



Financial Performance Report General Fund

**For the Quarter Ending
December 31, 2021**

Released March 23, 2022

Table of Contents

Economic Update _____	3
2021 Revenues (General Fund Sources of Funds) _____	4
2021 Expenditures (General Fund Uses of Funds) _____	5
Fund Summary _____	6
2021-22 Holiday Sales (Sales Tax) _____	7
Marijuana Tax Revenue Fund _____	8
Appendices _____	9
I. General Fund Overview _____	10
II. Glossary and Column Descriptions _____	11
III. Finance Department Indicators _____	12

Economic Update











The fourth quarter of 2021 saw strong economic growth. According to initial estimates from the federal government, national gross domestic product (GDP) increased by an annual rate of 7.0% for the fourth quarter of 2021. Across the entire year, GDP increased by 5.7% compared to 2020. The national unemployment rate fell throughout 2021, ending at a rate of 3.7% in December, the lowest point since the start of the pandemic. The Congressional Budget Office estimates that the U.S. is on track to regain all of the jobs lost during the COVID-19 pandemic by the middle of 2022. One serious economic problem is inflation, with the consumer price index rising 7.0% in 2021.

From 2010 to 2020, Colorado's economy grew at a rate that generally exceeded that of the nation. However, economic growth in Colorado was especially hard hit during the last two years because of the State's higher concentration of business activity in the leisure and hospitality sector (the sector hardest hit by the pandemic). Regardless, Colorado's unemployment started the year at 6.9% in January and ended the year at 4.1%. At year end, Colorado had recovered 89.2% of the jobs lost in the first months of the COVID-19 pandemic. The Leeds Business Confidence Index (LBCI), a local measure of business expectations, remains positive looking into the first quarter of 2022. Optimism was centered around increasing consumer demand as well as the expectation that COVID-19 impacts would lessen.

The unemployment rate in the Metro Area started 2021 at 7.0% and fell throughout the year, ending at 4.1%. Strong growth in retail sales has been a big part of the improving economic conditions. Construction activity in Aurora has also been strong. Commercial building permits grew by 11.3% in 2021, while residential building permits grew by 50.7%. Growth in construction activity in 2021 is especially impressive given that there was no slowdown in construction in 2020 during the pandemic-induced recession. Although most local economic indicators are strong, it also remains true that the recovery has been uneven and certain sectors of the economy are doing better than others.

While most projections call for continued economic growth in 2022, downside risk to those projections remains. Consumer spending accounts for more than two-thirds of the total economic activity. The rapidly rising cost of good and services, the declining impact of federal stimulus funding, the shortage of certain goods available for sale, and the potential impact of new COVID-19 variants all have the potential to negatively impact consumer spending in the coming year.

Local Economic Indicators

2021 Current Month Compared to Prior Year		2021 YTD Avg Compared to Prior Year	
Metro Area Unemployment Rate			
 4.1% (Dec) Down 2.8 percentage points		5.6% Down 1.8 percentage points	
Consumer Confidence Index (CCI) Mountain Region			
 117.3 (Dec) +16.4%		115.0 +10.0%	
AURORA BUILDING PERMITS # of New Commercial Buildings			
 3 (Dec) 0.0%		69 +11.3%	
AURORA BUILDING PERMITS # of New Residential Buildings			
 195 (Dec) -28.0%		4,204 +50.8%	
Local Outlook Surveys			
Hotel Occupancy Denver-Aurora Metro Area			
 Dec 2021 52.5%	Nov 2021 53.2%	Dec 2020 33.1%	
LEEDS Business Confidence Index (LBCI) (values above 50 indicate expansion)			
 Q1 2022 58.0	Q4 2021 56.1	Q1 2021 47.9	
LBCI Component	Q1 2022	Change	
		Quarterly	Annual
State Economy	57.6	▲	▲
National Economy	50.4	▲	▲
Industry Sales	60.2	▲	▲
Industry Profits	57.9	▲	▲
Industry Hiring	63.7	▲	▲
Capital Expenditures	58.3	▲	▲
LBCI	58.0	▲	▲

All indicator data above are the most current available as of the close of the fourth quarter.

Revenues (General Fund Sources of Funds)

As shown in the 2021 Revenue Performance by Type table, total General Fund sources (unaudited) finished the year above projection by \$29.2 million (7.2%). General Fund sources in 2021 reflected a growing economy and strong consumer demand. Sales and use tax collections accounted for 94.3% of the over-performance in total sources. Audit revenues, construction permits, and franchise fees also contributed to the favorable revenue performance. After transferring development-related revenue to the Capital Projects Fund, General Fund operating revenues finished the year \$24.0 million (6.6%) over projection.

Property tax revenue came in \$2.9 million under projection in 2021. The under-performance related to an accounting adjustment that reduced 2021 property tax revenue by \$3.2 million, reflecting property tax revenue collected in excess of the Taxpayer's Bill of Rights (TABOR) limit. This adjustment was not anticipated in the mid-year projection for property tax revenue. To refund this \$3.2 million in excess property tax revenue to Aurora taxpayers, the city's property tax rate will be temporarily reduced by 6.2% in 2022.

