in thousands)	YTD Dec Projection	YTD Dec Actuals	Actuals Under/(Over) Budget
Regular Employee Salary & Benefits	\$216,936.6	\$213,725.9	\$3,210.7
Special Pay	5,070.8	6,065.0	(994.2)
Overtime Compensation	5,732.0	6,443.7	(711.7)
Temporary Compensation	3,060.4	3,009.0	51.4
Total Salary & Other Compensation	\$230,799.7	\$229,243.5	\$1,556.2

General Fund Vacancies	Q1	Q2	Q3	Q4
Total Career Service	81.0	96.0	104.5	103.6

2019 Citywide Utilities

Utility (\$ in thousands)	YTD Dec Projection	YTD Dec Actuals	Actuals Under/(Over) Projection
Electricity	\$2,079.2	\$1,731.1	\$348.1
Natural Gas	322.3	305.0	17.2
Non-Routine Maint	898.1	884.8	13.3
Street Lights-XCEL	4,235.5	4,077.6	157.9
Traffic Lights, Signs	137.9	124.3	13.6
Water/Sewer	3,435.9	3,026.5	409.4
Other Utilities	0.0	0.0	0.0
Total Dec YTD	\$11,108.8	\$10,149.4	\$959.5

General Fund | Fund Summary

The General Fund is the operating fund for Aurora. It accounts for receipts, appropriations, and expenditures unless separate fund re-

porting is required. For an overview of the General Fund budget, including a breakdown of uses and departments, see page 10.

Revenues (Sources of Funds)	2019 Budget	2019 Projection	YTD Actual thru Dec 2019	2019 Year-to-Date Sources Over/(Under)			
				2018	2019 Projection	% Chg vs 2018	% Chg vs Proj
Sales Tax - General	\$194,392,489	\$200,681,220	\$203,027,321	\$16,169,619	\$2,346,102	8.7%	1.2%
Use Tax - Capital Related	22,805,340	23,619,401	25,591,591	(3,016,599)	1,972,190	(10.5%)	8.3%
Use Tax - Automobile	19,672,218	22,113,652	22,345,412	1,729,996	231,760	8.4%	1.0%
Property Tax	36,826,663	36,971,824	37,279,575	815,342	307,751	2.2%	0.8%
Franchise Fees & Taxes	15,115,321	14,720,656	14,305,454	82,683	(415,202)	0.6%	(2.8%)
Highway User's Fees & Taxes	12,369,477	12,425,560	12,894,959	1,116,469	469,399	9.5%	3.8%
Other Auto Related (SOT, MV Fees)	4,060,290	4,103,213	4,280,574	286,159	177,361	7.2%	4.3%
Audit Revenue	3,557,000	5,013,402	6,641,314	(9,605)	1,627,912	(0.1%)	32.5%
Other Taxes	13,485,654	14,562,189	14,785,664	914,186	223,475	6.6%	1.5%
Other Intergovernmental Fees & Taxes	2,969,694	3,054,670	3,201,800	275,187	147,130	9.4%	4.8%
Business Licenses & Other Permits	2,962,192	3,621,569	3,721,726	519,906	100,157	16.2%	2.8%
Fines & Forfeitures	4,925,981	4,923,004	4,470,340	(939,378)	(452,664)	(17.4%)	(9.2%)
Internal Charges for Services	7,567,293	7,662,582	7,688,696	196,699	26,114	2.6%	0.3%
External Charges for Services	6,114,181	6,317,449	6,249,188	(297,391)	(68,262)	(4.5%)	(1.1%)
Other General Fund Revenue	3,074,564	3,341,775	4,279,319	916,089	937,544	27.2%	28.1%
Total General Fund Revenue	\$349,898,357	\$363,132,166	\$370,762,932	\$18,759,362	\$7,630,766	5.3%	2.1%
Transfers In from Other Funds	2,156,909	2,156,909	2,359,008	374,903	202,099	18.9%	9.4%
Total Sources of Funds	\$352,055,266	\$365,289,075	\$373,121,940	\$19,134,265	\$7,832,865	5.4%	2.1%
General Fund Operating Revenue ¹	\$318,319,285	\$330,417,885	\$336,040,872	\$20,070,868	\$5,622,987	6.4%	1.7%

