



# General Fund Revenue Summary

**November 2021**

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Despite concerns about inflation and coronavirus variants, year-to-date (YTD) consumer confidence is 9.2% higher than in 2020. This confidence, along with other factors such as rising wages, has led to strong consumer demand which is driving economic expansion. Although economic growth has slowed from the first half of the year, the Conference Board has projected national GDP growth for the fourth quarter of 2021 at a still-strong 5.0%. Given this economic expansion, YTD unemployment in the Metro Area has continued to drop and now

stands at 5.9%.

Strong sales and use tax collections are the primary drivers of growth in Aurora's revenues, accounting for 82.6% of the growth in General Fund sources. Audit recoveries have also added to the positive performance of operating revenue. At the end of November, operating revenues were tracking \$19.9 million (5.9%) above the projection and \$41.8 million (13.3%) above 2020. Capital-related use tax is transferred to the Capital Projects Fund and is excluded from General Fund operating revenues.

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

Revenue Category (\$ in thousands)	2021 YTD Actuals	Actuals (Under)/ Over 2020		Actuals (Under)/ Over 2021 Projection	
		\$	%	\$	%
General Sales Tax	\$224,545.2	\$28,185.4	14.4%	\$13,195.0	6.2%
Capital-Related Use Tax	33,322.2	6,691.2	25.1%	\$4,323.7	14.9%
Auto Use Tax	25,872.2	6,249.5	31.8%	\$3,771.7	17.1%
Franchise Fees and Taxes	12,733.4	1,283.1	11.2%	\$507.0	4.1%
Audit Revenue	9,753.9	3,952.4	68.1%	\$1,480.0	17.9%
Lodger's Tax	6,293.4	2,212.4	54.2%	\$314.8	5.3%
Construction Permits	2,074.5	192.2	10.2%	\$861.4	71.0%
All Other Sources	85,997.6	1,026.1	1.2%	\$386.8	0.5%
<b>Total Sources</b>	<b>\$400,592.3</b>	<b>\$49,792.3</b>	<b>14.2%</b>	<b>\$24,840.4</b>	<b>6.6%</b>
Less Capital Transfer	45,144.6	7,952.1	21.4%	4,894.6	12.2%
<b>Operating Revenue</b>	<b>\$355,447.7</b>	<b>\$41,840.3</b>	<b>13.3%</b>	<b>\$19,945.9</b>	<b>5.9%</b>

## Monthly Economic Data Year-to-Date (YTD)

### ▼ Unemployment Rate

Metro area average YTD rate (Oct) at 5.9%, down 1.6 percentage points from 2020.

### ▲ Consumer Confidence Index

Mountain Region average YTD (Nov) at 114.5, up 9.2% from 2020.

### ▲ Aurora Building Permits

66 commercial projects permitted YTD (Nov), up 11.9% from 2020. 4,012 residential projects permitted YTD (Nov), up 59.3% from 2020.

### ▲ Hotel Occupancy

YTD (Oct) hotel occupancy at 59.1%, up 15.6 percentage points compared to 2020.

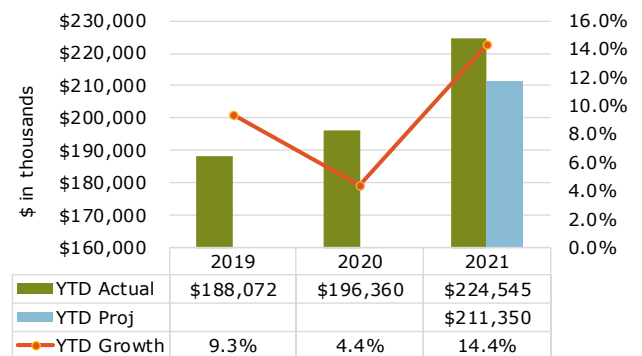
*All indicator data are the most current available of as this report's publication date*