As can be seen in the % Change from Same Month in Prior Year graph, sales tax collections grew at double digit percentages in eleven of the twelve months of 2021. Year-end sales tax revenue in 2021 is up 14.9% compared to 2020. Part of the strong growth relates to the relative weakness of 2020, when sales tax was negatively impacted by the pandemic-induced recession. However, sales tax collections in 2021 were \$42.6 million (21.0%) higher than in 2019, showing how strongly current collections are now exceeding pre-pandemic levels. Starting in September of 2020, sales tax collections increased as a result of the Marketplace Facilitator Ordinance. The new ordinance generated an estimated \$9.8 million in additional sales tax collections in 2021.

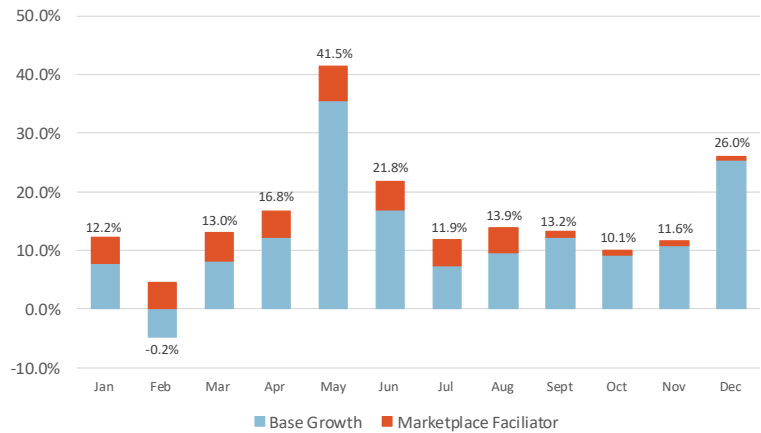
In 2021, Other Top Taxpayers (57.3%), Clothing Stores (46.5%), Furniture Stores (29.3%), Eating & Drinking Places (25.6%), Department Stores (24.5%), and Sporting Goods, Hobby, Music, and Book Stores (21.6%) were the industry sectors experiencing the largest growth in sales tax collections. The Other Top Taxpayers category reflects rising collections from several large e-commerce companies, driven both by the Marketplace Facilitator Ordinance as well as growing online sales.

See page 6 for detailed revenue performance by source.

2021 Revenue Performance by Type

Revenue Category (\$ in thousands)	2021 YTD Actuals	Actuals (Under)/ Over 2021 Projection	
		\$	%
General Sales Tax	\$245,602.3	\$18,365.1	8.1%
Property Tax	40,887.2	(2,924.8)	(6.7%)
Capital-Related Use Tax	35,644.6	4,330.8	13.8%
Auto Use Tax	28,336.1	4,811.2	20.5%
Franchise Fees and Taxes	15,654.9	627.3	4.2%
Audit Revenue	10,183.1	1,812.1	21.6%
Construction Permits	2,209.1	967.7	78.0%
All Other Sources	58,498.5	1,195.7	2.1%
Total Sources	\$437,015.6	\$29,185.3	7.2%
Less Capital Transfer	48,648.0	5,205.2	12.0%
Operating Revenue	\$388,367.6	\$23,980.1	6.6%

Sales Tax % Change from Same Month in Prior Year



Sales Tax Top Taxpayers by Industry Category

Industry Category (\$ in thousands)	YTD Dec		\$ Variance	% Change
	2021	2020		
Eating & Drinking Places	\$33,980.0	\$27,050.6	\$6,929.4	25.6%
Discount Stores	27,698.4	25,357.3	2,341.0	9.2%
Building Materials	24,280.4	22,097.2	2,183.1	9.9%
Auto Dealers and Parts	18,679.6	16,822.6	1,857.0	11.0%
Utilities	12,909.0	11,270.0	1,639.0	14.5%
Telecommunication/Cellular	10,670.9	11,480.4	(809.5)	(7.1%)
Electronics/Computers	12,080.6	13,894.5	(1,813.9)	(13.1%)
Grocery Stores	8,575.4	8,378.2	197.2	2.4%
Clothing and Clothing Accessories	6,948.6	4,742.2	2,206.5	46.5%
Beer, Wine, and Liquor Stores	5,521.3	5,452.9	68.4	1.3%
Department Stores	3,611.3	2,899.6	711.7	24.5%
Sport Goods, Hobby, Books, Music	3,383.8	2,782.0	601.9	21.6%
Furniture and Home Furnishings	3,025.1	2,339.4	685.7	29.3%
Industrial Sales	2,513.2	3,486.0	(972.9)	(27.9%)
Other Top Taxpayers	22,654.1	14,405.7	8,248.4	57.3%
Top Taxpayers	\$196,531.6	\$172,458.7	\$24,072.9	14.0%
Total of All Other Taxpayers	55,825.3	47,158.5	8,666.7	18.4%
Total Sales Tax Collections	\$252,356.9	\$219,617.2	\$32,739.6	14.9%
Less Sales Tax Incentives	6,754.6	5,836.8	917.8	15.7%
Total Reported Sales Tax	\$245,602.3	\$213,780.4	\$31,821.9	14.9%

Expenditures (General Fund Uses of Funds)

Final audited data for 2021 is not yet available. An estimate of year-end General Fund uses has been formulated for the purposes of this report. No significant changes are anticipated that would materially alter the following analysis.

