

2022



City of Aurora

# General Fund Revenue Summary

Prepared by the Office of Budget  
and Financial Planning

**November 2022**  
Released February 3, 2023

# General Fund Revenue Summary

U.S. gross domestic product (GDP) increased by 3.2% in the third quarter of 2022, after declining in each of the first two quarters of the year. After inflation peaked at 9.1% in June, price growth has slowed in each of the last five months. Inflation sat at 7.1% in November and remains a significant concern looking forward. The labor market in the Metro Area remains strong, with the year-to-date (YTD) unemployment rate measuring 3.4% in November.

Despite the mix of positive and negative economic indicators, consumer demand

and inflation continue to drive strong YTD General Fund operating revenues. General Fund revenue collections through November, summarized below, are ahead of the operating projection by \$9.4 million (2.4%). This equates to an 11.3% increase over 2021. Collections of sales tax, capital-related use tax, and auto use tax are the primary drivers of this performance. Capital-related use tax, which is transferred to the Capital Projects Fund, is excluded from General Fund operating revenue.

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

### ▼ Unemployment Rate

Metro Area average YTD rate (Nov) at 3.4%, down 2.1 percentage points from 2021.

### ▲ Consumer Price Index

The cost of goods and services in cities in the United States increased by 7.1% (Nov) compared to 2021.

### ▼ Aurora Building Permits

59 commercial projects permitted YTD (Nov), down 10.6% from 2021. 3,197 residential units permitted YTD (Nov), down 20.2% from 2021.

### ▲ Hotel Occupancy

YTD (Nov) Metro Area hotel occupancy at 69.4%, up 10.9 percentage points compared to 2021.

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

## Revenue by Category – November Year-to-Date (\$ in Millions)

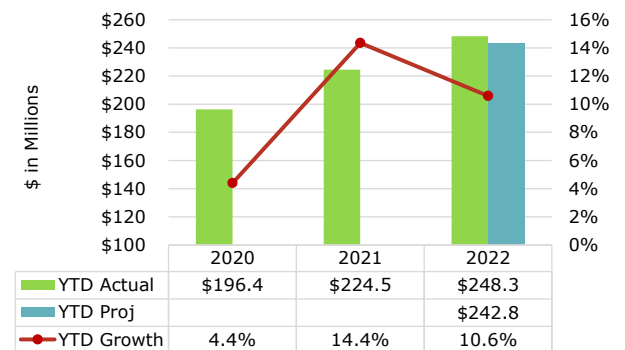
Revenue Type (\$ in Millions)	2022 YTD Actuals	Actuals (Under)/Over 2021		Actuals (Under)/Over 2022 Projection	
		\$	%	\$	%
General Sales Tax	\$248.3	\$23.8	10.6%	\$5.5	2.3%
Capital-Related Use Tax	32.5	(0.9)	(2.6%)	1.4	4.5%
Auto Use Tax	28.2	2.3	9.1%	2.9	11.4%
Audit Revenue	10.6	0.8	8.6%	0.4	3.7%
Lodger's Tax	7.8	1.5	23.7%	0.3	3.8%
External Charges for Services	6.0	0.5	10.0%	0.5	9.1%
General Fund Permits	2.1	0.0	0.7%	0.1	3.7%
All Other Sources	106.1	12.9	13.8%	0.0	0.0%
<b>Total Sources</b>	<b>\$441.6</b>	<b>\$41.0</b>	<b>10.2%</b>	<b>\$11.1</b>	<b>2.6%</b>
Less Capital Transfer	45.9	0.8	1.8%	1.7	3.8%
<b>Operating Revenue</b>	<b>\$395.7</b>	<b>\$40.2</b>	<b>11.3%</b>	<b>\$9.4</b>	<b>2.4%</b>

## Sales Tax

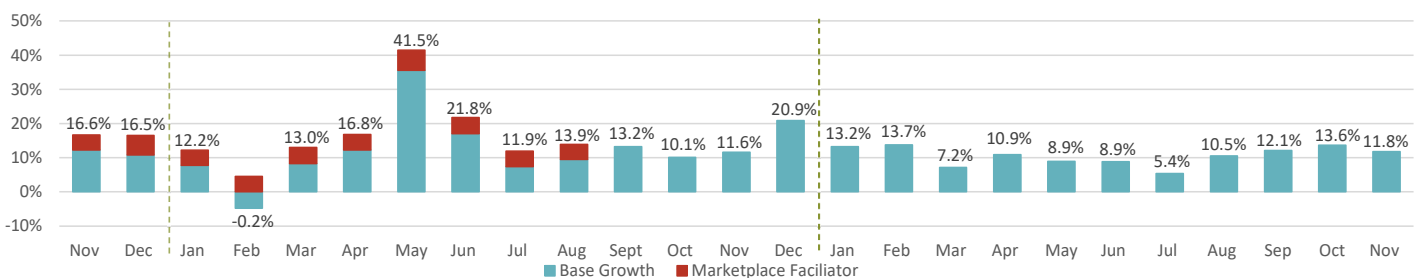
Sales tax collections through November are \$5.5 million (2.3%) ahead of the projection. Sales tax collections from four sectors saw double-digit growth in November, including Utilities (19.5%), Discount Stores (14.1%), Liquor Stores (13.4%), and Other Top Taxpayers (12.1%). High energy prices were the predominant factor behind the Utility sector results, while inflation and increasing online sales drove growth in collections from Other Top Taxpayers.