Expenditures (Uses of Funds)	2019 Budget	2019 Projection	YTD Actual thru Dec 2019	2019 Year-to-Date Uses Under/(Over)			
				2018	2019 Projection	% Chg vs 2018	% Chg vs Proj
Personal Services	\$229,886,912	\$227,739,327	\$226,234,503	(15,744,811)	\$1,504,824	(7.5%)	0.7%
Temporary Compensation	2,581,827	3,060,404	3,008,994	291,720	51,410	8.8%	1.7%
Professional & Technical Services	15,993,452	18,025,728	16,046,094	(2,284,496)	1,979,634	(16.6%)	11.0%
Operating Supplies/Other	20,054,233	20,349,779	21,302,218	(2,513,494)	(952,439)	(13.4%)	(4.7%)
Utilities	12,045,026	11,108,836	10,149,368	699,033	959,468	6.4%	8.6%
Interfund Charges	16,081,166	16,799,475	16,710,032	(1,491,921)	89,443	(9.8%)	0.5%
Capital Purchases (Equip, Vehicles, Other)	7,990,669	7,765,718	6,755,019	(3,311,547)	1,010,699	(96.2%)	13.0%
General Fund Operating Expenditures	\$304,633,285	\$304,849,267	\$300,206,228	(\$24,355,517)	\$4,643,039	(8.8%)	1.5%
Capital Related Revenue Transfer Out ²	33,735,981	34,871,190	37,081,068	936,603	(2,209,878)	2.5%	(6.3%)
All Other Transfers Out to Other Funds	25,820,453	32,202,970	26,377,488	2,517,977	5,825,482	8.7%	18.1%
Total Uses of Funds	\$364,189,719	\$371,923,427	\$363,664,784	(\$20,900,937)	\$8,258,643	(6.1%)	2.2%
Increase/(Use) of Available Funds ³	(\$12,134,453)	(\$6,634,352)					

See page 11 for glossary and detailed description for each column.

- Operating revenue excludes transfers into the General Fund from other funds and accounts for the transfer out of construction related use tax to the Capital Projects Fund (CPF).
- The transfer to the CPF is calculated at the end of the year and transferred out of the General Fund.
- The 2019 Adopted Budget includes the planned use of \$10.6 million in funds available primarily associated with one-time expenditures on new equipment, including two fire apparatus,

new street maintenance equipment related to the northeast area of the city and new library equipment. In the 2019 Spring Supplemental process, an additional \$1.2 million was added with no offsetting revenue, bringing the total planned use of funds available up to \$11.8 million. Supplemental appropriation of \$454,200 is associated with the elimination of the photo red light program and the related movement of 4.0 civil FTEs from the Designated Revenue Fund to the General Fund. In the 2019 Fall Supplemental process, an additional \$329,700 was added to address Court Surcharge Program funding adjustments related to the elimination of the photo red light program.

2019-20 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 the 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 2019 sales were posted in December 2019 and January 2020 respectively.

As shown below, sales tax revenue received in December 2019 was a modest 0.7% higher than revenue received in December 2018. This low growth rate was not a surprise, as there were only two shopping days in November 2019 after Thanksgiving and Cyber Monday fell in December. As such, a higher proportion of holiday sales occurred in December pushing January 2020 sales tax receipts up 11.0% compared to January 2019. With the two months combined, the 2019-20 holiday season saw 6.8% growth compared to the 2018-19 shopping season. This growth compares favorably to the 3.5% holiday sales growth seen last year.

The Top Taxpayers by Industry table compares 2019-20 holiday sales tax collections to 2018-19 collections. Although total sales tax collections increased by 6.8% over the holiday shopping season, the Baseline Top Taxpayers increased 3.1%. Baseline data represents a group of consistent top taxpayers and is generally generated by retail sales. Collections from this group are behind the National Retail Federation reported holiday sales growth of 4.1% in 2019.

Among the Baseline Top Taxpayers, growth in the Eating and Drinking Places, Building Materials, Auto Dealers and Parts and Grocery Stores categories is significant. The Grocery

