



Fund Performance Report

General Fund

**For the Quarter Ending
March 31, 2021**

Released May 11, 2021

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Economic Update





National gross domestic product (GDP) decreased by a total of 3.5 percent in 2020. This was the first annual GDP decline since 2009 and the largest full-year drop since 1946. Looking forward, many national forecasts are predicting that GDP will exceed pre-pandemic GDP in 2021. Despite this, the national unemployment rate in February was 6.6 percent and has remained at about this level for each of the last five months.

Colorado's economic recovery took a step backwards when the state's unemployment rate rose to 8.2 percent in December. This increase related to fifteen Colorado counties implementing "Level Red" COVID-19 restrictions. Since then, the Level Red restrictions have been lifted and the state's unemployment rate dropped to 6.8 percent in February. There is growing optimism looking forward. The Leeds Business Confidence Index (LBCI), a local measure of business expectations, rose to a positive 64.4 points looking ahead to the second quarter of 2021. While all six components of the index moved into positive territory, the state economy received the highest score at 68.3 points. COVID-19 vaccines and the easing of pandemic restrictions were the main drivers behind the improving business confidence.

The unemployment rate in the Metro Area has followed the same pattern as the state unemployment rate and was 6.8 percent in February. There is reason to believe that the unemployment rate will improve over coming months. The Manpower Employment Outlook Survey showed that 21 percent of Metro Area companies surveyed expect to hire additional employees in the second quarter of 2021, an increase of 3 percentage points over the first quarter.

While optimism about the future is increasing, the economic recovery remains a work in progress. Some economic indicators, such as unemployment, remain poor by historic standards. The recovery has also 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. For example, the number of passengers traveling through Denver International Airport was down 45.6 percent in January 2021 compared to the same month in 2020. Similarly, hotel occupancy in the Metro Area was down 24.7 percentage points in February compared to the prior year. Despite this, these are also some positive signs within these sectors. For example, eating and drinking places in Aurora, which were heavily impacted by the pandemic, had strong growth in sales tax collections in March. The recovery will likely continue to be affected by the speed and efficacy of efforts to resolve the COVID-19 pandemic.

Local Economic Indicators

2021 Current Month Compared to Prior Year		2021 YTD Avg Compared to Prior Year	
Metro Area Unemployment Rate			
	6.8% (Feb) Up 4.1 percentage points	6.9% Up 4.2 percentage points	
Consumer Confidence Index (CCI) Mountain Region			
	100.0 (Mar) -21.1%	99.9 -27.1%	
AURORA BUILDING PERMITS # of New Commercial Buildings			
	4 (Mar) 0.0%	19 +90.0%	
AURORA BUILDING PERMITS # of New Residential Buildings			
	428 (Mar) +169.2%	935 +111.1%	
Local Outlook Surveys			
Manpower, Inc. % Companies Hiring Denver-Aurora-Broomfield MSA			
	Q2 2021 21%	Q1 2021 18%	Q2 2020 27%
LEEDS Business Confidence Index (LBCI) (values above 50 indicate expansion)			
	Q2 2021 64.4	Q1 2021 47.9	Q2 2020 29.7
LBCI Component	Q2 2021	Change Quarterly	Change Annual
State Economy	68.3	▲	▲
National Economy	65.7	▲	▲
Industry Sales	67.5	▲	▲
Industry Profits	63.1	▲	▲
Industry Hiring	61.8	▲	▲
Capital Expenditures	59.9	▲	▲
LBCI	64.4	▲	▲

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

Revenues (General Fund Sources of Funds)

Total General Fund sources in the first quarter were higher than the budget plan by \$17.5 million (20.5%). This over-performance is shown in the *2021 Revenue Performance by Type* table. First quarter revenues reflected a recovering economy, driven in part by growing retail sales. Sale tax collections accounted for 62.0 percent of the over-performance in total sources. Capital-related use tax, audit revenues, and auto use tax also contributed to the favorable revenue performance.