Total General Fund operating expenses were \$2.5 million (1.1%) higher than projected, due to overages in personal services, operating supplies and debt/equipment purchases. Increases were partially offset by savings in professional/technical and several other categories. When including transfers out to other funds, total uses of funds were \$13.7 million (3.2%) over the projection, due to a \$5.2 million (12.0%) increase in the transfer to the Capital Reserve based on higher than projected capital revenues and a \$6.0 million (9.3%) increase in the transfers out stemming from a higher than anticipated transfer to the Risk Management Fund.

Career service position vacancies remain high with 98.5 vacant FTE at the end of year. Along with civil service attrition, this has resulted in regular employee salary & benefits savings of \$3.7 million when compared to the 2021 projection as shown on the *2021 Personnel Expenditures* chart. These savings are offset by higher than projected spending in special pay and overtime compensation stemming from higher than anticipated usage primarily in the Fire and Police departments. The increase in special pay is primarily related to one-time civil service bonuses that were not included in the projection. Increased overtime costs are related to a more active than anticipated wildland fire season and increased expenses in the Police Department due to higher than anticipated position turnover. Finally, the Fire Department experienced higher than projected overtime and special pay costs due to COVID-related leave usage. Costs associated with civil service bonuses, the wildland fire season and COVID-related leave will be addressed in the 2022 Spring Supplemental.

Expenditures that were projected in the professional/technical category, were incurred in operating supplies creating the offsetting variances in those two categories. Expenditures related to capital purchases are \$553,800 (16.2%) over the projection. The transfer to the Aurora Capital Leasing Corporation for equipment leases was reduced based on the timing of lease payments. This one-time funding was utilized to cover the purchase of heavy equipment replacements.

Total utilities expenditures were under projection by 298,100 (2.6%). Savings have primarily been achieved through lower than projected non-routine maintenance costs due to a reduction in the number of pole replacements associated with supply chain issues.

See page 6 for detail expenditure performance by category.

2021 Expenditure Performance

Expenditure Category (\$ in thousands)	2021 YTD Actuals	Actuals Under/(Over) Projection	
		\$	%
Personal Services	\$243,509.7	(2,933.1)	(1.2%)
Temp Compensation	2,615.9	380.7	12.7%
Professional/Technical	20,953.6	2,288.2	9.8%
Operating Supplies	21,810.0	(2,036.7)	(10.3%)
Utilities	11,203.0	298.1	2.6%
Fleet/Risk Interfund	18,274.5	86.8	0.5%
Capital Purchases	3,982.2	(553.8)	(16.2%)
Total Operating Exp.	\$322,348.9	(2,469.9)	(1.1%)
Capital Rev Transfer	48,648.0	(5,205.2)	(12.0%)
Other Transfers Out	70,601.1	(5,986.2)	(9.3%)
Total Uses of Funds	\$441,598.0	(\$13,661.2)	(3.2%)

2021 Personnel Expenditures

Personnel Category (\$ in thousands)	YTD Dec Projection	YTD Dec Actuals	Actuals Under/(Over) Projection
Regular Employee Salary & Benefits	\$227,026.8	\$223,351.4	\$3,675.4
Special Pay	6,332.7	10,100.9	(3,768.2)
Overtime Compensation	7,217.2	10,057.4	(2,840.3)
Temporary Compensation	2,996.6	2,615.9	380.7
Total Salary & Other Compensation	\$243,573.2	\$246,125.7	(\$2,552.4)

General Fund Vacancies	Q1	Q2	Q3	Q4
Total Career Service	91.0	115.0	111.0	98.5

2021 Citywide Utilities

Utility (\$ in thousands)	YTD Dec Projection	YTD Dec Actuals	Actuals Under/(Over) Projection
Electricity	\$1,746.6	\$1,740.1	\$6.5
Natural Gas	321.6	320.9	0.7
Non-Routine Maint	1,213.2	991.3	221.9
Street Lights-XCEL	4,579.8	4,476.0	103.8
Traffic Lights, Signs	144.2	157.5	(13.3)
Water/Sewer	3,495.7	3,514.4	(18.7)
Other Utilities	0.0	2.7	(2.7)
Total Dec YTD	\$11,501.1	\$11,203.0	\$298.1

General Fund | Fund Summary

The General Fund is the operating fund for the City of Aurora. It accounts for receipts, appropriations, and expenditures unless separate fund reporting is required. For an overview of the General Fund budget, including a breakdown of uses and departments, see page 10.