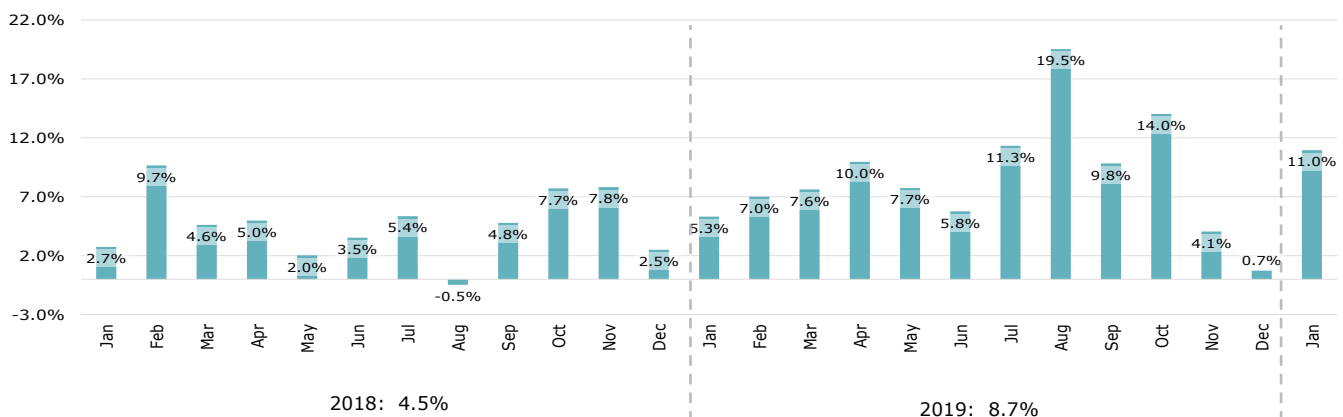
Stores category's performance net of the decline seen in Liquor Stores suggests that making full strength malted beverages available in grocery stores has been a net gain. Also contributing to gains in the Grocery Stores category is the re-opening of King Soopers at the Point at Nine Mile Station.

Even more significant is the growth seen in the Variable Top Taxpayers, a term coined to describe top taxpayers who submit large amounts with some inconsistency. A large portion of these collections are from business-to-business sales stemming from development and business investment. Sales tax performance has also benefitted from the implementation of HB 19-1240 requiring out-of-state retailers to collect sales tax based on the location of the buyer, whether or not the retailer has a physical presence in Colorado. These collections are reported in the Total of All Other Taxpayers category.

Top Taxpayers by Industry Category

Industry Category (\$ in thousands)	Holiday Sales		\$	%
	2019-20	2018-19	Variance	Change
Eating & Drinking Places	\$4,910.0	\$4,734.9	\$175.1	3.7%
Discount Stores	4,840.9	4,814.9	26.0	0.5%
Building Materials	2,520.0	2,360.1	159.9	6.8%
Auto Dealers and Parts	1,961.1	1,852.4	108.7	5.9%
Utilities	1,774.3	1,804.3	(29.9)	(1.7%)
Telecommunication/Cellular	1,603.3	1,566.2	37.0	2.4%
Clothing and Clothing Accessories	1,279.1	1,222.5	56.6	4.6%
Grocery Stores	1,261.2	1,037.5	223.6	21.6%
Department Stores	1,170.3	1,236.0	(65.7)	(5.3%)
Electronics/Computers	1,084.1	1,054.4	29.7	2.8%
Beer, Wine, and Liquor Stores	849.9	859.0	(9.1)	(1.1%)
Furniture and Home Furnishings	479.1	445.7	33.4	7.5%
Sport Goods, Hobby, Books, Music	456.3	492.0	(35.7)	(7.3%)
Other Top Taxpayers	2,437.6	2,358.5	79.1	3.4%
BASELINE TOP TAXPAYERS	\$26,627.1	\$25,838.5	\$788.7	3.1%
Variable Top Taxpayers	2,118.0	775.1	1,342.8	173.2%
Total of All Other Taxpayers	11,669.7	10,515.7	1,154.0	11.0%
Less: Sales Tax Incentives	1,868.6	1,022.0	846.6	82.8%
TOTAL SALES TAX	\$38,546.2	\$36,107.3	\$2,438.9	6.8%

% Change from Same Month in Prior Year



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%. Effective July 1, 2017, this rate increase funds homeless services and housing projects. 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.

From 2014 to 2016, marijuana sales and excise tax revenue was collected in the city's General Fund and set aside for Council's determination of use. In January 2017, the city began to account for marijuana tax revenue in a separate Marijuana Tax Revenue Fund for budgetary purposes.

