



General Fund Revenue Summary

July 2021

Released September 20, 2021

General Fund Revenue Summary

The U.S. economy continues to recover with the federal government estimating that real gross domestic product (GDP) grew by an annual rate of 6.5% in the second quarter. The United States has now recovered its pre-pandemic level of economic output. Despite this, Metro Area employment has not returned to pre-pandemic levels and the unemployment rate stands at 6.4% year-to-date.

General Fund operating revenue through July, summarized below, is ahead of the budget plan by \$38.4 million (19.2%). Driven by strong consumer spending,

collections of sales and use tax are the primary drivers of this 2021 performance. Audit recoveries have also added to the positive performance of General Fund operating revenue. In contrast, external charges for services are behind the budget plan by \$1.5 million (30.5%) in part because three new fees proposed by the Fire Department have not yet been implemented. Capital-related use tax is transferred to the Capital Projects Fund and is excluded from General Fund operating revenue.

Monthly Economic Data Year-to-Date

▼ Unemployment Rate

Metro area average YTD rate (Jun) at 6.4%, down 1.2 percentage points from 2020.

▲ Consumer Confidence Index

Mountain Region average YTD (Jul) at 114.4 up 5.3% from 2020.

▲ Aurora Building Permits

36 commercial projects permitted YTD (Jul), up 2.9% from 2020. 1,820 residential projects permitted YTD (Jul), up 14.5% from 2020.

▼ Hotel Occupancy

YTD (Jun) hotel occupancy at 50.9%, up 8.9 percentage points compared to 2020.

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

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

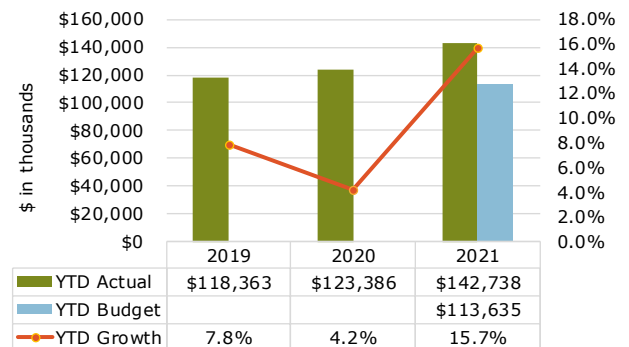
| Revenue Category (\$ in thousands) | 2021 YTD Actuals | Actuals (Under)/ Over 2020 | | Actuals (Under)/ Over 2021 Budget | |
|---------------------------------------|--------------------|-------------------------------|--------------|--------------------------------------|--------------|
| | | \$ | % | \$ | % |
| General Sales Tax | \$142,737.6 | \$19,351.5 | 15.7% | \$29,102.4 | 25.6% |
| Property Tax | 42,964.7 | (749.3) | (1.7%) | \$3,104.7 | 7.8% |
| Capital-Related Use Tax | 19,607.8 | 1,880.0 | 10.6% | \$5,690.0 | 40.9% |
| Auto Use Tax | 15,620.6 | 4,330.5 | 38.4% | \$3,502.1 | 28.9% |
| Audit Revenue | 7,885.7 | 4,905.0 | 164.6% | \$5,090.8 | 182.1% |
| Lodger's Tax | 3,281.6 | 690.0 | 26.6% | (\$315.5) | (8.8%) |
| External Charges | 3,310.1 | 763.8 | 30.0% | (\$1,455.8) | (30.5%) |
| All Other Sources | 30,662.4 | 1,421.7 | 4.9% | \$482.2 | 1.6% |
| Total Sources | \$266,070.5 | \$32,593.2 | 14.0% | \$45,200.8 | 20.5% |
| Less Capital Transfer | 27,697.7 | 2,915.9 | 11.8% | 6,806.3 | 32.6% |
| Operating Revenue | \$238,372.8 | \$29,677.2 | 14.2% | \$38,394.5 | 19.2% |