Revenues (Sources of Funds)	2021 Budget	2021 Projection	YTD Actual thru Dec 2021	2021 Year-to-Date Sources Over/(Under)			
				2020	2021 Projection	% Chg vs 2020	% Chg vs Proj.
Sales Tax - General	\$193,981,756	\$227,237,131	\$245,602,264	\$31,821,833	\$18,365,133	14.9%	8.1%
Use Tax - Capital Related	23,443,525	31,313,785	35,644,615	6,520,983	4,330,830	22.4%	13.8%
Use Tax - Automobile	21,453,024	23,524,814	28,336,062	6,854,932	4,811,248	31.9%	20.5%
Property Tax	40,782,997	43,811,941	40,887,181	(3,998,577)	(2,924,760)	(8.9%)	(6.7%)
Franchise Fees & Taxes	14,330,099	15,027,588	15,654,893	1,417,359	627,305	10.0%	4.2%
Highway User's Fees & Taxes	12,050,227	11,965,014	12,136,145	690,127	171,131	6.0%	1.4%
Other Auto Related (SOT, MV Fees)	4,280,009	4,892,378	4,570,936	(4,221)	(321,442)	(0.1%)	(6.6%)
Audit Revenue	4,791,222	8,370,982	10,183,062	4,167,330	1,812,080	69.3%	21.6%
Other Taxes	12,939,423	12,555,926	13,313,001	2,803,812	757,075	26.7%	6.0%
Other Intergovernmental Fees & Taxes	2,668,226	2,727,528	3,550,793	(25,202)	823,265	(0.7%)	30.2%
Business Licenses & Other Permits	3,358,344	2,882,916	3,927,942	121,567	1,045,025	3.2%	36.2%
Fines & Forfeitures	4,070,694	3,318,011	3,189,382	233,486	(128,628)	7.9%	(3.9%)
Internal Charges for Services	7,732,601	7,664,941	7,698,233	(51,613)	33,292	(0.7%)	0.4%
External Charges for Services	7,687,592	5,866,317	6,006,498	1,335,232	140,180	28.6%	2.4%
Other General Fund Revenue	3,722,613	3,863,321	3,480,087	(760,784)	(383,232)	(17.9%)	(9.9%)
Total General Fund Revenue	\$357,292,352	\$405,022,593	\$434,181,094	\$51,126,264	\$29,158,502	13.3%	7.2%
Transfers In from Other Funds	2,807,765	2,807,765	2,834,550	(2,115,719)	26,785	(42.7%)	1.0%
Total Sources of Funds	\$360,100,117	\$407,830,358	\$437,015,643	\$49,010,545	\$29,185,286	12.6%	7.2%
General Fund Operating Revenue ¹	\$325,502,375	\$364,387,566	\$388,367,644	\$41,017,893	\$23,980,079	11.8%	6.6%

Expenditures (Uses of Funds)	2021 Budget	2021 Projection	YTD Actual thru Dec 2021	2021 Year-to-Date Uses Under/(Over)			
				2020	2021 Projection	% Chg vs 2020	% Chg vs Proj.
Personal Services	\$242,438,256	\$240,576,620	\$243,509,736	(\$9,350,893)	(\$2,933,116)	(4.0%)	(1.2%)
Temporary Compensation	2,564,333	2,996,602	2,615,923	28,701	380,679	1.1%	12.7%
Professional & Technical Services	20,820,704	23,241,820	20,953,630	(3,405,209)	2,288,190	(19.4%)	9.8%
Operating Supplies/Other	19,192,286	19,773,286	21,809,955	(2,179,114)	(2,036,669)	(11.1%)	(10.3%)
Utilities	11,410,300	11,501,081	11,202,983	(289,737)	298,098	(2.7%)	2.6%
Interfund Charges	18,887,578	18,361,301	18,274,526	(756,889)	86,775	(4.3%)	0.5%
Capital Purchases (Equip, Vehicles, Other)	2,701,421	3,428,336	3,982,164	363,660	(553,828)	8.4%	(16.2%)
General Fund Operating Expenditures	\$318,014,878	\$319,879,046	\$322,348,916	(\$15,589,482)	(\$2,469,870)	(5.1%)	(1.1%)
Capital Related Revenue Transfer Out ²	34,597,742	43,442,792	48,648,000	(7,992,652)	(5,205,207)	(19.7%)	(12.0%)
All Other Transfers Out to Other Funds	64,797,120	64,614,938	70,601,099	(56,458,769)	(5,986,161)	(399.2%)	(9.3%)
Total Uses of Funds	\$417,409,740	\$427,936,776	\$441,598,015	(\$80,040,903)	(\$13,661,239)	(22.1%)	(3.2%)
Increase/(Use) of Available Funds³	(\$57,309,623)	(\$20,106,418)	(\$4,582,371)				

See page 9 for glossary and detailed data description for each column.

