

2022



City of Aurora

# Fund Performance Report

General Fund

Prepared by the Office of Budget and Financial Planning

For the Quarter Ending  
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# Economic Update

With stronger economic growth in the second half of the year, national gross domestic product (GDP) grew by an estimated 2.1% in 2022 according to a preliminary estimate from the federal government. The labor market in the United States continues to be strong, with the unemployment rate in the United States averaging 3.7% in 2022, which is 1.7 percentage points lower than in 2021. Inflation in the United States has fallen for six straight months and was 6.5% as of December. The Federal Reserve raised interest rates a total 4.25% over the course of 2022 and has indicated it will continue to do so moving into 2023 in accordance with its goal of reducing inflation. Inflation and the associated federal monetary policy remain a significant threat to economic expansion moving forward, despite strong consumer demand and labor market conditions at the end of 2022.

Colorado's unemployment rate ended the year at 2.8% and averaged 3.4% for the year, lower than the national average. Despite the strength in the labor market, the Leeds Business Confidence Index (LBCI), a local measure of business expectations, remained unchanged at 39.8 looking ahead to the first quarter of 2023 (a score above 50.0 is positive). All of the components of this index received pessimistic outlooks, with the national economy receiving the lowest score of 34.4 points. Respondents cited high interest rates and inflation, labor shortages, and fear of slowing consumer spending as major factors behind the unfavorable outlook. Another interesting trend was that new vehicle registrations in the state were down 13.3% in 2022, which the Colorado Automobile Dealers Association attributed to supply chain difficulties experienced by auto manufacturers.

The unemployment rate in the Metro Area has mirrored the rate for Colorado, averaging 3.3% for the year and dropping sharply to a rate of 2.7% in December. Consumer demand in the Metro Area has remained strong, with retail sales increasing by 11.4% in 2022. This rate is stronger than the 9.1% increase in national retail sales.

Nationally, consumers in 2022 shifted their spending from goods to services, with international travel, food services, and accommodations leading the increase in spending on services. The 69.3 million passengers traveling through Denver International Airport (DIA) in 2022 echo this shift in demand towards services. This level of DIA passengers was 17.8% greater than in 2021. Similarly, average hotel occupancy rates were 68.0% in 2022, which was 10.0% better than in 2021.

## Local Economic Indicators

2022 Current Month Compared to Prior Year		2022 YTD Avg Compared to Prior Year	
<b>Metro Area Unemployment Rate</b>			
 <b>2.7% (Dec)</b> Down 0.9 percentage points		<b>3.3%</b> Down 2.1 percentage points	
<b>Consumer Confidence Index (CCI) Mountain Region</b>			
 <b>111.5 (Dec)</b> -6.2%		<b>105.9</b> -8.0%	
<b>AURORA BUILDING PERMITS # of New Commercial Buildings</b>			
 <b>5 (Dec)</b> +66.7%		<b>64</b> -7.2%	
<b>AURORA BUILDING PERMITS # of New Residential Buildings</b>			
 <b>168 (Dec)</b> -13.8%		<b>3,359</b> -20.0%	
<b>Consumer Price Index</b> (Year-over-Year Increase for U.S. Urban Consumers)			
<b>Dec 2021</b> 7.0%	<b>Oct 2022</b> 7.7%	<b>Nov 2022</b> 7.1%	<b>Dec 2022</b> 6.5%
<b>LEEDS Business Confidence Index (LBCI)</b> (values above 50 indicate expansion)			
<b>Q1 2022</b> 58.0	<b>Q3 2022</b> 41.1	<b>Q4 2022</b> 39.8	<b>Q1 2023</b> 39.8
<b>LBCI Component</b>	<b>Q1 2023</b>	<b>Change Quarterly</b>	<b>Change Annual</b>
State Economy	41.8	▲	▼
National Economy	34.4	▲	▼
Industry Sales	40.9	▼	▼
Industry Profits	39.7	▼	▼
Industry Hiring	42.1	▼	▼
Capital Expenditures	39.7	▼	▼
<b>LBCI</b>	<b>39.8</b>	↔	▼

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

# Revenues (General Fund Sources of Funds)

As shown in the *2022 Revenue Performance by Type* table, total General Fund sources (unaudited) finished the year above projection by \$12.4 million (2.7%). General Fund sources in 2022 reflect a combination of strong consumer demand and higher prices. Sales tax and auto use tax accounted for most of the over-performance in General Fund sources. Capital-related use tax, highway users tax revenues, and franchise taxes also contributed to the favorable revenue performance. After transferring development-related revenue to the Capital Projects Fund, General Fund operating revenues finished the year \$11.3 million (2.7%) over projection.

