



"Ascendiate" by Douwe Blumberg, 2018



2023



City of Aurora

General Fund Revenue Summary

Prepared by the Office of Budget
and Financial Planning

November 2023
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General Fund Revenue Summary

In November, inflation dropped to 3.1% (from 7.1% in November 2022). Given declining inflation, the Federal Reserve has not raised interest rates since July 2023. GDP growth in the 3rd quarter of 2023 was a surprisingly strong 4.9%. Similarly, through November, labor markets remain strong with the year-to-date (YTD) unemployment rate in the Metro Area measuring at 3.1%, which is lower than the national rate of 3.6%. Despite high interest rates and economic uncertainties, consumer demand has remained resilient; YTD national retail sales increased by 3.2% through November.

General Fund revenues through November were \$10.0 million (2.2%) above the YTD projection, with audit recoveries and use tax collections being the primary drivers of the over-performance. YTD sales tax collections, which were below the projection in October, enjoyed a strong November and are now \$384,000 (0.1%) above the projection. Capital-related use tax, which is transferred to the Capital Projects Fund, is excluded from General Fund operating revenues. As a result, General Fund operating revenues are only \$7.1 million (1.7%) above the 2023 projection.

Monthly Economic Data Year-to-Date (YTD)

▲ Unemployment Rate

Metro area average YTD rate (Nov) at 3.1%, up 0.1% compared to 2022.

▲ Consumer Price Index

The cost of goods and services in cities in the United States increased by 3.1% (Nov) compared to 2022.

▲ Aurora Building Permits

59 commercial projects permitted YTD (Nov), the same number as 2022. 3,217 residential projects permitted YTD (Nov), up 1.3% from 2022.

▲ Hotel Occupancy

YTD (Nov) hotel occupancy at 71.2%, up 1.8 percentage points compared to 2022.

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

2023 Base Revenue Projections vs. Budget (\$ in Millions)

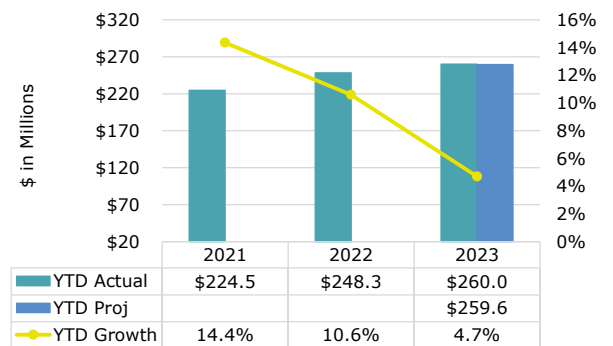
Revenue Type (\$ in Millions)	YTD Nov Actuals	Actuals (Under)/ Over 2022		Actuals (Under)/ Over Projection	
		\$	%	\$	%
General Sales Tax	\$260.0	\$11.7	4.7%	\$0.4	0.1%
Capital-Related Use Tax	38.9	6.5	19.9%	\$2.8	7.8%
Auto Use Tax	29.9	1.6	5.8%	\$1.9	6.7%
Highway Users Tax	10.3	0.1	1.2%	\$0.3	3.1%
Audit Revenue	8.4	(2.1)	(20.2%)	\$3.0	55.2%
External Charges for Service	6.4	0.4	6.7%	\$1.0	19.2%
Fines & Forfeitures	2.4	0.3	12.9%	\$0.2	10.8%
All Other Sources	110.8	7.0	6.8%	\$0.3	0.3%
Total Sources	\$467.1	\$25.5	5.8%	\$10.0	2.2%
Less Capital Transfer	52.6	6.8	14.8%	2.9	5.9%
Operating Revenue	\$414.5	\$18.7	4.7%	\$7.1	1.7%