1. Operating revenue accounts for the transfer out of construction related use tax to the Capital Projects Fund (CPF).
2. The transfer to the CPF is calculated in December and transferred out of the General Fund.
3. The 2021 Adopted Budget includes the planned use of \$8.9 million in funds available, primarily due to budget balancing efforts as a result of the COVID-19 pandemic. In the 2021 Spring Supplemental process, an additional \$6.0 million was added mainly to re-appropriate Coronavirus Aid, Relief, and Economic Security Act (CARES) funds and Affordable Housing Seed

funding. The supplemental also included additional revenue of \$408,700. The 2021 Fall Supplemental process added an additional \$42.8 million primarily for the purchase of the city's new Enterprise Resource Planning system and for a federal grant match requirement associated with the I-70/Picadilly Interchange project. These budget adjustments resulted in a planned use of \$57.3 million in funds available for 2021. The 2021 projection reduced the planned use of funds available to \$20.1 million. Unaudited year-end actuals show that the use of fund balance is reduced to \$4.6 million due primarily to favorable revenue performance.

2021-22 Holiday Sales (Sales Tax Revenue)

Sales tax revenue is the backbone of the city’s General Fund budget and accounts for more than half of total revenue collections in that fund. The bulk of holiday season sales occur in November, which includes Black Friday, and December, when the majority of holiday shopping is done. Depending on the year, Cyber Monday can occur in either month. The city collects sales tax revenues the month after sales are realized, thus November and December 2021 sales were posted in December 2021 and January 2022 respectively.

As shown below, sales tax collections in December 2021 grew by 20.9% and January 2022 collections grew by 13.2%, both compared to the same month one year ago. Implementation of the new Marketplace Facilitator Ordinance was a major source of growth in sales tax collections earlier in 2021. More recently, inflation has been a major driver of sales tax growth. When comparing January 2021 to January 2022, year-over-year inflation in the U.S. was 7.5%.

The top taxpayers by industry table compares 2021-22 holiday sales tax collections to 2020-21 collections. Total sales tax collections increased by 16.3% this holiday shopping season, with the top taxpayers increasing by 15.0%. The top taxpayers are a group of large and generally consistent taxpayers whose collections are predominantly generated by retail sales. Sales tax collections in Aurora are consistent with the record 14.1% holiday sales growth rates reported by the National Retail Federation (NRF) for the 2021-2022 holiday season. Retail growth was all the more impressive because it occurred despite challenges created by inflation, supply chain disruptions, and the surging Omicron variant. That stated, NRF did note that holiday shopping this season started earlier and slowed in December. This is consistent with the smaller growth rate in sales tax collections received by Aurora in January 2022.

Among the top taxpayers, Eating and Drinking Places, Electronics/Computer Stores, Department Stores, Clothing Stores, Furniture, Building Materials Stores, and Auto Dealers and Parts all experienced robust rates of growth in their sales tax collections that exceeded twenty percent.

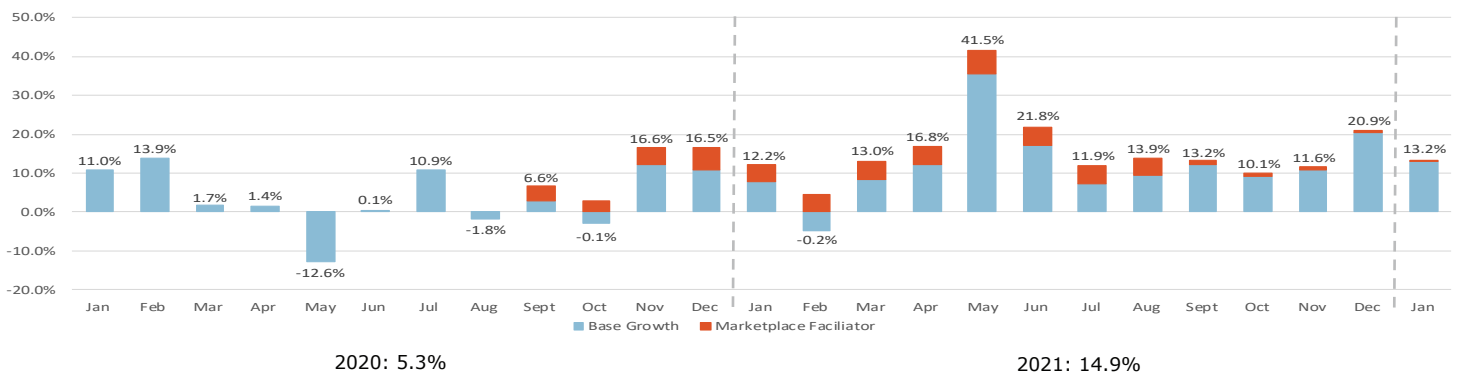
Partially offsetting these increases were the decreased collections experienced by industrial sales businesses, telecom companies, and liquor stores. Industrial sales are business-to-business sales. The steep decline in industrial sales is entirely attributable to a decline in large “variable sales tax” payments. Variable sales tax payments is a term coined to describe top taxpayers who submit large amounts of sales tax inconsistently. Variable sales tax collections are always volatile and have generally been decreasing over recent months. Additionally, while sales tax collections from liquor stores were down this holiday season, it remained 17.5% better than during the 2019-20 holiday season.