Revenues	2019 Budget	2019 Projection	YTD Actual thru Dec 2019	2019 Year-to-Date Revenues Over/(Under)			
				2018	2019 Projection	% Chg vs 2018	% Chg vs Projection
Sales Taxes	\$7,943,226	\$7,771,679	\$8,327,527	\$910,132	\$555,848	12.3%	7.2%
Excise Taxes	\$996,000	1,095,177	1,183,988	311,506	88,811	35.7%	8.1%
State Shareback	1,588,645	1,554,336	1,671,841	184,394	117,505	12.4%	7.6%
Investment & Other Income	113,916	90,000	135,937	7,504	45,937	5.8%	51.0%
Total Sources of Funds	\$10,641,787	\$10,511,192	\$11,319,293	\$1,413,536	\$808,101	14.3%	7.7%

Fund Summary	2019 Actual	2014-2019 Total
Sales Taxes	\$8,327,527	\$28,649,470
Excise Taxes	\$1,183,988	\$3,445,906
State Shareback	\$1,671,841	6,334,407
Investment & Other Income	\$135,937	305,264
Total Revenue	\$11,319,293	\$38,735,047

Transportation Projects	\$0	\$3,800,000
Transportation Maintenance	0	2,100,000
Concrete and Asphalt Projects	0	2,000,000
Medians	250,000	750,000
Debt Service for Central Recreation	3,998,810	9,996,310
Debt Service for Road Projects	4,000,000	8,000,000
Nexus Program Reserve	0	680,000
Homeless Services and Housing	2,299,615	9,611,067
Expenditures/Commitments	\$10,548,425	\$36,937,377

Unobligated Funds	\$1,797,670
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Types of Licenses	Number Issued as of 12/31/19
Stores	24
Cultivations	21
Product Manufacturing	16
Testing	1

Year-End Results

Year-end marijuana tax revenues are \$808,100 (7.7%) higher than the mid-year projection. At the time of the projection, both whole sale prices and per store sales had fallen unseasonably which lead to a conservative revenue projection. Over the second half of the year, both data points improved. The additional revenue helped to increase the unobligated fund balance from \$1.0 million at the end of 2018 to \$1.8 million for 2019.

As of December 31, 2019, licenses for 24 stores and 21 cultivation facilities have been issued. Marijuana businesses generated \$8.3 million in city sales tax revenue and \$1.2 million in excise tax revenue. The city also received \$1.6 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 will begin 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% increase in the city's special sales tax rate on retail marijuana to homelessness services and housing. As a result, \$36.9 million of funds available have been obligated or spent resulting in \$1.8 million in unobligated fund that can be used for one-time purposes.



Appendices



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.

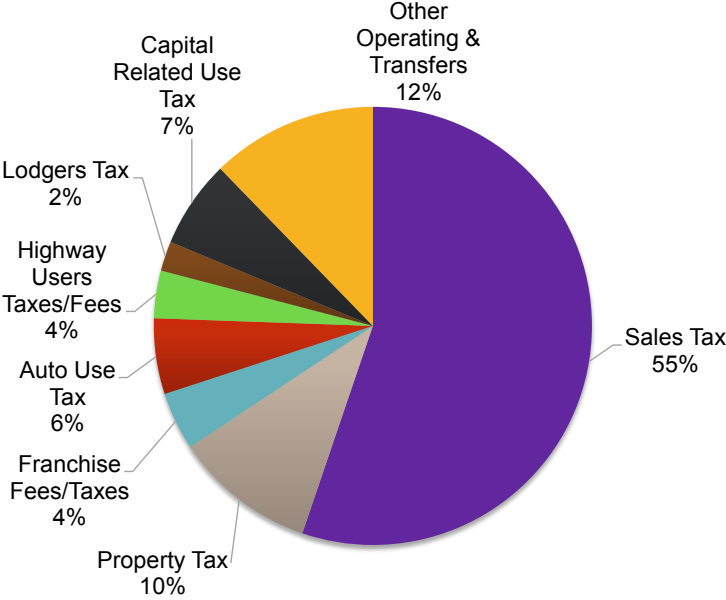
Retail sales remain the backbone of Aurora's General Fund, accounting for 55.0% of total revenue. Use tax is a companion tax to sales tax and is associated with purchases of commodities and equipment. Two-thirds of all General Fund revenue is dependent on purchases when use tax revenues (e.g. building materials use tax, automobile use tax, and equipment use tax) are included.