In 2022, the average rate of inflation was 8.0%, explaining a majority of the 9.4% increase in sales tax collections for the year. As can be seen in the *% Change from Same Month in Prior Year* graph, growth in sales tax collections showed month-to-month volatility. Most of this volatility is related to variable sales tax collections. A variable sales tax payment is a term to describe a sales tax payment made by a company who submits large amounts of sales tax inconsistently. In December 2021, Aurora received its largest single-month sales tax payment of \$1.8 million from an information technology company. Given this one-time collection, it was very difficult to grow over December 2021. Had this payment not been received in December 2021, growth in December 2022 would have been 6.3% (instead of the 3.0% decline actually experienced).

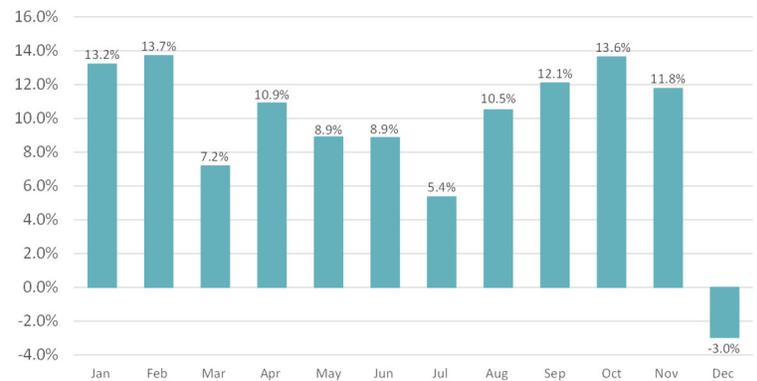
In 2022, five industry sectors experienced double-digit growth in sales tax collections, including utilities (17.4%), auto dealers and parts (12.4%), building materials (12.0%), eating and drinking places (10.4%), and other top taxpayers (10.3%). Significant increases in energy prices were the primary reason for the high rate of growth in utilities. A combination of two new car dealerships and significant increases in car prices were the primary reasons that collections in the auto sector experienced strong growth. For a variety of reasons, including consumers shifting away from goods and towards services, sales tax collections from different sectors in 2022 saw a wide range of results. A total of six sectors saw sales tax collections decline compared to 2021. The decline in collections from companies in industrial sales reflects a 40.8% decline in variable sales tax payments from this sector. Collections from consistent taxpayers in the industrial sales sector actually grew by 1.1% in 2022.

See page 6 for detail revenue performance by source.

## 2022 Revenue Performance by Type

Revenue Type (\$ in Millions)	2022 YTD Actuals	Actuals (Under)/ Over 2022 Projection	
		\$	%
General Sales Tax	\$268.8	\$5.5	2.1%
Capital-Related Use Tax	34.2	0.7	2.0%
Auto Use Tax	30.6	3.5	12.8%
Franchise Tax	17.9	0.5	2.8%
Highway Users Tax	12.5	0.6	5.2%
Audit Revenue	10.8	0.4	3.5%
Lodger's Tax	8.3	0.3	4.2%
All Other Sources	89.9	0.9	1.0%
<b>Total Sources</b>	<b>\$472.9</b>	<b>\$12.4</b>	<b>2.7%</b>
Less Capital Transfer	48.6	1.1	2.3%
<b>Operating Revenue</b>	<b>\$424.3</b>	<b>\$11.3</b>	<b>2.7%</b>

## Sales Tax % Change from Same Month in Prior Year



## Sales Tax Top Taxpayers by Industry Category

Industry Category (\$ in thousands)	YTD Dec		\$ Variance	% Change
	2022	2021		
Eating & Drinking Places	\$37,506.2	\$33,980.0	\$3,526.2	10.4%
Discount Stores	28,822.6	27,698.4	1,124.3	4.1%
Building Materials	27,067.7	24,166.1	2,901.7	12.0%
Auto Dealers and Parts	21,110.8	18,785.2	2,325.6	12.4%
Utilities	15,157.7	12,909.0	2,248.7	17.4%
Electronics/Computers	11,415.4	12,457.3	(1,041.9)	(8.4%)
Telecommunication/Cellular	10,669.4	10,670.9	(1.5)	(0.0%)
Grocery Stores	9,092.5	8,970.7	121.8	1.4%
Clothing and Clothing Accessories	6,917.8	6,948.6	(30.8)	(0.4%)
Beer, Wine, and Liquor Stores	5,538.9	5,521.3	17.6	0.3%
Department Stores	3,523.9	3,611.3	(87.4)	(2.4%)
Sport Goods, Hobby, Books, Music	3,426.0	3,384.0	42.0	1.2%
Furniture and Home Furnishings	2,668.1	3,025.1	(357.0)	(11.8%)
Industrial Sales	2,237.4	2,878.2	(640.8)	(22.3%)
Other Top Taxpayers	24,979.0	22,654.1	2,324.9	10.3%
<b>Top Taxpayers</b>	<b>\$210,133.5</b>	<b>\$197,660.1</b>	<b>\$12,473.4</b>	<b>6.3%</b>
Total of All Other Taxpayers	68,847.3	54,696.8	14,150.5	25.9%
<b>Total Sales Tax Collections</b>	<b>\$278,980.8</b>	<b>\$252,356.9</b>	<b>\$26,623.9</b>	<b>10.6%</b>
Less Sales Tax Incentives	10,202.1	6,754.6	3,447.5	51.0%
<b>Total Reported Sales Tax</b>	<b>\$268,778.7</b>	<b>\$245,602.3</b>	<b>\$23,176.4</b>	<b>9.4%</b>