Top Taxpayers by Industry Category

Industry Category	Holiday Sales		\$	%
	2021-22	2020-21		
Eating & Drinking Places	\$ 6,124.0	\$ 4,487.4	\$ 1,636.6	36.5%
Discount Stores	5,706.3	5,437.2	269.1	4.9%
Building Materials	4,034.9	3,277.5	757.4	23.1%
Electronics/Computers	3,879.9	2,991.6	888.3	29.7%
Auto Dealers and Parts	3,257.6	2,658.6	599.0	22.5%
Utilities	2,178.6	1,970.4	208.2	10.6%
Telecommunication/Cellular	1,892.8	2,073.4	(180.6)	(8.7%)
Grocery Stores	1,880.8	1,793.6	87.1	4.9%
Clothing and Clothing Accessories	1,481.4	1,190.9	290.5	24.4%
Department Stores	1,004.2	799.6	204.6	25.6%
Beer, Wine, and Liquor Stores	993.9	1,034.5	(40.7)	(3.9%)
Sport Goods, Hobby, Books, Music	689.7	678.2	11.5	1.7%
Furniture and Home Furnishings	575.4	467.3	108.2	23.2%
Industrial Sales	287.6	661.7	(374.1)	(56.5%)
Other Top Taxpayers	4,658.5	4,094.1	564.4	13.8%
BASELINE TOP TAXPAYERS	\$38,645.6	\$33,615.9	\$ 5,029.7	15.0%
Total of All Other Taxpayers	14,194.0	11,285.7	2,908.3	25.8%
Less Sales Tax Incentives	1,815.3	1,010.7	804.6	79.6%
TOTAL SALES TAX	\$51,024.3	\$43,890.9	\$ 7,133.4	16.3%

Sales Tax

% Change from Same Month in Prior Year



Marijuana Tax Revenue Fund

In 2014, Aurora voters approved a 5.75% city sales tax and 5.0% excise tax from cultivation facilities, charged on the sale of unprocessed retail marijuana. Aurora voters also granted the city permission to increase or decrease the sales tax rate without further voter approval so long as the rate of taxation does not exceed 10.0%. In 2017, City Council increased the city's retail marijuana sales tax rate from 5.75% to 7.75% to

fund homeless services and housing projects. In 2020, City Council approved an additional increase to the city's retail marijuana sales tax rate from 7.75% to 8.75%. This 1.0 percentage point increase became effective July 1, 2020 and funds youth violence prevention activities. Additionally, the city collects a state shareback of 10.0% of the 15.0% state special sales tax based on Aurora's retail marijuana sales.

Revenues	2021 Budget	2021 Projection
Sales Taxes	\$9,609,583	\$12,501,206
Excise Taxes	1,533,459	1,627,999
State Shareback	1,695,809	2,275,135
Investment & Other Income	127,717	123,452
Total Sources of Funds	\$12,966,568	\$16,527,792

YTD Actual thru Dec 2021	2021 Year-to-Date Revenues Over/(Under)			
	2020	2021 Projection	% Chg vs 2020	% Chg vs Projection
\$12,596,703	\$1,791,184	\$95,497	16.6%	0.8%
1,385,745	(307,831)	(242,254)	(18.2%)	(14.9%)
2,227,432	216,238	(47,703)	10.8%	(2.1%)
132,875	(14,374)	9,423	(9.8%)	7.6%
\$16,342,755	\$1,685,217	(\$185,037)	11.5%	(1.1%)

Fund Summary	2021 Actual/Commitment	2014-2021 Total
Sales Taxes	\$12,596,703	\$52,051,692
Excise Taxes	1,385,745	6,525,226
State Shareback	2,227,432	10,573,034
Investment & Other Income	132,875	585,389
Total Revenue	\$16,342,755	\$69,735,341

Transportation Projects	\$0	\$3,800,000
Transportation Maintenance	0	2,100,000
Concrete and Asphalt Projects	0	2,000,000
Medians	250,000	1,250,000
Debt Service for Central Rec. Center	3,995,291	15,989,912
Debt Service for Road Projects	4,000,000	16,000,000
Nexus Program Reserve	0	680,000
Homeless Services and Housing	3,003,618	15,387,775
Youth Violence Prevention	1,492,761	1,944,007
Victim Services	0	183,930
General Fund Balancing	0	2,000,000
Expenditures/Commitments	\$12,741,670	\$61,335,624

Unobligated Funds	\$8,399,717
--------------------------	--------------------

Types of Licenses	Number Issued as of 12/31/21
Stores	24
Cultivations	22
Product Manufacturing	13
Testing	1
Delivery	18
Independent Transporters	7
Medical Cultivators	4
Medical Product Manufacturers	3

Year-End Results

Year-end marijuana tax revenues are \$185,000 (1.1%) lower than the mid-year projection. While actual revenue was slightly lower than the projection, revenues exceeded the 2021 Budget by \$3.4 million (26.0%). The additional revenue helped to increase the unobligated fund balance from \$4.8 million at the end of 2020 to \$8.4 million for 2021.