Sales Tax

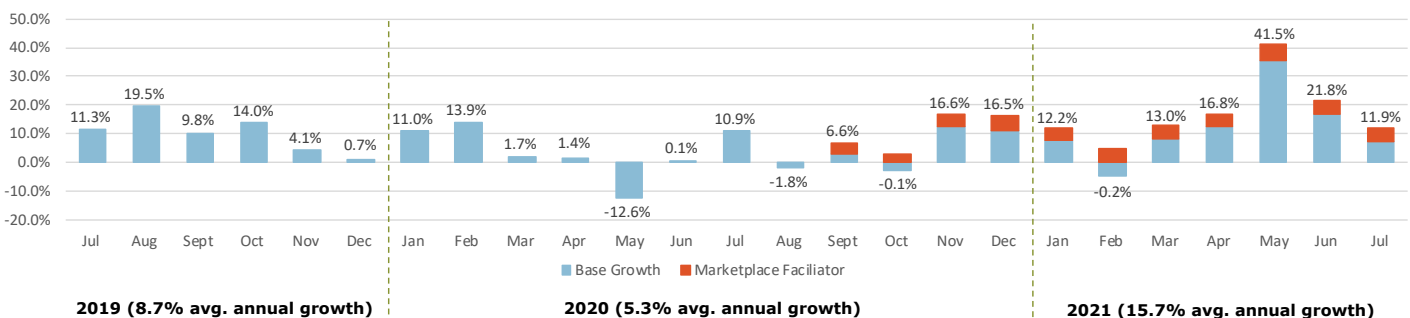
Sales tax collections through July are \$29.1 million (25.6%) ahead of the budget plan. Collections for the month of July were \$2.6 million (11.9%) higher than July 2020. To compare to pre-pandemic conditions, it is interesting to note that July 2021 collections were \$4.7 million (24.1%) higher than July 2019 collections. While sales tax collections are now well above pre-pandemic levels, there are still certain sectors that have not recovered. For example, collections from department stores (down 8.5%) and telecom/cellular companies (down 16.4%) have dropped compared to 2019.

The Sales Tax Performance chart shows that collections in 2021 have grown a robust 15.7% YTD compared to 2020. Aurora has collected \$5.8 million YTD related to the Marketplace Facilitator ordinance, accounting for 30.0% of the YTD growth in sales tax collections. If this new revenue were removed, YTD growth in sales tax collections would still be 11.0%.

Sales Tax Performance (\$ in Thou.)



% Change from Same Month in Prior Year

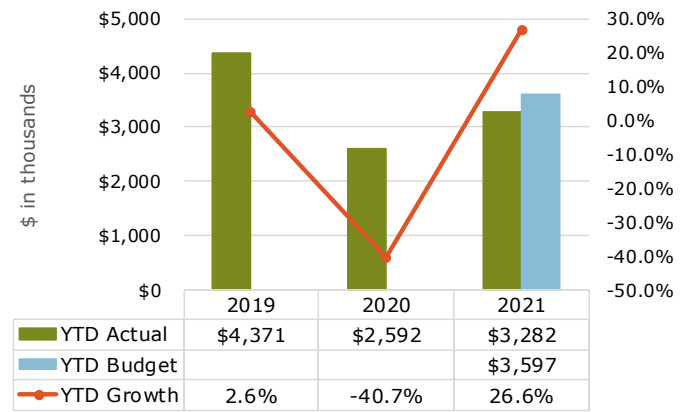


Lodger's Tax

Aurora charges an 8.0% tax rate on transactions furnishing rooms and other accommodations by hotels and similar businesses. The travel and tourism sector of the economy has been heavily impacted by the pandemic. After a strong start to the summer travel season, year-to-date hotel occupancy in 2021 rose to 50.9% at the end of June. Metro area hotel occupancy in 2019 averaged 64.6%, showing that hotel occupancy has not yet fully recovered to pre-pandemic levels. Similarly, the number of airline passengers at Denver International Airport has increased 55.2% year-to-date through June 2021, but remains 24.5% behind 2019 levels.

Lodger's tax collections through July are \$315,500 (8.8%) below the budget plan and \$690,000 (26.6%) above 2020 collections. For the first time in 2021, collections of lodger's tax in the month of June exceeded the budget plan (by \$118,100 or 19.8%). Revenue in July 2021 again exceeded the budget plan, although this time by a modest \$16,000 (2.2%). While monthly performance reflects the improving economic conditions related to travel and tourism, the recovery is not yet complete. Indeed, year-to-date collections of lodger's tax in 2021 are still \$1.1 million (24.9%) below collections in 2019.