## Sales Tax

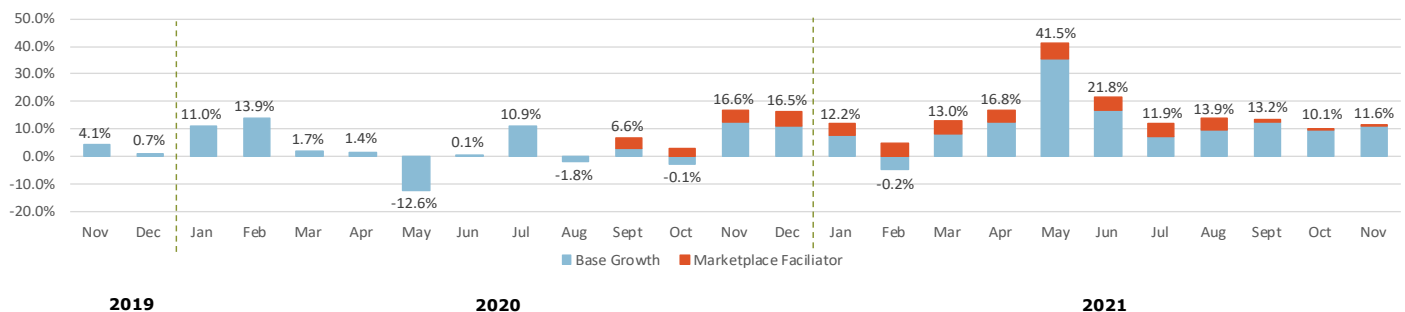
Sales tax collections through November are \$13.2 million (6.2%) ahead of the mid-year projection. Growth is occurring across most sectors, including some of the more heavily hit sectors like travel and leisure. For example, each of the three movie theaters tracked as top taxpayers saw sales tax collections in November reach their highest level since February 2020.

The Sales Tax Performance chart shows that YTD sales tax collections have grown 14.4% compared to 2020. In a rare moment of stability in current times, sales tax collections have grown in the range of 10.0% to 14.0% in each of the last five months. Further, YTD sales tax collections in 2021 are \$36.5 million (19.4%) higher than in 2019, showing how this revenue source is now well above pre-pandemic levels. In addition to strong consumer demand, inflation also appears to be driving higher sales tax collections. According to the U.S. Bureau of Labor Statistics, consumer prices in October had risen 6.2% over the past year.

## Sales Tax Performance (\$ in Thou.)



## % Change from Same Month in Prior Year

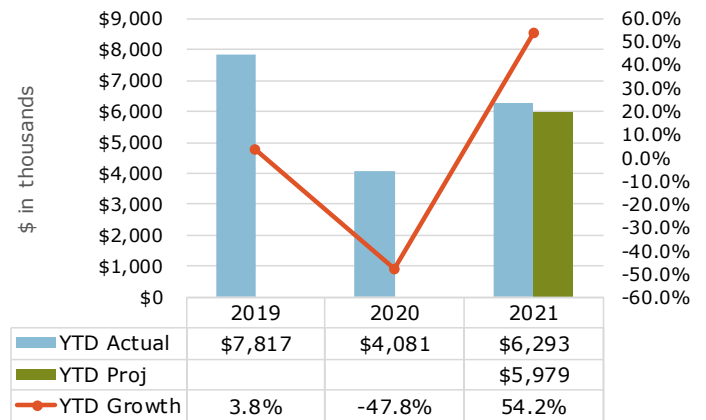


# Lodger's Tax

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 slow start, year-to-date hotel occupancy in 2021 rose to 59.1% at the end of October. Metro area hotel occupancy in 2019 averaged 77.3% over these same ten months, showing that hotel visits have not yet fully recovered to pre-pandemic levels. Similarly, the number of airline passengers at Denver International Airport year-to-date through September has increased 74.1% compared to 2020, but remains 18.1% behind 2019 levels.

Lodger's tax collections through November are \$314,800 (5.3%) above the projection and \$2.2 million (54.2%) above 2020 collections. Despite the significant growth compared to last year, lodger's tax collections have not yet recovered to pre-pandemic levels. YTD collections are still \$1.5 million (19.5%) less than in 2019. As already discussed, a reduction in hotel visitation is a big reason for this decline. However, further amplifying the impact on lodger's tax collections is the fact that the average hotel room rates have also dropped. The average hotel room rate in 2021, year-to-date through October, is \$127.55 per day. For comparison purposes, the average room rate for the comparable time period was \$107.63 in 2020 and was \$149.56 in 2019.