As of December 31, 2021, licenses for 24 stores and 22 cultivation facilities have been issued. Marijuana businesses generated \$12.6 million in city sales tax revenue and \$1.4 million in excise tax revenue. The city also received \$2.2 million in state shareback.

City Council has identified various projects to be funded with marijuana tax revenue, including the ongoing funding of debt payments towards the construction of two new recreation centers, one in central Aurora that opened in 2019 and another in southeast Aurora that is projected to open in 2023. In addition, City Council approved a variety of road projects. Furthermore, City Council committed the additional marijuana revenue associated with a 2.0 percentage point increase in 2017 and a 1.0 percentage point increase in 2020 to the city's special sales tax rate to homelessness services and housing and youth violence prevention. As a result, \$61.3 million of funds available have been obligated or spent resulting in unobligated funds of \$8.4 million that can be used for one-time purposes.



Appendices



General Fund Overview

Fund Description

The General Fund is the operating fund for the City of Aurora. It accounts for receipts, appropriations, and expenditures unless separate fund reporting is required.

Sources of Funds

Sources of funds include nearly all taxes and other resources traditionally associated with city operations. Revenues and expenditures from the 0.25% voter-approved sales tax for the police officer staffing mandate are included in this fund. Other sources include transfers in from other funds.

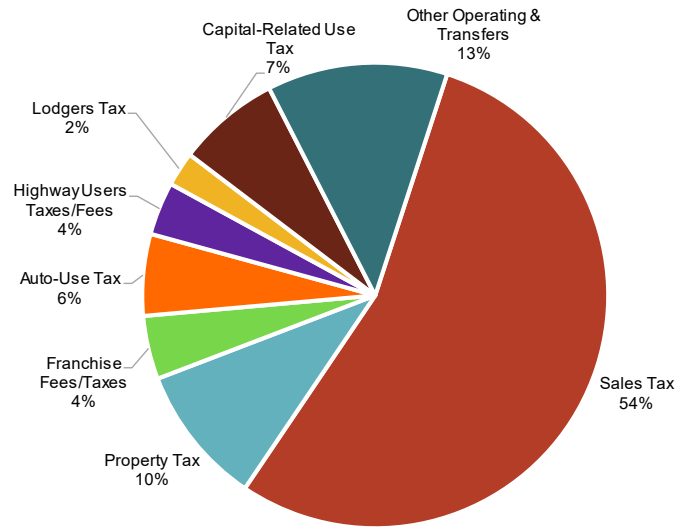
Retail sales remain the backbone of Aurora's General Fund, accounting for roughly 54% of total revenue. Use tax is a companion tax to sales tax and is associated with purchases of commodities and equipment. Approximately two-thirds of all General Fund revenue is dependent on purchases when use tax revenues (e.g. building materials use tax, automobile use tax, and equipment use tax) are included.

Uses of Funds

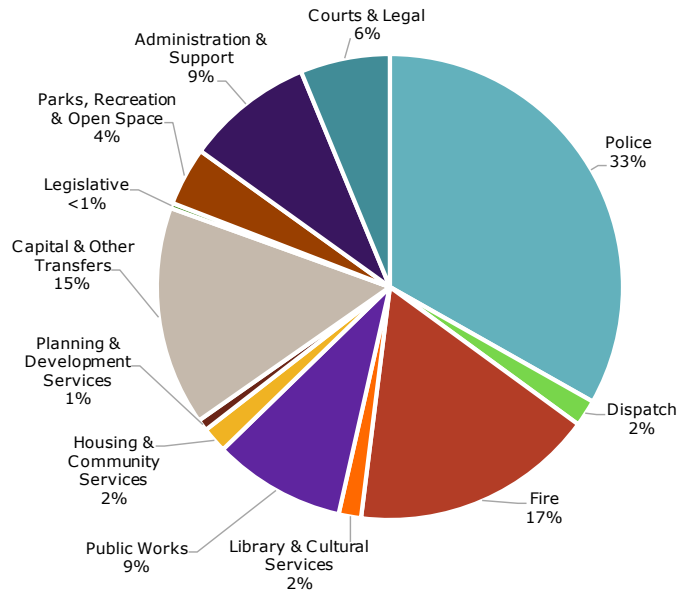
Uses of funds mainly result from expenditures incurred by the departments included in the General Fund. The majority of general services, programs and activities for the citizens of Aurora are supported by this fund, as well as the City Council and the administrative management functions. Other uses include transfers out to other funds, such as the transfer to the Capital Projects Fund.

Public safety functions, including Fire, Dispatch, Police, and Court Administration account for 58.0% of total General Fund appropriations in 2021.