The Sales Tax Performance chart shows that YTD sales tax collections have grown 10.6%. After growth in sales tax collections started to decline in the middle of 2022, collections have now experienced double-digit growth for four straight months. In August, September, and November, variable sales tax payments were a factor helping to drive growth in collections. Variable sales tax payment is a term coined to describe a sales tax payment made by companies who submit large amounts of sales tax inconsistently.

## Sales Tax Performance (in Millions of \$)



## % Change from Same Month in Prior Year



2020 (5.3% avg annual growth)

2021 (14.9% avg annual growth)

2022 (10.6% avg growth)

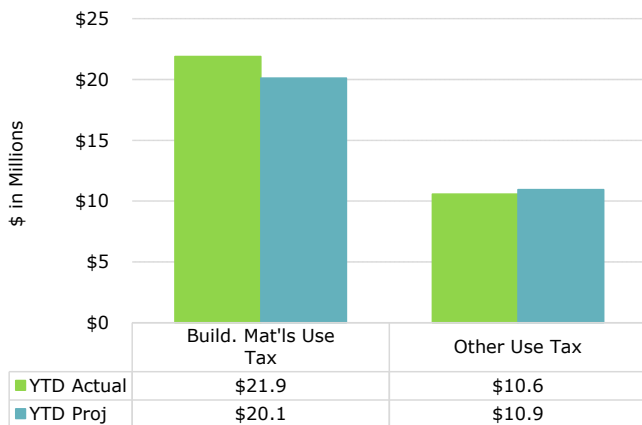
# Capital-Related Use Tax

Capital-related use tax is comprised of building materials use tax (BMUT) and other (equipment and consumables) use tax. Because these revenue streams are predominantly generated by activities related to one-time construction projects, they are transferred out of the General Fund to the Capital Projects Fund to be used for one-time purposes. Therefore, this revenue is excluded from General Fund operating revenue.

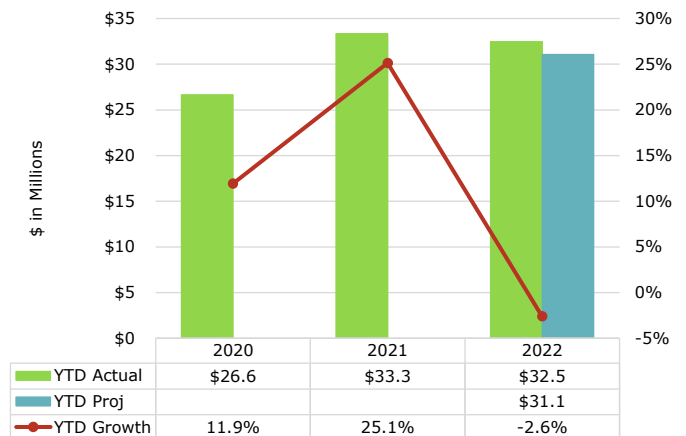
Year-to-date (YTD) BMUT collections are ahead of projection while other use tax is slightly behind projection. Together, capital-related use tax collections are tracking ahead of the monthly projection plan by \$1.4 million (4.5%).

As seen on the Capital-Related Use Tax Performance chart below, YTD revenues have decreased by \$866,300 (2.6%) compared to 2021. However, Aurora received a record amount of capital-related use tax in 2021. Despite this year-over-year decrease, 2022 is on track to become the second largest year of capital-related use tax collections in the city's history. Current year revenues are driven by a roughly equal mix of collections from residential projects and commercial projects. Commercial projects include two particularly large payments related to the construction of a new distribution center and a new commercial warehouse.