# Expenditures (General Fund Uses of Funds)

Final audited data for 2022 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 expenditures are \$3.4 million (0.9%) less than projected due to savings in salary and other compensation, professional and technical services, and supplies. Staffing and supply issues were a limiting factor on expenditures for the year. After accounting for transfers out to other funds, the total General Fund projection variance is \$461,400 (0.1%) over the projection due to \$3.8 million more being transferred out of the fund than projected. An additional transfer to the Risk Management Fund accounts for \$2.4 million to maintain a healthy fund balance in that fund. Additional capital-related revenue covers \$1.1 million of this increase.

Total salary and other compensation finished the year \$197,800 under projection as shown on the *2022 Personnel Expenditures* chart. Pay for regular and variable hour employees was significantly under projection with additional spending in special pay and overtime nearly offsetting the savings entirely. It is important to note that \$3.4 million of the special pay charges are for Fire bonuses that were budgeted for 2023 but paid in 2022 due to the acceleration of the implementation of the collective bargaining agreements as part of the city's comprehensive retention efforts. The remaining special pay costs are for leave payouts due to terms, retirements, and other retention efforts. The increase in overtime, is indicative of the high number of Career and Civil Services vacancies experienced throughout the year.

Departments projected an increase in contracted professional / technical services to backfill a number of vacancies. Although this was somewhat successful, expenditures finished the year \$1.2 million (4.0%) under the projection for this category.

Both the supplies/other and capital purchases expenditure categories finished the year under projection by a net \$2.7 million. Departments were able to request to use vacancy savings for one-time needs, which led to a projected increase in these categories. Supply issues, delivery delays, and purchasing deadlines delayed spending. The 2023 spring supplemental appropriation process includes requests to re-appropriate \$907,800 of these savings.

The utilities category is \$760,200 over the projection, mostly due to street light and street light maintenance costs. Electricity, natural gas, and water/sewer expenditures also finished over projection due to inflation in utility costs and a seasonal dry summer which led to increased water usage.

See page 6 for detail by expenditure category.

## 2022 Expenditure Performance

Expenditure Category (\$ in millions)	2022 YTD Actuals	Actuals Under/ (Over) Projection	
		\$	%
Personal Services	\$268.7	(\$0.8)	(0.3%)
Variable Hour Comp.	2.8	1.0	26.7%
Professional/Technical	27.8	1.2	4.0%
Supplies/Other	26.2	2.2	7.7%
Utilities	12.3	(0.8)	(6.6%)
Fleet/Risk Interfund	20.1	0.0	0.2%
Capital Purchases	7.3	0.5	7.0%
<b>Total Operating Exp.</b>	<b>\$365.2</b>	<b>\$3.4</b>	<b>0.9%</b>
Capital Rev. Transfer	48.6	(1.1)	(2.3%)
Other Transfers Out	69.8	(2.7)	(4.1%)
<b>Total Uses of Funds</b>	<b>\$483.6</b>	<b>(\$0.5)</b>	<b>(0.1%)</b>

## 2022 Personnel Expenditures

Personnel Category (\$ in thousands)	YTD Dec Projection	YTD Dec Actuals	Actuals Under/ (Over) Projection
Regular Employee Salary & Benefits	\$245,906.1	\$239,498.8	\$6,407.3
Special Pay	9,758.5	14,127.3	(4,368.8)
Overtime Compensation	12,228.2	15,089.6	(2,861.4)
Variable Hour Compensation	3,816.7	2,796.0	1,020.7
<b>Total Salary &amp; Other Compensation</b>	<b>\$271,709.5</b>	<b>\$271,511.8</b>	<b>\$197.8</b>