Construction activity in Aurora was not slowed by the pandemic and has continued to be strong in the first quarter of 2021. YTD capital-related use taxes exceeded the budget plan by \$3.3 million (53.8%), in part due to the construction of a large warehouse facility near Denver International Airport and the building of several large multi-family residential projects. After transferring capital-related use taxes and other development-related revenues to the Capital Projects Fund, General Fund operating revenues were \$13.9 million (18.2%) over the budget plan.

As can be seen in the *% Change from Same Month in Prior Year* graph, sales tax collections experienced a stronger-than-expected recovery from the pandemic-induced recession. In the second half of 2020, sales tax collections benefitted from pent-up demand and growing personal income aided by the large federal stimulus. Starting in September of 2020, sales tax collections also increased as a direct result of the implementation of the new Marketplace Facilitator Ordinance. Through the first three months of 2021, Aurora has collected a total of \$2.5 million in additional revenue as a direct result of the ordinance. Revenue related to the new Marketplace Facilitator Ordinance drove about 52.9 percent of the sales tax growth experienced during the first quarter of 2021.

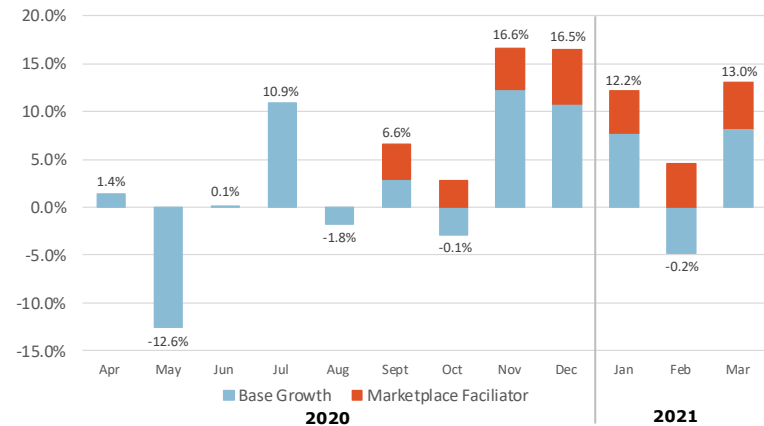
Although sales tax collections in the first quarter of 2021 were 8.6% higher than the first quarter of 2020, sales tax performance was not consistent across all business sectors. Growth in the Other Top Taxpayers reflects strong growth in sales tax from several large e-commerce companies, driven both by the Marketplace Facilitator Ordinance as well as strong growth in online sales accelerated by the pandemic. Other sectors experiencing growth in sales tax collections were liquor stores (19.3%), utilities (11.9%), building materials stores (10.8%), and discount stores (10.7%). In contrast, industrial sales were down 46.1 percent.

See page 6 for detail revenue performance by source.

2021 Revenue Performance by Type

Revenue Category (\$ in thousands)	2021 YTD Actuals	Actuals (Under)/ Over 2021 Budget	
		\$	%
General Sales Tax	\$58,550.6	\$10,875.5	22.8%
Capital-Related Use Tax	9,483.1	\$3,316.2	53.8%
Auto Use Tax	5,832.9	\$912.4	18.5%
Audit Revenue	4,589.8	\$3,392.0	283.2%
Highway Users Tax Fund	1,778.0	(\$230.6)	(11.5%)
External Charges	1,095.5	(\$571.3)	(34.3%)
Lodger's Tax	900.1	(\$324.6)	(26.5%)
All Other Sources	20,733.8	\$177.1	0.9%
Total Sources	\$102,963.7	\$17,546.8	20.5%
Less Capital Transfer	12,405.2	3,635.2	41.5%
Operating Revenue	\$90,558.5	\$13,911.6	18.2%

