



General Fund Revenue Summary

April 2021

Released June 3, 2021

General Fund Revenue Summary

The recovery from the pandemic-induced recession continues to gain momentum, with real gross domestic product (GDP) growing at an annual rate of 6.4 percent in the first quarter according to an initial estimate by the federal government. Despite this, the Metro Area unemployment rate has shown only incremental improvement, falling from 6.9 percent in January to 6.6 percent in March. Business and consumer confidence are improving, creating growing optimism that economic conditions will continue to improve over coming months.

Year-to-date (YTD) revenues have been strong, although a few revenue streams like lodger's tax remain behind levels collected last year. General Fund operating revenue through April, summarized below, is ahead of the budget plan by \$19.4 million (18.1%). This equates to a 8.9% increase over 2020. Collections of sales tax, audit recoveries, and auto use tax are the primary drivers of this 2021 performance. Capital-related use tax is transferred to the Capital Projects Fund and is excluded from General Fund operating revenue.

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

Revenue Category (\$ in thousands)	2021 YTD Actuals	Actuals (Under)/ Over 2020		Actuals (Under)/ Over 2021 Budget	
		\$	%	\$	%
General Sales Tax	\$80,354.0	\$7,782.3	10.7%	\$15,246.4	23.4%
Capital-Related Use Tax	11,812.3	2,037.2	20.8%	\$3,571.7	43.3%
Auto Use Tax	8,181.1	1,205.3	17.3%	\$1,489.4	22.3%
Audit Revenue	5,806.6	4,278.0	279.8%	\$4,209.5	263.6%
Franchise Fees and Taxes	3,197.0	442.6	16.1%	\$370.2	13.1%
External Charges	1,664.1	414.4	33.2%	(\$718.3)	(30.2%)
Lodger's Tax	1,316.4	(540.1)	(29.1%)	(\$428.1)	(24.5%)
All Other Sources	30,163.1	(2,978.1)	(9.0%)	(\$284.8)	(0.9%)
Total Sources	\$142,494.6	\$12,641.6	9.7%	\$23,455.9	19.7%
Less Capital Transfer	15,997.7	2,302.1	16.8%	4,086.7	34.3%
Operating Revenue	\$126,496.9	\$10,339.5	8.9%	\$19,369.2	18.1%

Monthly Economic Data Year-to-Date

▲ Unemployment Rate

Metro area average YTD rate (Mar) at 6.7%, up 3.4 percentage points from 2020.

▼ Consumer Confidence Index

Mountain Region average YTD (Apr) at 108.0, down 13.2% from 2020.

▲ Aurora Building Permits

19 commercial projects permitted YTD (Apr), up 46.2% from 2020. 1,118 residential projects permitted YTD (Apr), up 24.4% from 2020.

▼ Hotel Occupancy

YTD (Mar) hotel occupancy at 40.5%, down 14.4 percentage points compared to 2020.

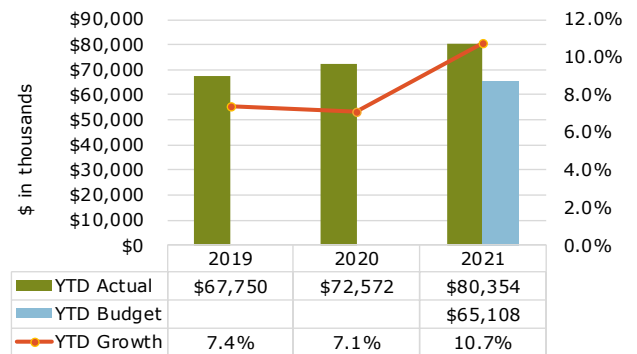
All indicator data are the most current available of as this report's publication date