General Fund Vacancies	Q1	Q2	Q3	Q4
Career Service	173.95	203.45	199.45	186.25

## 2022 Citywide Utilities

Utility (\$ in thousands)	YTD Dec Projection	YTD Dec Actuals	Actuals Under/ (Over) Projection
Electricity	\$1,843.0	\$1,920.0	(\$76.9)
Natural Gas	418.1	463.4	(45.3)
Non-Routine Maint	1,248.4	1,559.6	(311.2)
Street Lights-XCEL	4,168.9	4,421.7	(252.8)
Traffic Lights, Signs	184.0	179.7	4.3
Water/Sewer	3,656.5	3,734.0	(77.6)
Other Utilities	0.4	1.1	(0.6)
<b>Total Dec YTD</b>	<b>\$11,519.3</b>	<b>\$12,279.5</b>	<b>(\$760.2)</b>

# General Fund | Fund Summary

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

rate 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)	2022 Budget	2022 Projection
Sales Tax - General	\$234,162,053	263,229,402
Use Tax - Capital Related	29,096,379	33,502,888
Use Tax - Automobile	24,199,869	27,120,445
Property Tax	45,820,061	46,161,109
Franchise Fees & Taxes	15,147,809	17,381,079
Highway User's Fees & Taxes	12,301,052	11,837,703
Other Auto Related (SOT, MV Fees)	5,050,891	4,393,071
Audit Revenue	4,907,627	10,453,436
Other Taxes	14,462,124	14,418,481
Other Intergovernmental Fees & Taxes	2,792,401	3,044,768
Business Licenses & Other Permits	3,322,767	3,795,236
Fines & Forfeitures	4,023,306	2,382,202
Internal Charges for Services	11,581,877	11,553,200
External Charges for Services	7,169,532	6,057,047
Other General Fund Revenue	3,723,197	5,189,897
<b>Total General Fund Revenue</b>	<b>\$417,760,945</b>	<b>\$460,519,964</b>
Transfers In from Other Funds	0	0
<b>Total Sources of Funds</b>	<b>\$417,760,945</b>	<b>\$460,519,964</b>

**General Fund Operating Revenue <sup>1</sup> \$375,855,259 \$413,000,562**

YTD Actual thru Dec 2022	2022 Year-to-Date Sources Over/(Under)			
	2021	2022 Projection	% Chg vs 2021	% Chg vs Proj
\$268,778,704	\$23,176,440	\$5,549,302	9.4%	2.1%
34,182,980	(1,461,634)	680,092	(4.1%)	2.0%
30,592,584	2,256,522	3,472,139	8.0%	12.8%
46,161,109	5,273,929	0	12.9%	0.0%
17,871,432	2,216,539	490,353	14.2%	2.8%
12,452,875	316,730	615,172	2.6%	5.2%
4,397,257	(173,680)	4,186	(3.8%)	0.1%
10,822,974	639,912	369,538	6.3%	3.5%
14,928,212	1,615,211	509,731	12.1%	3.5%
3,570,429	19,636	525,661	0.6%	17.3%
3,824,108	(103,835)	28,872	(2.6%)	0.8%
2,306,734	(882,648)	(75,468)	(27.7%)	(3.2%)
11,708,190	4,009,957	154,990	52.1%	1.3%
6,083,378	76,880	26,331	1.3%	0.4%
5,203,329	1,723,241	13,432	49.5%	0.3%
<b>\$472,884,293</b>	<b>\$38,703,199</b>	<b>\$12,364,329</b>	<b>8.9%</b>	<b>2.7%</b>
0	(2,834,550)	0	(100.0%)	n/a
<b>\$472,884,293</b>	<b>\$35,868,649</b>	<b>\$12,364,329</b>	<b>8.2%</b>	<b>2.7%</b>

**\$424,251,249 \$35,657,707 \$11,250,687 9.2% 2.7%**

Expenditures (Uses of Funds)	2022 Budget	2022 Projection
Personal Services	\$269,537,020	\$267,892,833
Variable Hour Employee Compensation	2,658,831	3,816,699
Professional & Technical Services	25,012,772	28,978,189
Supplies/Other	26,340,793	28,369,157
Utilities	11,548,800	11,519,314
Fleet/Risk Interfund Charges	20,675,485	20,180,152
Capital Purchases (Equip, Vehicles, Other)	6,885,871	7,841,614
<b>General Fund Operating Expenditures</b>	<b>\$362,659,572</b>	<b>\$368,597,958</b>
Capital Related Revenue Transfer Out <sup>2</sup>	41,905,686	47,519,402
All Other Transfers Out to Other Funds	46,052,598	67,046,763
<b>Total Uses of Funds</b>	<b>\$450,617,856</b>	<b>\$483,164,123</b>