Sales Tax % Change from Same Month in Prior Year



Sales Tax Top Taxpayers by Industry Category

Industry Category (\$ in thousands)	YTD March		\$ Variance	% Change
	2021	2020		
Eating & Drinking Places	\$6,966.2	\$6,996.7	(\$30.5)	(0.4%)
Discount Stores	6,657.0	6,016.0	641.0	10.7%
Building Materials	4,455.2	4,019.6	435.6	10.8%
Utilities	3,378.2	3,018.8	359.4	11.9%
Auto Dealers and Parts	3,901.2	4,306.2	(\$405.0)	(9.4%)
Telecommunication/Cellular	2,992.5	2,790.2	202.3	7.3%
Grocery Stores	2,344.3	2,272.5	71.7	3.2%
Beer, Wine, and Liquor Stores	1,377.0	1,153.9	223.1	19.3%
Electronics/Computers	3,093.4	3,300.6	(\$207.2)	(6.3%)
Clothing and Clothing Accessories	1,500.3	1,533.7	(\$33.4)	(2.2%)
Department Stores	890.6	969.2	(\$78.6)	(8.1%)
Furniture and Home Furnishings	619.3	599.8	19.5	3.3%
Sport Goods, Hobby, Books, Music	854.9	788.5	66.3	8.4%
Industrial Sales	698.2	1,296.0	(\$597.8)	(46.1%)
Other Top Taxpayers	5,543.5	3,089.3	2,454.3	79.4%
Top Taxpayers	\$45,271.7	\$42,150.9	\$3,120.8	7.4%
Total of All Other Taxpayers	14,699.2	14,708.9	(9.7)	(0.1%)
Total Sales Tax Collections	\$59,970.9	\$56,859.8	\$3,111.1	5.5%
Less Sales Tax Incentives	1,420.3	2,961.5	(\$1,541.2)	(52.0%)
Total Reported Sales Tax	\$58,550.6	\$53,898.3	\$4,652.3	8.6%

Expenditures (General Fund Uses of Funds)

Total General Fund operating expenditures through March 2021 were \$2.7 million (3.7%) lower than budget, predominantly associated with savings in the personal services and operating supplies categories. When including transfers out to other funds, total expenditures were \$895,300 (1.1%) over budget, due to a \$3.6 million (41.5%) increase in the capital transfer. Increases in the capital transfer are indicative of stronger than expected construction activity in the city and are entirely offset by higher construction-related revenue.

As the selective hiring freeze associated with the COVID-19 pandemic has been lifted, career service position vacancies have returned to pre-pandemic levels and stood at 91.0 FTE at the end of the first quarter. Along with civil service attrition, this has resulted in salaries and benefits savings of \$3.1 million as shown on the *2021 Personnel Expenditures* chart. These savings are often used for turnover-related accrued leave payouts (special pay) and overtime expenditures. Through March 2021, Police retirement payouts and events requiring overtime such as a major snowstorm in March have caused special pay and overtime expenditures to be higher than typical.

Operating supplies are \$1.0 million (17.5%) under budget. Year-to-date savings are likely timing-related as departments have utilized caution in spending as the city navigates the COVID-19 pandemic and its financial implications. As the city's economic position improves, spending is expected to increase and move closer to budget. In addition, comparably warm temperatures in the first quarter of 2021 reduced the need for road de-icing material. However, mid-year snow supply re-fills are expected to offset year-to-date savings.

Total utilities expenditures were slightly under budget by \$26,500 (1.7%). The seasonal, volatile, and weather dependent nature of many utility expenditures complicates the ability to predict expenses for the remainder of the year.

Interfund charges were \$258,500 (5.4%) under the year-to-date budget, largely attributable to lower than budgeted vehicle repair costs to-date.

All other operating expenditures combined were under the year-to-date plan by \$34,200.

See page 6 for detail expenditure performance by category.

2021 Expenditure Performance

Expenditure Category (\$ in thousands)	YTD Mar Actuals	Actuals Under/ (Over) Budget	
		\$	%
Personal Services	\$54,570.3	\$1,465.6	2.6%
Temp Compensation	611.6	(9.1)	(1.5%)
Professional/Technical	3,322.5	(17.4)	(0.5%)
Operating Supplies	4,877.5	1,032.6	17.5%
Utilities	1,525.4	76.5	4.8%
Fleet/Risk Interfund	4,528.5	258.5	5.4%
Debt/Equip Purchases	1,511.9	(16.8)	(1.1%)
Total Operating Exp.	\$70,947.6	\$2,789.9	3.8%
Capital Rev Transfer	12,405.2	(3,635.2)	(41.5%)
Other Transfers Out	1,842.4	0.0	0.0%
Total Uses of Funds	\$85,195.2	(\$845.3)	(1.0%)