Sales Tax

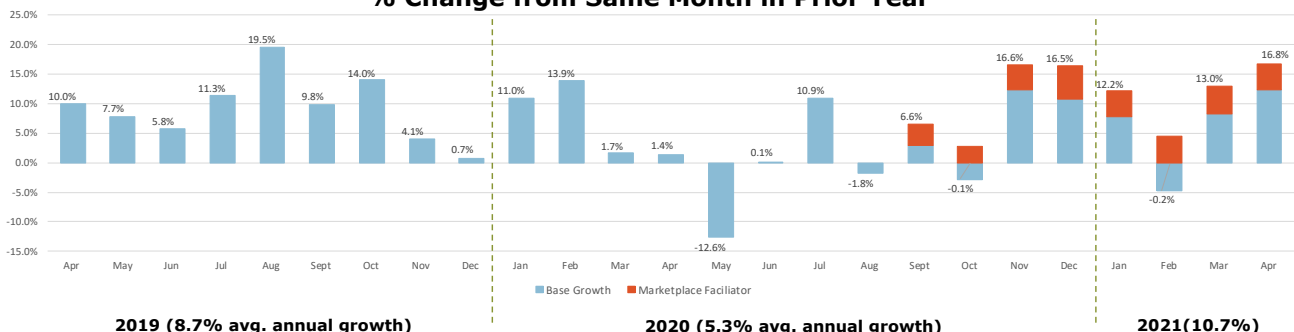
Sales tax collections through April are \$15.2 million (23.4%) ahead of the budget plan. April 2021 sales tax collections were 16.8% higher than April 2020. It may not be surprising that current collections exceeded levels from April 2020, because one year ago the economy was beginning to shut down as a result of the pandemic. Perhaps of more meaning, April 2021 sales tax collections are 18.6% higher than April 2019, showing that current collections are considerably higher than before the pandemic.

The Sales Tax Performance chart shows that collections in 2021 have grown a robust 10.7% compared to 2020. An important factor behind that growth is implementation of the new Marketplace Facilitator ordinance. Aurora has now collected \$3.3 million YTD related to the ordinance, accounting for 42.3% of the YTD growth in sales tax collections. If this new revenue were removed, YTD growth in sales tax collections in 2021 would still be a respectable 6.2%.

Sales Tax Performance (\$ in Thou.)



% Change from Same Month in Prior Year



Audit Recoveries

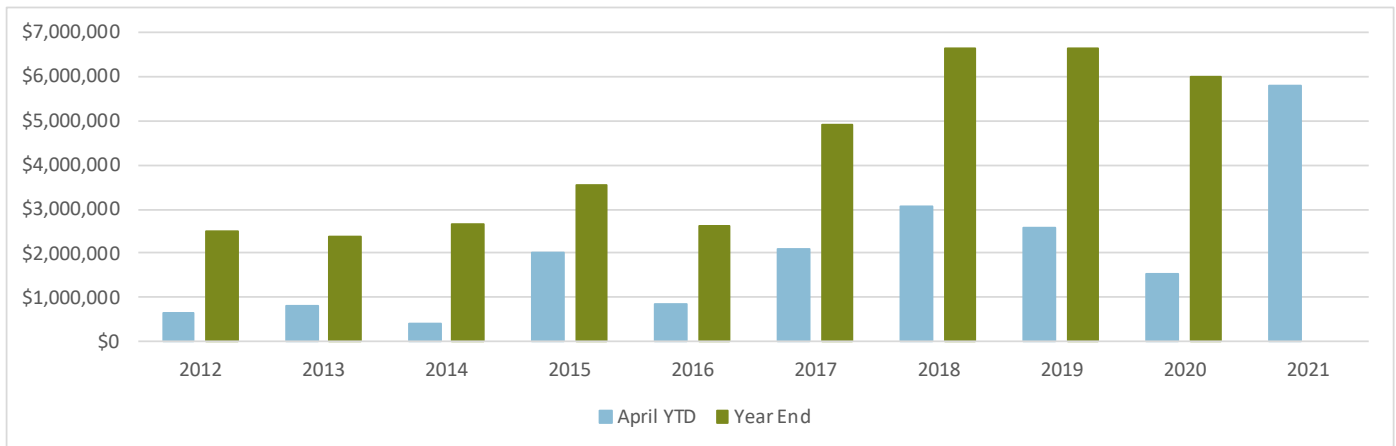
The Tax & Licensing Division assists the City of Aurora with licensing businesses and with collecting certain business-related taxes such as sales tax, use tax, and occupational privilege tax. To ensure compliance with city ordinances, the Tax and Licensing Division uses a variety of tools ranging from public education to tax return audits.

The Adopted 2021 Budget assumes that the City of Aurora will receive \$4.8 million in audit recoveries in 2021. Through just four months, Aurora has already received \$5.8 million in audit recoveries. This amount is \$4.3 million (279.8%) more than was collected in the first four months of 2020. Well over half of

the current year audit recoveries have related to three large, multi-year audits that were concluded in 2021, including the audit of a data center as well as two audits related to the purchase of oil & gas equipment by large companies.