**Increase/(Use) of Available Funds <sup>3</sup> (\$32,856,911) (\$22,644,159)**

YTD Actual thru Dec 2022	2022 Year-to-Date Uses Under/(Over)			
	2021	2022 Projection	% Chg vs 2021	% Chg vs Proj
\$268,715,726	(\$25,205,990)	(\$822,893)	(10.4%)	(0.3%)
2,796,044	(180,121)	1,020,655	(6.9%)	26.7%
27,821,844	(6,864,604)	1,156,345	(32.8%)	4.0%
26,173,971	(4,364,017)	2,195,186	(20.0%)	7.7%
12,279,472	(1,076,489)	(760,158)	(9.6%)	(6.6%)
20,143,740	(1,869,214)	36,412	(10.2%)	0.2%
7,294,616	(3,312,452)	546,998	(83.2%)	7.0%
<b>\$365,225,413</b>	<b>(\$42,872,887)</b>	<b>\$3,372,545</b>	<b>(13.3%)</b>	<b>0.9%</b>
48,633,043	(210,943)	(1,113,641)	(0.4%)	(2.3%)
69,767,074	1,059,924	(2,720,311)	1.5%	(4.1%)
<b>\$483,625,531</b>	<b>(\$42,023,906)</b>	<b>(\$461,408)</b>	<b>(9.5%)</b>	<b>(0.1%)</b>

See page 11 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 2022 Adopted Budget includes the planned use of \$8.4 million in funds available to fund \$8.5 million in one-time amendments.

The 2022 Spring Supplemental increased the planned use of funds

to \$32.8 million by adding \$24.4 million in appropriation including the following significant items: transfer to the Capital Projects Fund of additional funds available (\$4.0 m); Independent Consent Decree Monitor (\$4.7 m); and prepayment of Hogan Parkway debt (\$13.1 m).

The 2022 Projection reduces the planned use of funds available to \$22.6 million as revenue is projected to outpace the budget assumption.

# 2022-23 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 2022 sales were posted in December 2022 and January 2023 respectively.

As shown below, sales tax collections in December 2022 declined by 3.0% and January 2023 collections grew by 9.4%, both compared to the corresponding month one year ago. Inflation was a major driver of the increase in sales tax collections for the year, with the Consumer Price Index measuring a 6.5% increase in December. The 3.0% decrease in sales tax collections experienced in December was largely the result of a one-time sales tax payment of \$1.8 million received in December of 2021. This record-breaking tax payment made sales tax collections for that month abnormally high and a difficult base upon which to grow in 2022.

The *Top Taxpayers by Industry* table compares 2022-23 holiday sales tax collections to 2021-22 collections. Total holiday sales tax collections increased by 4.3%, slightly below the 5.3% holiday sales growth rate reported by the National Retail Federation (NRF). Once again, the large variable tax payment received in December 2021 is distorting the results. If the large one-time payment is excluded, total reported sales tax collections would show 8.2% growth. This strong rate of growth in retail sales is occurring despite the challenges created by high inflation and rising interest rates.

Among the top taxpayers, the utilities sector showed the highest rate of growth in sales tax collections. The 47.2% growth

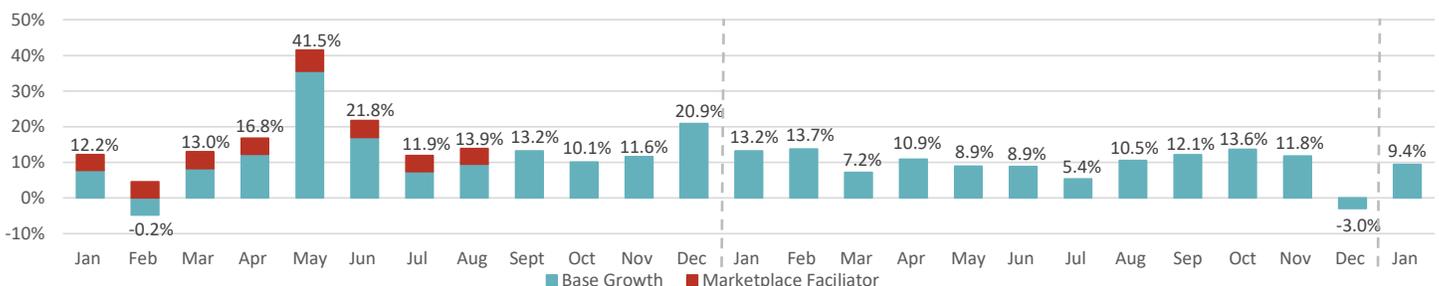
in sales tax collections by utilities is predominantly related to higher natural gas and electricity prices. The only other sector showing significant growth was auto dealers and parts, which saw holiday sales tax collections grow by 23.2%. This increase reflected the opening of a new car dealership in Aurora, higher prices for new cars, and the increasing inventory of new cars in late 2022. On the opposite end of the spectrum, there were five sectors which saw sales tax collections decline compared to the 2021-22 holiday season. Of the sectors showing a decline, the electronics/computers sector would have seen 3.5% growth if not for the record-breaking variable tax payment received in December of 2021 from an information technology company. Reversing a trend of strong growth in sales tax collections from furniture stores experienced in the early stages of the COVID-19 pandemic, collections from furniture stores declined by 25.1% during the 2022-23 holiday season.