2021 Personnel Expenditures

Personnel Category (\$ in thousands)	YTD Mar Budget	YTD Mar Actuals	Actuals Under/(Over) Budget
Regular Employee Salary & Benefits	\$54,059.8	\$50,986.7	\$3,073.2
Special Pay	449.2	1,476.2	(1,027.0)
Overtime Compensation	1,526.9	2,107.4	(580.6)
Temporary Compensation	602.5	611.6	(9.1)
Total Salary & Other Compensation	\$56,638.4	\$55,181.9	\$1,456.5

General Fund Vacancies	Q1
Total Career Service	91.0

2021 Citywide Utilities

Utility (\$ in thousands)	YTD Mar Budget	YTD Mar Actuals	Actuals Under/(Over) Budget
Electricity	\$353.8	\$288.2	\$65.6
Natural Gas	153.3	127.4	25.8
Non-Routine Maint	140.1	136.3	3.8
Street Lights-XCEL	809.0	785.5	23.4
Traffic Lights, Signs	23.7	26.6	(2.9)
Water/Sewer	122.2	161.5	(39.2)
Other Utilities	0.0	0.0	0.0
Total Mar YTD	\$1,602.0	\$1,525.4	\$76.5

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)	2021 Budget	YTD Actual thru Mar 2021	2021 Year-to-Date Sources Over/(Under)				Mar 2021 Actual	Mar Variance Over/(Under)	
			2020	2021 Budget	% Chg vs 2020	% Chg vs Budget		2020	2021 Budget
Sales Tax - General	\$193,981,756	\$58,550,564	\$4,652,293	\$10,875,540	8.6%	22.8%	\$15,744,292	\$1,812,207	\$2,582,489
Use Tax - Capital Related	23,443,525	9,483,126	2,604,666	3,316,154	37.9%	53.8%	2,546,887	937,436	846,959
Use Tax - Automobile	21,453,024	5,832,870	313,036	912,392	5.7%	18.5%	1,798,815	89,940	217,855
Property Tax	40,782,997	13,723,389	(1,783,249)	(0)	(11.5%)	(0.0%)	13,332,203	(1,497,838)	0
Franchise Fees & Taxes	14,330,099	1,131,811	(695,638)	200,916	(38.1%)	21.6%	1,093,883	197,271	200,916
Highway User's Fees & Taxes	12,050,227	1,777,970	(218,223)	(230,583)	(10.9%)	(11.5%)	887,435	(93,588)	(81,595)
Other Auto Related (SOT, MV Fees)	4,280,009	722,216	(71,327)	4,283	(9.0%)	0.6%	345,409	(62,125)	(10,329)
Audit Revenue	4,791,222	4,589,788	3,175,372	3,391,981	224.5%	283.2%	1,279,210	809,014	879,941
Other Taxes	12,939,423	1,917,139	(555,658)	(235,863)	(22.5%)	(11.0%)	816,837	(86,669)	(11,183)
Other Intergovernmental Fees & Taxes	2,668,226	55,408	(327,212)	(21,914)	(85.5%)	(28.3%)	11,115	(310,818)	(4,659)
Business Licenses & Other Permits	3,358,344	624,369	(109,964)	15,678	(15.0%)	2.6%	253,586	(68,480)	10,987
Fines & Forfeitures	4,070,694	812,793	(187,511)	(131,406)	(18.7%)	(13.9%)	383,115	64,501	(3,675)
Internal Charges for Services	7,732,601	1,821,334	(22,587)	(47,147)	(1.2%)	(2.5%)	605,730	(2,606)	(17,097)
External Charges for Services	7,687,592	1,095,533	52,220	(571,258)	5.0%	(34.3%)	448,610	239,253	(201,781)
Other General Fund Revenue	3,722,613	825,402	(277,757)	68,026	(25.2%)	9.0%	268,381	(126,311)	(1,713)
Total General Fund Revenue	\$357,292,352	\$102,963,713	\$6,548,461	\$17,546,800	6.8%	20.5%	\$39,815,509	\$1,901,188	\$4,407,116
Transfers In from Other Funds	2,399,078	0	0	0	n/a	n/a	0	0	0
Total Sources of Funds	\$359,691,430	\$102,963,713	\$6,548,461	\$17,546,800	6.8%	20.5%	\$39,815,509	\$1,901,188	\$4,407,116
General Fund Operating Revenue ¹	\$325,093,688	\$90,558,530	\$3,972,049	\$13,911,614	4.6%	18.2%			