Lodger's Tax Performance

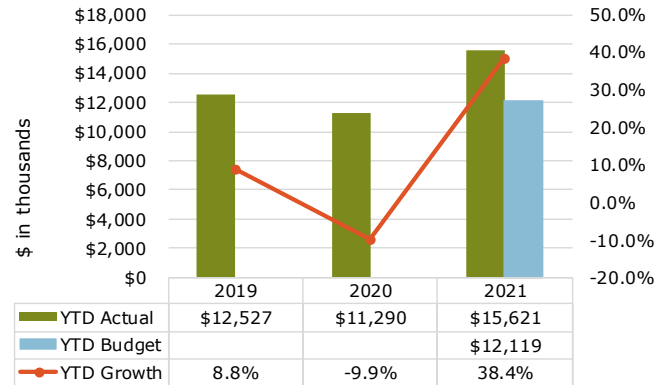


Auto Use Tax

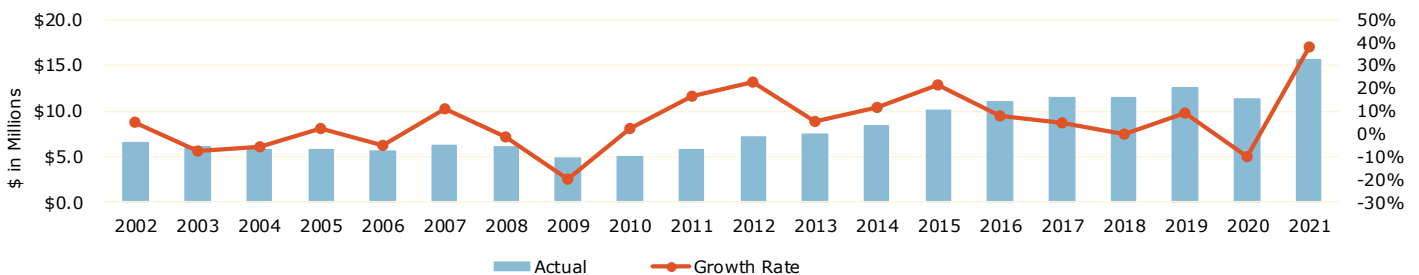
All motor vehicles, trailers, and semi-trailers purchased *outside* the city by Aurora residents are subject to the payment of use tax at the time of registration. Sales of new and used vehicles *within* the city by licensed vendors are reflected in sales tax collections. The city receives auto use tax up to four months after the purchase date while sales tax has a one-month lag.

Auto use tax collections through July are \$3.5 million (28.9%) more than the budget plan. Higher-than-anticipated collections reflect a combination of increased vehicle sales and higher prices for new and used automobiles. For example, Cars.com reported that the median price for a used car has increased by 34.0 percent since August 2020. According to the Colorado Automobile Dealer's Association (CADA), new light vehicle registrations in the state soared 20.6% in the first half of 2021. Based on demand alone, this increase would have been bigger but supply chain disruptions are constraining the inventory of available cars and may limit sales moving forward. CADA predicts new vehicle registrations for the full year will be up 9.3% in 2021 and will be up another 5.5% in 2022.

Auto Use Tax Performance





Auto Use Tax Historical Collections - July YTD



Finance Department Indicators (for the month ending 7/31/21)

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 kept this performance metric just under the 85% target most months this year. The affected departments are making adjustments to staffing, processes, and backlogs with the goal of more timely processing of accounts payable going forward.

| Target: 30 Days for 85% | | | |
|---|------------------|------------------|---|
|  | 85% (Jul) | 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 July, the weighted average yield was 0.98%, which is down from 2.23% in 2019 and 1.79% in 2020.

The portfolio balance has increased over recent months due to the receipt of federal ARPA funds, steady water revenues, strong sales tax receipts, and expenditure reduction efforts.

| July | 2019 | 2020 | 2021 |
|-----------------------------|-----------|-----------|-----------|
| Cash & Investment Portfolio | \$597.2 M | \$625.9 M | \$761.8 M |
| Weighted avg. yield | 2.23% | 1.79% | 0.98% |
| Duration (months) | 18.6 | 20.2 | 20.6 |

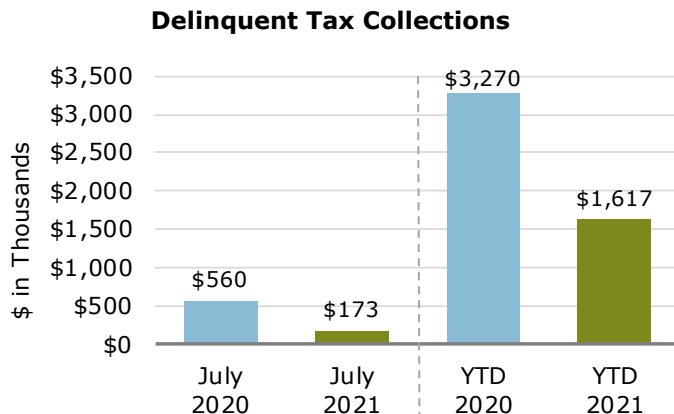
Financing Transactions Over Previous 12 Months

Future financing transactions include Heavy Fleet (\$10 million) and Aurora Water Series 2016 Refinance (\$250 million).

| Purpose | Amount | Closed | Rate | Term (yrs.) | Lender/Banker |
|----------------------------|----------|--------|-------|-------------|----------------|
| SEAM Facility (Water) | \$120.5M | 21-May | 2.36% | 30.0 | Morgan Stanley |
| SEAM Facility (Wastewater) | \$60.3M | 21-May | 2.66% | 30.0 | Morgan Stanley |
| Southeast Rec Center | \$37.5M | 20-Oct | 2.39% | 25.0 | RBC |

Delinquent Tax Collections

Delinquent tax collections in July were \$172,500. Delinquent tax collections this year have generally trailed behind collections in 2020. As the economy improves, less taxpayers are delinquent, reducing potential collections. Collections have also been negatively impacted by the turnover of a revenue agent position and a tax technician position in the Tax and Licensing Division.



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