## Top Taxpayers by Industry Category

Industry Category (\$ in thousands)	Holiday Sales		\$ Variance	% Change
	2022-23	2021-22		
Eating & Drinking Places	\$6,261.0	\$6,049.2	\$211.8	3.5%
Discount Stores	5,877.3	5,706.3	171.0	3.0%
Auto Dealers and Parts	4,005.5	3,251.1	754.5	23.2%
Building Materials	3,899.7	4,158.7	(259.0)	(6.2%)
Utilities	3,206.6	2,178.6	1,028.0	47.2%
Grocery Stores	2,128.0	2,073.8	54.3	2.6%
Electronics/Computers	2,126.6	3,879.9	(1,753.3)	(45.2%)
Telecommunication/Cellular	1,772.3	1,937.1	(164.8)	(8.5%)
Clothing and Clothing Accessories	1,677.0	1,703.6	(26.6)	(1.6%)
Beer, Wine, and Liquor Stores	1,004.5	998.5	6.0	0.6%
Department Stores	967.5	1,004.2	(36.7)	(3.7%)
Sport Goods, Hobby, Books, Music	790.4	764.7	25.7	3.4%
Furniture and Home Furnishings	431.3	575.4	(144.2)	(25.1%)
Industrial Sales	367.7	348.4	19.3	5.5%
Other Top Taxpayers	5,065.4	4,762.1	303.3	6.4%
<b>TOP TAXPAYERS</b>	<b>\$39,581.0</b>	<b>\$39,391.8</b>	<b>\$189.3</b>	<b>0.5%</b>
Total of All Other Taxpayers	15,705.4	13,447.8	2,257.5	16.8%
<b>Total Sales Tax Collections</b>	<b>\$55,286.4</b>	<b>\$52,839.6</b>	<b>\$1,498.8</b>	<b>4.6%</b>
Less Sales Tax Incentives	2,058.5	1,815.3	243.2	13.4%
<b>TOTAL REPORTED SALES TAX</b>	<b>\$53,227.9</b>	<b>\$51,024.3</b>	<b>\$2,203.6</b>	<b>4.3%</b>

## Sales Tax

### % Change from Same Month in Prior Year



2021: 14.9%

2022: 9.4%

# 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 and intervention 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	2022 Budget	2022 Projection	YTD Actual thru Dec 2022	2022 Year-to-Date Revenues Over/(Under)			
				2021	2022 Projection	% Chg vs 2021	% Chg vs Projection
Sales Taxes	\$12,924,495	\$11,327,298	\$11,164,517	(\$1,432,187)	(\$162,781)	(11.4%)	(1.4%)
Excise Taxes	1,995,503	1,100,898	832,518	(553,228)	(268,380)	(39.9%)	(24.4%)
State Shareback	2,388,892	1,998,935	1,984,606	(242,826)	(14,329)	(10.9%)	(0.7%)
Investment & Other Income	76,500	118,000	243,765	110,891	125,765	83.5%	106.6%
<b>Total Sources of Funds</b>	<b>\$17,385,390</b>	<b>\$14,545,131</b>	<b>\$14,225,406</b>	<b>(\$2,117,349)</b>	<b>(\$319,725)</b>	<b>(13.0%)</b>	<b>(2.2%)</b>

General Marijuana Subfund			
Fund Summary	2021-Prior Actual	2022 Actual	Total
Sales Taxes	\$39,412,250	\$7,224,102	\$46,636,352
Excise Taxes	\$6,525,225	832,518	7,357,743
State Shareback	10,573,033	1,984,606	12,557,639
Investment & Other Income	393,052	155,940	548,991
<b>Total Revenues</b>	<b>\$56,903,560</b>	<b>\$10,197,166</b>	<b>\$67,100,726</b>