2021 General Fund Revenue (Sources)



2021 General Fund Appropriations (Uses)



General Fund Departments

- | | | | |
|----------------------------|----------------------------------|---|-----------------------------------|
| • Aurora911 | • Fire | • Library & Cultural Services | • Mayor & City Council |
| • City Attorney | • General Management | • Non-Departmental (snow removal, transfers, contingencies) | • Planning & Development Services |
| • Civil Service Commission | • Housing and Community Services | • Parks, Recreation & Open Space | • Police |
| • Communications | • Human Resources | | • Public Defender |
| • Court Administration | • Information Technology | | • Public Works |
| • Finance | • Judicial | | |

Glossary

Accrual Basis: Transactions are recorded as they occur, regardless of the timing of related cash flows.

Actuals: Transactions recorded in the accounting system on a cash basis. Certain revenue sources are recorded on the accrual basis instead of the cash basis. Accrual basis revenue sources will show zero collections for January, and in some cases February, and two or three months of receipts recorded in December.

Cash Basis: Transactions are recorded in accordance with cash flow regardless of economic transaction timing.

Encumbrances: The legal commitment of appropriated funds to purchase an item or service in the future. An encumbrance is recorded when a purchase order is recorded. The encumbrance is reduced as cash payments are made against the purchase order. If there is an encumbered balance at the end of any given year, the balance will carryforward and be added to the next year's working budget to cover the cash outlay in that year.

Spending Plan/Projection Plan/Revenue Plan: For current month and year-to-date comparison purposes, the 2021 budget and revenue assumptions have been projected monthly, or calendarized. Various methods were used in the process including: historical seasonality, known payment schedules, payroll and benefit calendars, and the straight line basis (1/12th per month).

Variance: Used to describe the difference or resulting percentage change in comparative data. Bracketed variances indicate an unfavorable result.

Column Descriptions

Sources of Funds: All revenue received from external/internal sources and interfund transfers into the fund.

Uses of Funds: All departmental expenditures incurred and interfund transfers out of the fund.

2021 Budget: The 2021 Adopted Budget plus approved supplemental amendments.

2021 Projection: A detailed estimate prepared mid-year for use in current year budget balancing and as the basis for the subsequent budget year estimates.

YTD Actual thru the Current Month: The year-to-date actual sources and uses of funds.



Year-to-Date / Current Month Variance:

- Over/(Under) - Current year sources under the prior year or budgeted/projected sources are unfavorable, indicated by brackets.
- Under/(Over) - Current year uses over the prior year or budgeted/projected uses are unfavorable, indicated by brackets.
 - 2020 - The \$ difference between 2021 year-to-date / current month actuals compared to the 2020 actuals for the same timeframe.
 - 2021 Budget/Projection - The \$ difference between the 2021 year-to-date / current month actuals through the current month compared to the 2021 year-to-date budget/projection spending plan for the same timeframe.
 - Percent Chg vs 2020 - The percentage change between 2021 year-to-date actuals through the current month and the 2020 actuals through the same month.
 - Percent Chg vs Budget/Projection - The percentage change between the 2021 year-to-date actuals and the year-to-date budget/projection spending plan.

Finance Department Indicators (for the month ending 12/30/21)

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. A mix of vendor billing problems and staffing issues in two departments was the primary reason for the December performance. The affected departments are adjusting staffing and working with vendors to change billing practices, which is expected to result in a more timely processing of accounts payable going forward.

Target: 30 Days for 85% of Vendor Payments	
 80% (Dec)	83% (YTD) 

Investments

In the fourth quarter of 2021, market interest rates increased substantially. The portfolio yield also increased slightly in December for the first time since early 2020, resulting in a weighted average yield of 0.88%. December results remain down from 2.21% in 2019 and 1.65% 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 reductions efforts.

December	2019	2020	2021
Cash & Investment Portfolio	\$589.6 M	\$593.7 M	\$819.0 M
Weighted avg. yield	2.21%	1.65%	0.88%
Duration (months)	21.6	22.2	19.8

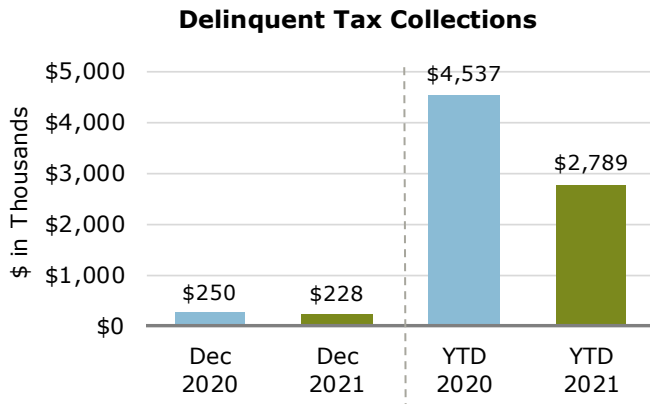
Financing Transactions Over Previous 12 Months

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 December were \$228,200. 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