Expenditures (Uses of Funds)	2021 Budget	YTD Actual thru Mar 2021	2021 Year-to-Date Uses Under/(Over)			
			2020	2021 Budget	% Chg vs 2020	% Chg vs Budget
Personal Services	\$242,513,257	\$54,570,281	\$1,713,150	\$1,465,646	3.0%	2.6%
Temporary Compensation	2,521,333	611,579	80,687	(9,114)	11.7%	(1.5%)
Professional & Technical Services	23,302,711	3,322,452	(216,991)	(17,434)	(7.0%)	(0.5%)
Operating Supplies/Other	20,881,463	4,877,529	366,801	1,032,589	7.0%	17.5%
Utilities	11,410,300	1,525,444	(65,293)	76,513	(4.5%)	4.8%
Interfund Charges	18,887,578	4,528,507	19,707	258,509	0.4%	5.4%
Capital Purchases (Equip, Vehicles, Other)	5,164,523	1,511,850	(163,575)	(16,804)	(12.1%)	(1.1%)
General Fund Operating Expenditures	\$324,681,165	\$70,947,642	\$1,734,485	\$2,789,905	2.4%	3.8%
Capital Related Revenue Transfer Out ²	34,597,742	12,405,183	(2,576,412)	(3,635,185)	(26.2%)	(41.5%)
All Other Transfers Out to Other Funds	21,948,835	1,842,412	0	0	0.0%	0.0%
Total Uses of Funds	\$381,227,742	\$85,195,237	(\$841,927)	(\$845,280)	(1.0%)	(1.0%)
Less Carryforward Budget	(6,618,001)					
Increase/(Use) of Available Funds³	(\$14,918,311)					

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 2021 Adopted Budget includes the planned use of \$8.9 million in funds available, primarily due to budget balancing efforts as a result of the COVID-19 pandemic. In the 2021 Spring

Supplemental process, an additional \$6.0 million is proposed to be added mainly to re-appropriate Coronavirus Aid, Relief, and Economic Security Act (CARES) funds and Affordable Housing Seed Funding.



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.

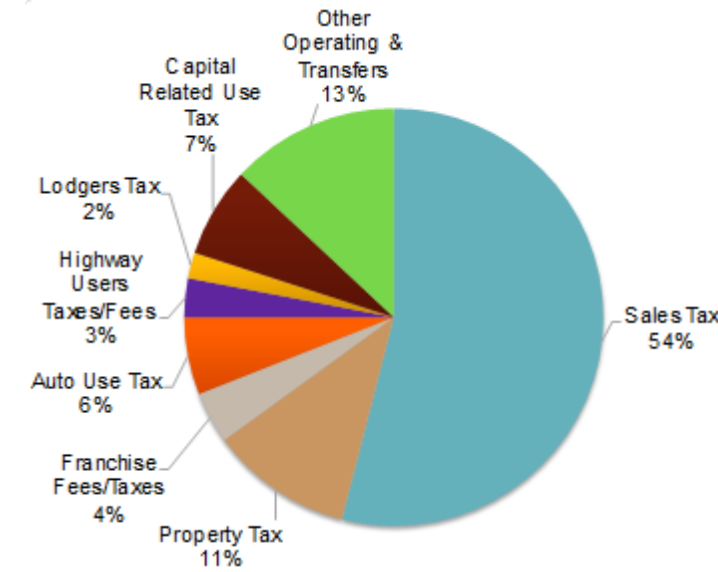
Retail sales remain the backbone of Aurora's General Fund, accounting for roughly 54% of total revenue. Use tax is a companion tax to sales tax and is associated with purchases of commodities and equipment. Approximately two-thirds of all General Fund revenue is dependent on purchases when use tax revenues (e.g. building materials use tax, automobile use tax, and equipment use tax) are included.