Transportation Projects & Road Maint	\$23,900,000	\$6,000,000	\$29,900,000
Debt Service for Central Rec. Center	15,989,911	3,986,732	19,976,643
Homelessness Services	4,500,000	0	4,500,000
General Fund 2020 Balancing	2,000,000	0	2,000,000
Medians	1,250,000	0	1,250,000
Nexus Program Reserve	680,000	0	680,000
Victim Assistance Subsidy	183,930	0	183,930
<b>Total Expenditures</b>	<b>\$48,503,841</b>	<b>\$9,986,732</b>	<b>\$58,490,573</b>

**Unobligated Funds \$8,610,153**

Special Marijuana Subfunds			
Fund Summary	2021-Prior Actual	2022 Actual	Total
<b>Homelessness Program</b>			
Revenues	\$15,387,774	\$2,686,614	\$18,074,388
Expenditures/Commitments	\$13,349,506	\$3,434,100	\$16,783,606
<b>Unspent Funds</b>			<b>\$1,290,782</b>

Youth Violence Prevention and Intervention Program			
Fund Summary	2021-Prior Actual	2022 Actual	Total
Revenues	\$1,944,007	\$1,341,626	\$3,285,633
Expenditures	\$274,438	\$392,008	\$666,446
<b>Unspent Funds</b>			<b>\$2,619,187</b>

Types of Licenses	Number Issued as of 12/31/22
Stores	24
Cultivations	16
Product Manufacturing	15
Testing	0
Delivery	16
Independent Transporters	6
Medical Cultivators	4
Medical Product Manufacturers	6

## Year-End Results

Year-end marijuana tax revenues are \$319,700 (2.2%) lower than the mid-year projection and \$2.1 million (13.0%) lower than 2021, representing the first annual decline in tax revenues since the city entered the retail marijuana industry in 2014. This post-pandemic correction is anticipated to continue into 2023.

As of December 31, 2022, licenses for 24 stores and 16 cultivation facilities have been issued, the latter of which declined from 22 the previous year due to oversupply and decreased consumer demand. With wholesale price levels at record lows, excise tax revenue saw a decrease of 39.9% in 2022 while sales tax revenue decreased by 11.4%.

City Council has identified various projects to be funded with marijuana tax revenue, including the ongoing funding of debt payments for the Central and Southeast (opening in 2023) recreation centers. In addition, City Council approved a variety of transportation and road projects. Through 2022, \$58.5 million of funds available have been spent. A remaining \$8.6 million in unobligated funds that can be used for one-time purposes.

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 for homelessness services and housing and youth violence prevention and intervention.



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# Appendices

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# 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.

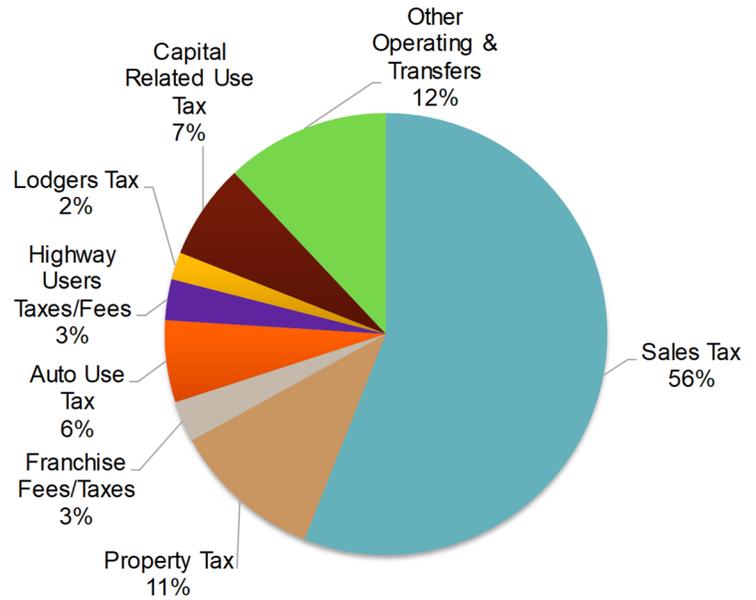
Retail sales remain the backbone of Aurora's General Fund, accounting for roughly 56% of total revenue. Use tax is a companion tax to sales tax and is associated with purchases of commodities and equipment. Approximately two-thirds of all General Fund revenue is dependent on purchases when use tax revenues (e.g. building materials use tax, automobile use tax, and equipment use tax) are included.