Sales Tax

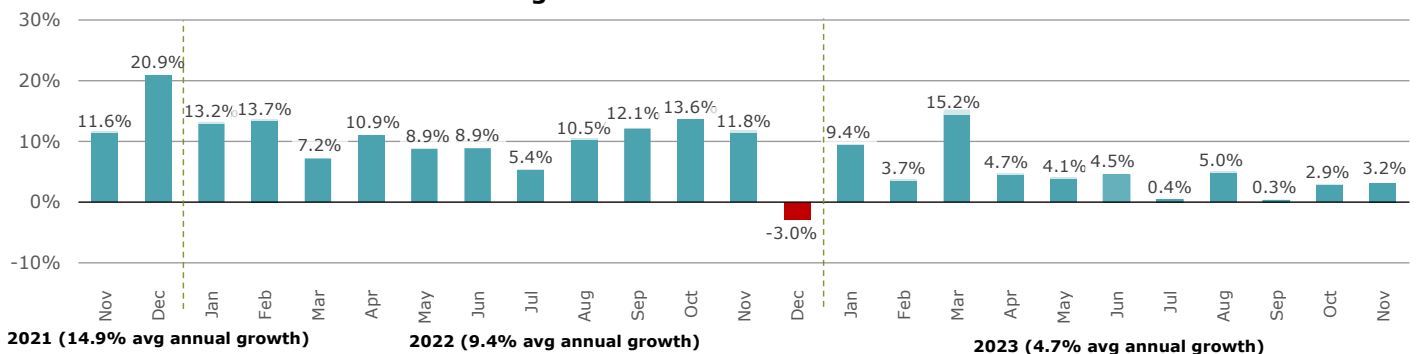
YTD sales tax collections through November are \$384,000 (0.1%) above the projection. The projection assumed that sales tax collections in the current year would grow by 4.7%, which is the same as the actual growth in YTD collections. Growth in sales tax collections averaged 1.8% in the third quarter of 2023. As can be seen in the graph below, growth has improved slightly over this level in both October and November.

Inflation in the Metro Area is only measured every other month and has averaged 5.3% through November (compared to 4.2% average inflation nationally during this same time period). This suggests that inflation continues to be the principal driver of growth in Aurora's sales tax collections. Sales tax collections saw a boost in both October and November following the expiration of the sales tax incentive at the Cornerstar Urban Renewal Area at the end of September 2023.

Sales Tax Performance



% Change from Same Month in Prior Year



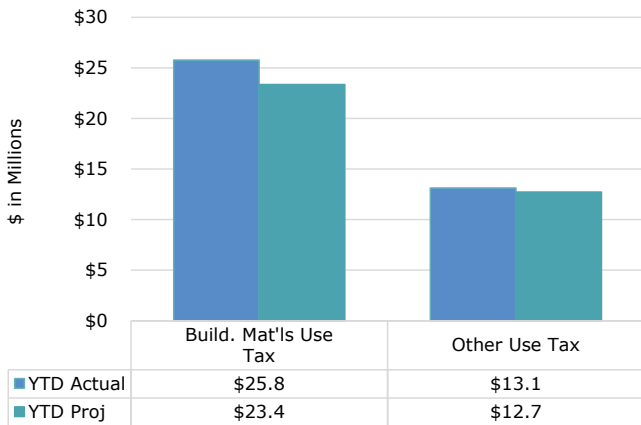
Capital-Related Use Tax

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.

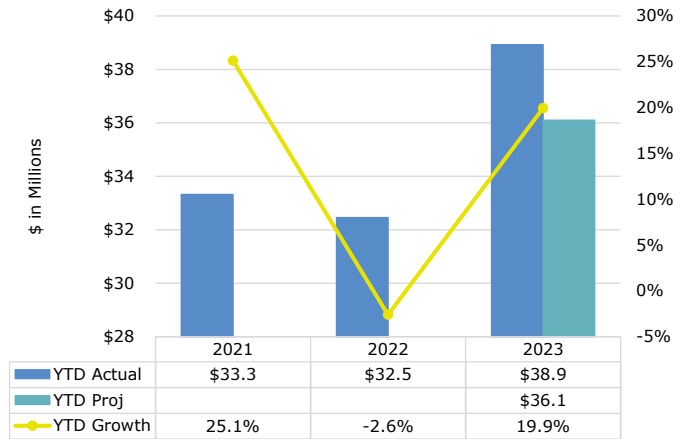
Through November, capital-related use tax revenue collections are \$38.9 million, and exceed the year-to-date (YTD) projection by \$2.8 million (7.8%), with the majority (\$2.4

million) of the growth coming from BMUT collections. While BMUT collections are driven by a combination of residential and commercial projects, the majority (\$12.1 million) of BMUT collections comes from single and multi-family residential projects. Notable projects include a 216-unit multi-family project in north Aurora and the construction of a 336-unit multi-family project near the Southlands Mall. Other significant projects include construction of a large storage building near the airport, and improvements to both the former Staples Corporate Office in Central Aurora and a former SCL Health Emergency room near the Southlands Mall.