As seen in the 10 Year History of Audit Collections chart below, the highest level of audit recoveries ever recorded was the \$6.7 million recovered in 2018. Current year recoveries should exceed that amount in the next few months. Despite this, large audit recoveries are one-time in nature and the current level of recoveries is highly unlikely to repeat moving forward.

10 Year History of Audit Collections

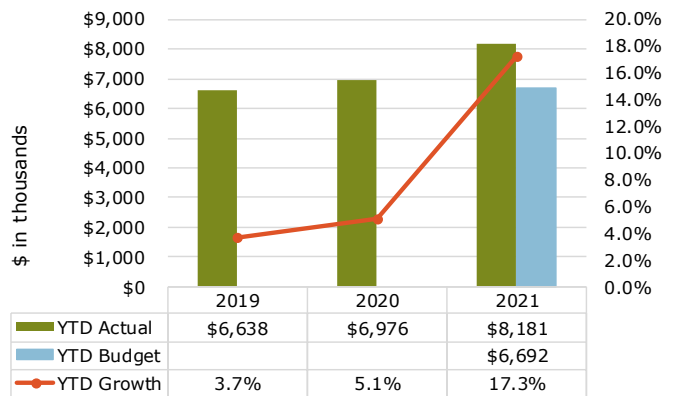


Auto Use Tax

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.

Auto use tax collections through April are \$1.5 million (22.3%) more than the budget plan and \$1.2 million (17.3%) more than collected in 2020. YTD collections were up modestly in the first quarter, but auto use tax collections in April 2021 were the second largest ever recorded in a single month. It is unclear if April collections were an anomaly. The National Association of Auto Dealers (NADA) is currently forecasting that U.S. car sales in 2021 will increase by about 7.0%. Similarly, the Colorado Automobile Dealers Association is projecting that new vehicle sales in Colorado will increase by 7.7% in 2021, although they note that supply chain issues may slow the recovery pace.

Auto Use Tax Performance





Auto Use Tax Historical Collections - April YTD



Finance Department Indicators (for the month ending 4/30/21)

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 designed to assist with more timely processing of accounts payable going forward.

Target: 30 Days for 85%			
	85% (Apr)	85% (YTD)	

Investments

In light of budgetary uncertainty stemming from COVID-19, the city adopted a more defensive investing strategy focused on increased liquidity. This strategy, along with historically low interest rates, has resulted in a declining average yield. In April, the weighted average yield was 1.26%, which is down from 2.00% in 2019 and 2.17% in 2020.

The portfolio balance has increased over recent months due to steady water revenues and strong growth in General Fund revenues.

April	2019	2020	2021
Cash & Investment Portfolio	\$564.9 M	\$608.7 M	\$647.6 M
Weighted avg. yield	2.17%	2.00%	1.26%
Duration (months)	16.9	19.1	22.2

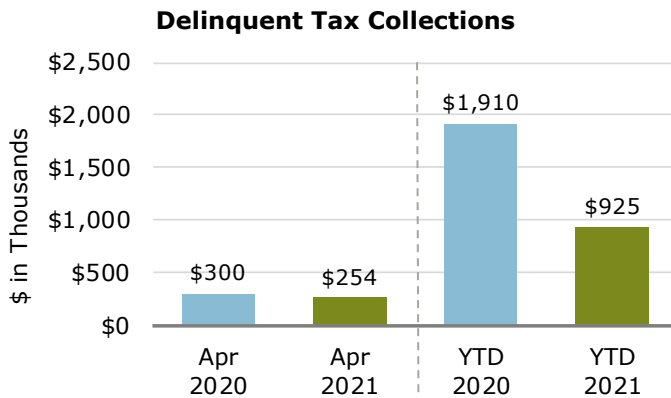
Financing Transactions Over Previous 12 Months

Future financing transactions include Aurora Southeast Maintenance Facility (Water \$120 million and Wastewater \$60 million) and Heavy Fleet (\$10 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 April were \$253,600, slightly behind collections last year. However, because of an extraordinarily large collection in February of 2020, delinquent tax collections in 2021 are significantly behind last year on a YTD basis. Despite this fact, the current year performance meets expectations with 2021 collections roughly in line with average monthly collections in 2018 and 2019.



City of Aurora

Report Prepared by

Office of Budget and Financial Planning

15151 East Alameda Parkway, Suite 5500

Aurora, Colorado 80012

budget1@auroragov.org