Uses of Funds

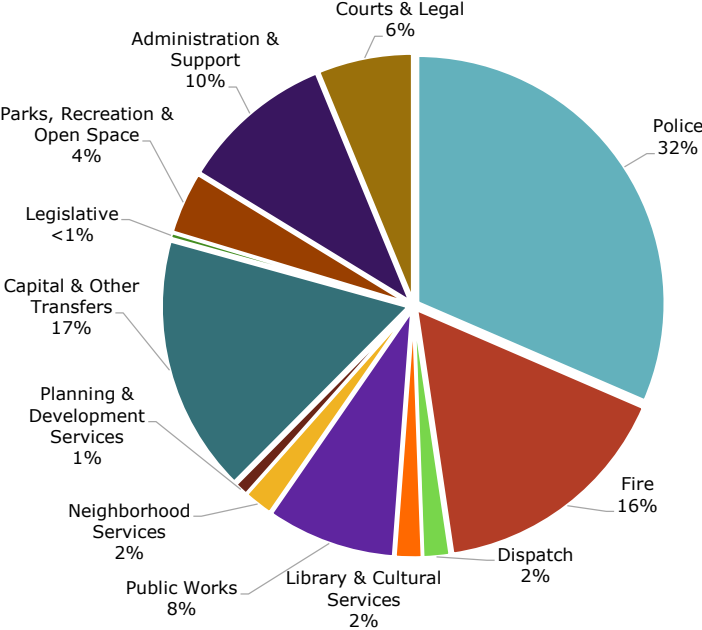
Uses of funds mainly result from expenditures incurred by the departments included in the General Fund. The majority of general services, programs and activities for the citizens of Aurora are supported by this fund, as well as the City Council and the administrative management functions. Other uses 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 2019.

2019 General Fund Revenue (Sources)



2019 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">Neighborhood ServicesNon-Departmental (snow removal, transfers, contingencies)Parks, Recreation & Open Space	<ul style="list-style-type: none">Planning & Development ServicesPolice (including Dispatch)Public DefenderPublic Works
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Glossary

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 2019 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.

2019 Budget: The 2019 Adopted Budget plus approved supplemental amendments.

2019 Projection: A detailed cash basis 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.
 - 2018 - The \$ difference between 2019 year-to-date / current month actuals compared to the 2018 actuals for the same timeframe.
 - 2019 Budget/Projection - The \$ difference between the 2019 year-to-date / current month actuals through the current month compared to the 2018 year-to-date budget/projection spending plan for the same timeframe.
 - Percent Chg vs 2018 - The percentage change between 2019 year-to-date actuals through the current month and the 2018 actuals through the same month.
 - Percent Chg vs Budget/Projection - The percentage change between the 2019 year-to-date actuals and the year-to-date budget/projection spending plan.

Finance Department Indicators (for the month ending 12/31/19)

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% (Dec)	85% (YTD) 

Investments

The city successfully extended the duration of the portfolio as market rates declined throughout 2019. In December the weighted average yield is 2.22%, which is up from 1.46% in 2017 and 2.06% in 2018.

The portfolio balance has increased due to 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.

December	2017	2018	2019
Cash & Investment Portfolio	\$489.4 M	\$520.8 M	\$599.4 M
Weighted avg. yield	1.46%	2.06%	2.22%
Duration (months)	16.8	16.2	21.1

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
Wastewater 2018B**	Up to \$28 M	18-Dec	Float	3/10.5	PNC
Wastewater 2018A	\$2.0 M	18-Dec	3.04%	10.5	PNC
Wastewater Interfund	\$16.0 M	18-Dec	2.50%	8	Water

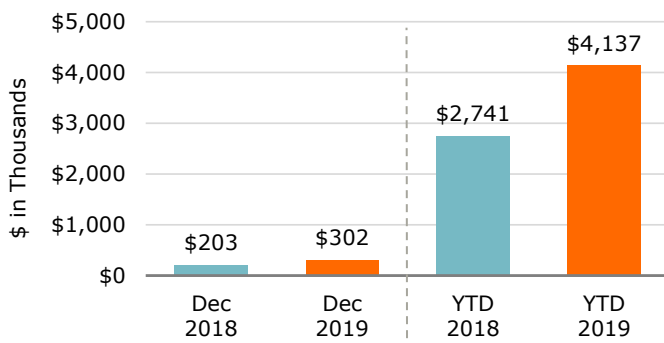
*Voluntary Prepayment of Series 2016 Step Coupon Bonds

**Undrawn construction line of credit, floating rate 3yrs, fixed rate next 7.5 years

Delinquent Tax Collections

After record delinquent tax collections in August of 2019, collections in the 4th quarter of the year were more in line with historical averages. Over the course of twelve months, the collection of delinquent taxes was up 51% in 2019 compared 2018. This increase is attributed to revenue agents that have become fluent in the new software and are catching up on delinquent accounts.

Delinquent Tax Collections (\$ in Thou.)



City of Aurora

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