## Uses of Funds

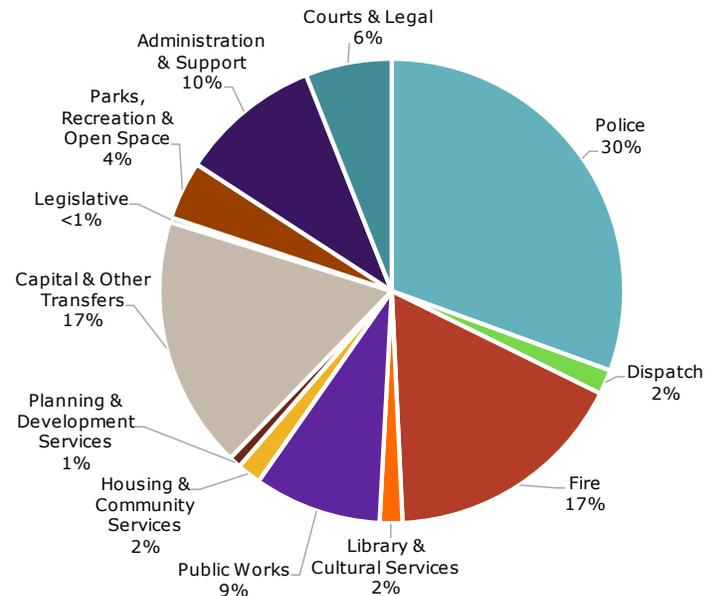
Uses of funds mainly result from expenditures incurred by the departments included in the General Fund. The majority of general services, programs and activities for the citizens of Aurora are supported by this fund, as well as the City Council and the administrative management functions. Other uses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

Public safety functions, including Fire, Aurora911 Dispatch, Police, and Courts & Legal account for 55.0% of total General Fund appropriations in 2022.

## 2022 General Fund Revenue (Sources)



## 2022 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                       |   |                                   |

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# Glossary

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**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.

**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 2022 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.

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## 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.

**2022 Budget:** The 2022 Adopted Budget plus prior year encumbrance carryforwards, transfers and approved supplemental amendments.

**2022 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.
  - 2021 - The \$ difference between 2022 year-to-date / current month actuals compared to the 2021 actuals for the same timeframe.
  - 2022 Budget/Projection - The \$ difference between the 2022 year-to-date / current month actuals through the current month compared to the 2022 year-to-date budget/projection spending plan for the same timeframe.
  - Percent Chg vs 2021 - The percentage change between 2022 year-to-date actuals through the current month and the 2021 actuals through the same month.
  - Percent Chg vs Budget/Projection - The percentage change between the 2022 year-to-date actuals and the year-to-date budget/projection spending plan.

# Finance Department Indicators (for the month ending 12/31/22)

## 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. Payment delays in two departments led to the December results. These delays were caused by a vendor invoicing issue, an increased volume of bills requiring verification before an invoice is paid, and staffing issues. The affected departments are deploying additional staffing resources and providing staff training to address some of these issues.

Target: 30 Days for 85% of Vendor Payments			
	<b>81%</b> (Dec)	<b>84%</b> (YTD)	

## Investments

In an effort to fight inflation, the Federal Reserve made seven separate rate hikes for a combined 4.25% in 2022 (the last of which was in December). Given this environment, the weighted average yield has risen over recent months and reached 1.83% in December. This yield is higher than the 1.65% earned in 2020 and the 0.88% 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.

December	2020	2021	2022
Cash & Investment Portfolio	\$593.7 M	\$819.0 M	\$920.2 M
Weighted avg. yield	1.65%	0.88%	1.83%
Duration (months)	22.2	19.8	19.8

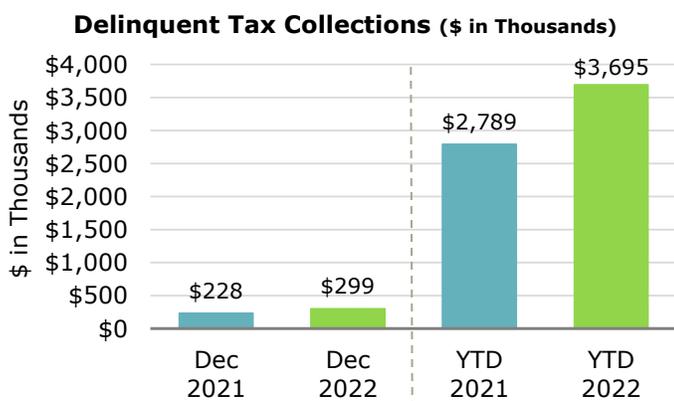
## Financing Transactions Over Previous 12 Months

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 2023 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 December were \$299,200. 2022 collections are up significantly over 2021 and reflect a large delinquent tax payment received in June.



## City of Aurora

Report Prepared by  
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