Uses of Funds

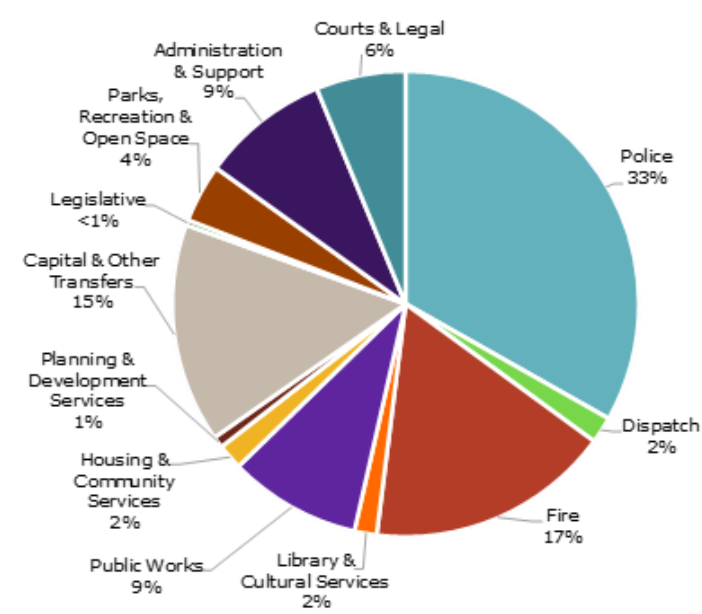
Uses of funds mainly result from expenditures incurred by the departments included in the General Fund. The majority of general services, programs and activities for the citizens of Aurora are supported by this fund, as well as the City Council and the administrative management functions. Other uses 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 58.0% of total General Fund appropriations in 2021.

2021 General Fund Revenue (Sources)



2021 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 ServicesPolicePublic DefenderPublic Safety CommunicationsPublic 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 2021 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.
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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.
- 2021 Budget:** The 2021 Adopted Budget plus approved supplemental amendments.
- 2021 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.
 - 2020 - The \$ difference between 2021 year-to-date / current month actuals compared to the 2020 actuals for the same timeframe.
 - 2021 Budget/Projection - The \$ difference between the 2021 year-to-date / current month actuals through the current month compared to the 2021 year-to-date budget/projection spending plan for the same timeframe.
 - Percent Chg vs 2020 - The percentage change between 2021 year-to-date actuals through the current month and the 2020 actuals through the same month.
 - Percent Chg vs Budget/Projection - The percentage change between the 2021 year-to-date actuals and the year-to-date budget/projection spending plan.

Finance Department Indicators (for the month ending 3/31/21)

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 have had this performance metric hovering near the 85% target each month this year. 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% of Vendor Payments			
	84% (Mar)	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 February, the weighted average yield was 1.49%, which is down from 2.11% in 2019 and 2.23% in 2020.

The portfolio balance has increased over recent months due to steady water revenues, recovering sales tax receipts, and expenditure reduction efforts.

March	2019	2020	2021
Cash & Investment	\$557.7 M	\$585.6 M	\$643.4 M
Weighted avg. yield	2.15%	2.14%	1.35%
Duration (months)	15.2	20.9	22.2

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
Southeast Rec Center	\$37.5M	20-Oct	2.39%	25.0	RBC

Delinquent Tax Collections

Delinquent tax collections in March were \$330,800. However, because of an extraordinarily large collection in February of 2020, delinquent tax collections in 2021 are behind last year on both a YTD basis. However, the current year performance meets expectations because 2021 collections are roughly in line with average monthly collections in 2019 and 2020.



City of Aurora

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Delinquent Tax Collections (\$ in Thousands)