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



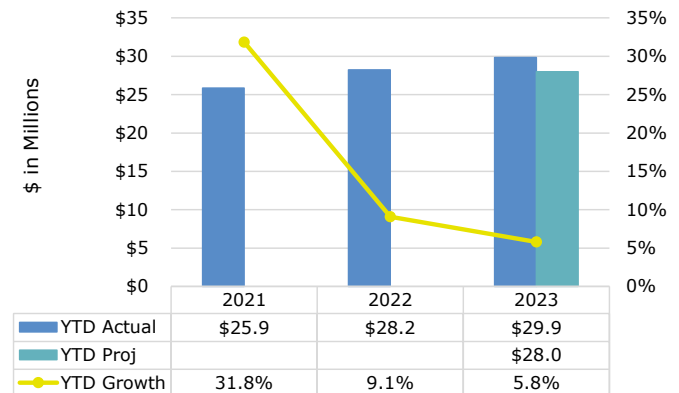
Capital-Related Use Tax Performance
(\$ in Millions)



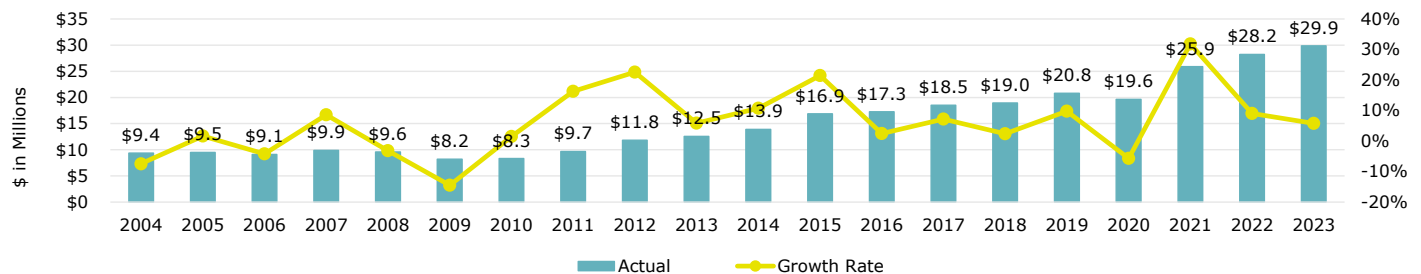
Auto Use Tax

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 2023 are \$1.9 million (6.7%) higher than the 2023 midyear projection and 5.8% higher than a year ago. This year, monthly collections crossed the \$3.0 million threshold for the first time, with \$3.1 million and \$3.4 million in June and September respectively. Through the third quarter of 2023, new retail light vehicle registrations are up 5.5% and projected to end the year up 7.8% according to the Colorado Automobile Dealers Association (CADA). This increase is driven by new vehicle improvements coupled with pent up demand that CADA anticipates will continue through 2024. Nevertheless, fears of a recession, vehicle unaffordability due to higher prices and the cost of borrowing, and other external factors could negatively impact the growth of auto use tax collections in the upcoming year.

Auto Use Tax Performance
(\$ in Millions)





Auto Use Tax Historical Collections - November YTD



Finance Department Indicators (for the month ending 11/31/23)

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. Both November and YTD performance reflect issues in several departments related to staffing, vendor-related errors, and vendor-related delays in submitting invoices that can delay the processing of associated payments.

Target: 30 Days - 85%			
	79% (Nov)	83% (YTD)	

Investments

The weighted average yield rose to 2.88% in November. This yield is higher than the 0.85% earned in 2021 and the 1.80% earned in 2022. This change corresponds with the rapid increase in interest rates driven by the Federal Reserve, which has raised rates eleven times since the start of 2022 for a combined increase of 5.25%

The portfolio balance exceeded \$1.0 billion for the first time in May 2023. The increasing balance reflects growing sales and use tax receipts in the General Fund as well as increasing revenues in other city funds.

November	2021	2022	2023
Cash & Investment Portfolio	\$827.5 M	\$928.0 M	\$1.002 B
Weighted avg. yield	0.85%	1.80%	2.88%
Duration (months)	19.8	20.5	22.0

Financing Transactions Over Previous 12 Months

Future financing transactions include the 2024 Aurora Water Loan (\$100.0 million), 2024 Heavy Fleet (\$7.0 million), and the Fire SCBA Equipment Lease (\$2.5 million).

Purpose	Amount	Closed	Rate	Term (yrs.)	Lender/ Banker
Series 2023-A Heavy Fleet	\$6.9M	23-Aug	3.71%	6.7	JPM
Series 2023 Wastewater	\$45.7M	23-Feb	3.99%	30	Morgan Stanley

Delinquent Tax Collections

Delinquent tax collections in November were \$266,200, which is roughly an average month (despite being significantly ahead of November 2022 collections). Year-to-date collections are now on par with collections in 2022.



City of Aurora

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