**Capital-Related Use Tax Components**  
(in Millions of \$)



**Capital-Related Use Tax Performance**  
(in Millions of \$)

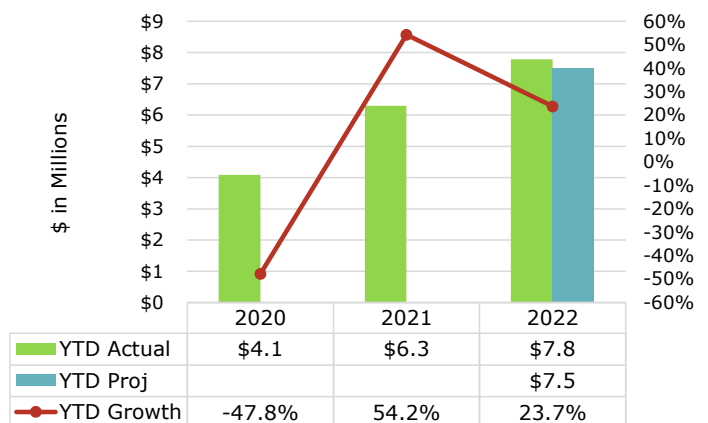


# Lodger's Tax

Aurora charges an 8.0% tax rate on the purchase of rooms and other accommodations at hotels and similar businesses. The travel and tourism sector has continued to rebound strongly since the economic decline caused by the COVID-19 pandemic. Year-to-date (YTD) metro Denver hotel occupancy is at 69.4%, up 10.9 percentage points compared to a year ago. While this rate is not quite what the Metro Area was experiencing prior to the pandemic (76.1% in 2019), the YTD average hotel room rate eclipsed pre-pandemic rates in June for the first time and has continued to surpass these levels in each subsequent month. YTD average hotel room rates are \$153, which is 20.7% greater than a year ago. Further evidence of the tourism rebound is seen in airline passenger numbers, which are outpacing pre-pandemic levels for the first time. Through November, 10.2 million more passengers travelled through Denver International Airport than in 2021, with each month exceeding prior year levels.

The generally positive news surrounding travel and tourism in the metro area is reflected in the collections of lodger's tax. Despite a lower percentage of occupied hotel rooms than prior to the pandemic, higher average room rates have helped generate lodger's tax collections of \$7.8 million YTD, which is \$283,000 (3.8%) higher than projected. On a YTD comparison, lodger's tax revenue has now exceeded pre-pandemic levels. Despite current economic concerns, collections of lodger's tax continue to show solid growth.

**Lodger's Tax Performance (in Millions of \$)**



# Finance Department Indicators (for the month ending 11/30/22)

## Accounts Payable

When the city makes payments within the standard 30 days or less, it can capture vendor discount terms, avoid penalties and interest charges, and save taxpayer money. Performance in November was at 85%, which is the same as the year-to-date performance.

Target: 30 Days - 85%			
👍	<b>85%</b> (Nov)	<b>85%</b> (YTD)	👍

## Investments

In an effort to fight inflation, the Federal Reserve made six separate rate hikes for a combined 3.75% in 2022 (the last of which was in November). Given this environment, the weighted average yield has risen over recent months and reached 1.80% in November. This yield is higher than the 1.70% earned in 2020 and the 0.85% earned in 2021.

The portfolio balance has generally increased in 2022 due to the receipt of federal ARPA funds, steady water revenues, and strong sales and use tax receipts.

November	2020	2021	2022
Cash & Investment Portfolio	\$590.0 M	\$827.5 M	\$928.0 M
Weighted avg. yield	1.70%	0.85%	1.80%
Duration (months)	22.0	19.8	20.5

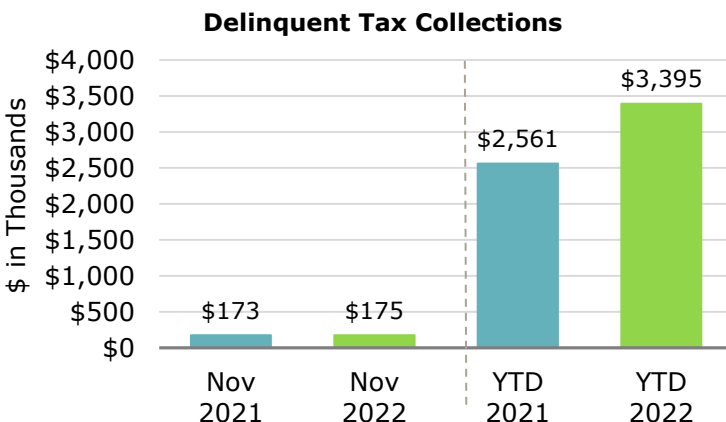
## Financing Transactions Over Previous 12 Months

In February 2022, the city prepaid the \$13.4 million Hogan Parkway Loan. This transaction saves \$2.4 million in annual debt payments through 2027 and unencumbers the Tallyn's Reach Complex which was pledged to the loan. Future financing transactions include Sewer Improvement Revenue Bonds (\$45 million), Fire SCBA Equipment Lease (\$2.5 million), and 2023 Heavy Fleet (\$6.5 million).

Purpose	Amount	Closed	Rate	Term (yrs.)	Lender/ Banker
Series 2022-Conference Center & Parking Garage	\$20.6M	22-Oct	4.06%	17.0	NBH
Series 2022-Road Improvement COPs	\$32.0M	22-Sept	3.69%	20.0	RBCCM
Series 2022-A Heavy Fleet	\$6.2M	22-Aug	2.71%	6.7	Bank of America

## Delinquent Tax Collections

Delinquent tax collections in November were \$175,100. November collections were roughly average for the year, after removing the impact of one large collection. Further, year-to-date collections are up significantly over 2021 and reflect the large delinquent tax payment received in June.



## 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)