## Lodger's Tax Performance

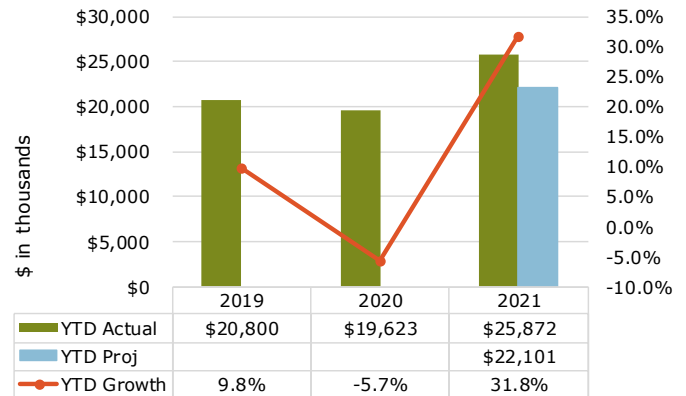


# Auto Use Tax

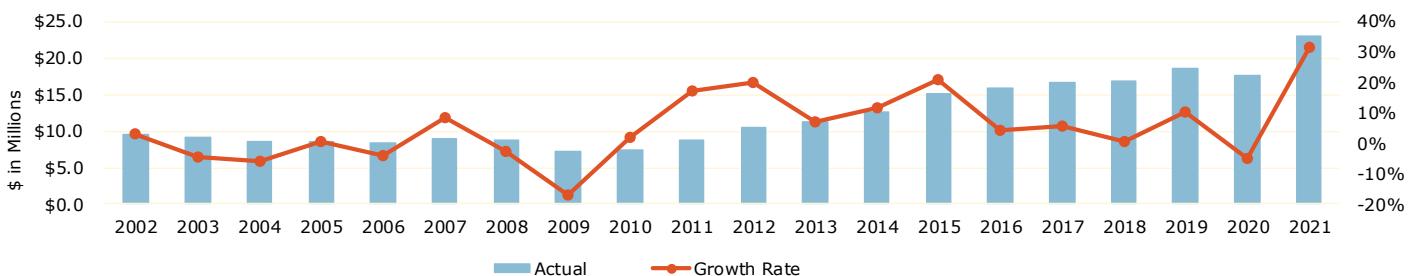
All motor vehicles, trailers, and semi-trailers purchased *outside* the city by Aurora residents are subject to the payment of use tax at the time of registration. Sales of new and used vehicles *within* the city by licensed vendors are reflected in sales tax collections. The city receives auto use tax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

Auto use tax collections through November are \$3.8 million (17.1%) more than the projection. The Colorado Automobile Dealer's Association (CADA) recently projected that new car sales in Colorado will fall behind 2020 levels in the fourth quarter of 2021. This projection is based on the constricted supply of new cars to sell. Current challenges to the supply of new cars include a computer chip shortage, COVID-induced labor disruptions, tight supplies of other key components, and logistical challenges getting new cars transported to dealerships. Despite this, the City of Aurora collected a record \$2.8 million in auto use taxes in November. High auto use tax revenues are driven in part by higher prices for new and used vehicles. Given the lag in receiving auto use tax from counties, the November auto use tax collections also reflects growth in new car sales that occurred earlier in 2021.

## Auto Use Tax Performance



## Auto Use Tax Historical Collections - November YTD







# Finance Department Indicators (for the month ending 11/30/21)

## 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 issues across a number of departments is the primary reason for the YTD performance. The affected departments have filled vacant positions, trained new staff, and made other procedural adjustments that will hopefully result in more timely processing of accounts payable going forward.

Target: 30 Days for 85% of Vendor Payments			
	<b>85%</b> (Nov)	<b>83%</b> (YTD)	

## Investments

In an environment of low interest rates, the weighted average portfolio yield has consistently fallen since the beginning of 2020 and now sits at historically low levels. In November the weighted average yield was 0.85%, which is down from 2.21% in 2019 and 1.70% in 2020.

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

November	2019	2020	2021
Cash & Investment Portfolio	\$589.6 M	\$590.0 M	\$827.5 M
Weighted avg. yield	2.21%	1.70%	0.85%
Duration (months)	21.6	22.0	19.8

## Financing Transactions Over Previous 12 Months

Future financing transactions include the prepayment of Hogan Parkway loan (\$13 million) and 2022 Heavy Fleet (\$9 million).

Purpose	Amount	Closed	Rate	Term (yrs.)	Lender/ Banker
Series 2021-A Heavy Fleet	\$8.3M	21-Nov	1.16%	6.3	Key
Series 2021-B Water Taxable Refunding	\$265.2M	21-Aug	2.37%	25.0	Morgan Stanley
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

## Delinquent Tax Collections

Delinquent tax collections in November 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 staff turnover and a new process which allows most potentially delinquent taxpayers to receive both more time and system notifications before a delinquency case is opened.



## City of Aurora

Report Prepared by

**Office of Budget and Financial Planning**

15151 East Alameda Parkway, Suite 5500

Aurora, Colorado 80012

[budget1@auroragov.org](mailto:budget1@auroragov.org)

