

City of  
**Aurora**  
.....  
**2013**



**BUDGET IN BRIEF**

Issued by the Office of Budget and Financial Planning



## 2013 Budget Acknowledgements

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Marsha Berzins .....	Mayor Pro-Tem and Ward III
Sally Mounier .....	Ward I
Renie Peterson .....	Ward II
Molly Markert.....	Ward IV
Bob Roth .....	Ward V
Bob Broom .....	Ward VI
Barb Cleland .....	At-Large
Debi Hunter Holen .....	At-Large
Bob LeGare.....	At-Large
Brad Pierce.....	At-Large

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For other questions about the City, please call Access Aurora at (303) 739-7000.

## Introduction

The 2013 Adopted Budget for the City of Aurora is the product of the cooperative process carried out by City staff with the guidance and direction of City Council. The purpose of this document is to provide both summary-level and detailed information on the 2013 budget as adopted by City Council in the fall of 2012.

This summary document is divided into nine sections. While reading this document, some key terms to keep in mind are:

**Appropriation.** Authority to spend budgeted City funds;

**Fund.** An independent fiscal and accounting entity with a self balancing set of accounts;

**Revenue.** Income received by the City, including all types of taxes, fees, gifts, grant, reimbursements, intergovernmental revenues, and interest earnings.

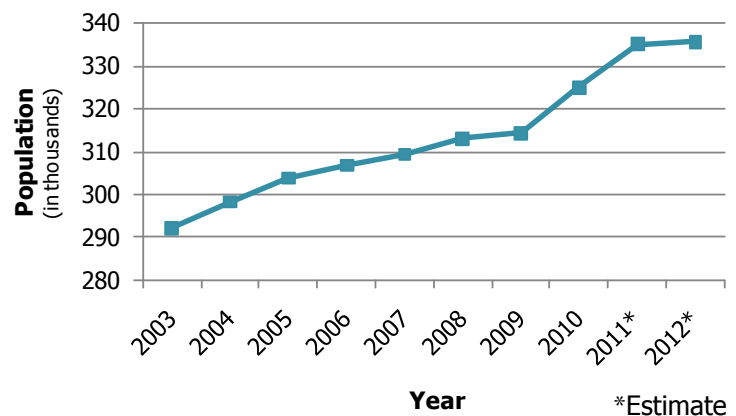
## 1. Profile of Aurora

Aurora is the third largest city in the State of Colorado (2012 est. population 335,688) and is one of the most dynamic cities in the Denver-Aurora metropolitan area.

The City is structured on a council/manager form of government. This system combines the political leadership of elected officials with the managerial expertise of an appointed, professionally trained manager. Aurora operates as a "home rule" city, allowing the City to draft and amend its own charter.

The Aurora City Council is composed of ten members and the Mayor. Of the ten members, six are ward Council members, each representing one of the six wards in the City. The remaining four Council members are elected at-large, like the mayor, and represent the entire City.

**Exhibit 1.1**  
**City of Aurora Population**



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## 2. City Vision and Goals

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The 2013 budget provides funding for services, programs, and projects that support City Council's established goals. The updated Goals and Objectives adopted by the City Council in 2012 collectively outline the City's vision for the future. This vision encompasses six major areas of focus:

1. Assure a safe community for people;
2. Serve as leaders and partner with other governments and jurisdictions;
3. Ensure excellent infrastructure that is well maintained and operated;
4. Create a superior quality of life for residents making the city a desirable place to live and visit;
5. Be a great place to locate, expand and operate a business and provide for well-planned growth and development: and
6. Provide well-managed and financially strong city.

References to these goals and to activities supporting these goals are included throughout the budget document.

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## 3. Aurora's Economic and Revenue Outlook

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### Economic Outlook

- The national economy continues to recover at a gradual pace from the 2008 recession with recent improvements in the housing market, job growth, increased energy production and reduced debt loads. The recovery in Aurora was evidenced by the return to a positive revenue growth trend that began in 2010 with a 1.8 percent increase, followed by growth of 1.0 percent in 2011. In 2012, stronger economic growth will result in a projected revenue increase of 4.3 percent, driven primarily by pent-up demand resulting in one-time purchases. Limited revenue growth rates return in 2013 with a 1.6 percent increase, followed by modest gains ranging from 1.9 to 2.4 percent throughout the rest of the forecast timeframe.
- Significant job losses drove Aurora's unemployment rate to a peak of 10.8 percent in 2010. Job losses began to taper off in 2011, and Aurora's **unemployment rate** improved to 9.0 percent. Aurora's employment figures have continued to improve resulting in an additional decline in the average unemployment rate through June 2012 of 5 percent, compared to the same timeframe in 2011. Although Aurora is expected to continue to add jobs, the rate of growth is not expected to be sufficient enough to significantly reduce the unemployment rate

over the next few years. Historically, a large part of Aurora's workforce had been employed in the construction and retail industries. During the great recession, these industries suffered staggering losses in the metro area. With only limited growth in these sectors at the end of 2012, Aurora's unemployment recovery has lagged the state and metro recovery. Increases in health and professional services have contributed to improving the local unemployment rate.

- State **wage and salary income** grew by 4.5 percent over 2011 and is projected to grow at a slower rate in 2012 of 3.5 percent. Although Aurora's wage and salary data usually trends with the state and metro area, year-over-year gains in the City show a slower rate of growth. This is likely driven down by the job mix in Aurora, which includes a high percentage of low paying jobs in industries such as construction and retail. Aurora's wages are projected to continue improving at a lower rate of increase than the state and the metro area resulting in several years of modest growth.
- **Retail sales** in the metro region increased 4.5 percent in 2011, under the state increase of 6.8 percent. Growth of 5.1 percent is expected for the state in 2012 followed by an increase of 5.2 percent in 2013.
- Following an 85 percent decline from Aurora's peak number of **housing** permits seen in 2005, 2010 posted an increase of 156 permits. In 2011 housing construction saw another 10 percent decline in permits, driven down by the ongoing restrained recovery. Estimates for 2012 assume an improving housing industry with an increase of 200 permits, followed by similar increases in each of the years throughout the forecast period. Despite this growth, 2013 is projected to remain below pre-recession values by 30 percent.
- The **property tax** budgeted collections for 2013 incorporate a 1.8 percent increase, primarily for additional base properties typically seen in non-reassessment years. Property tax collections for 2014 will be impacted by the 2013 reassessment which will assess values during the time period spanning from January 2011 to June 2012. Valuations in Aurora are expected to increase for commercial and industrial properties, while residential values are likely to remain flat or slightly decline.

### Revenue Outlook

- The **sales tax** budget estimate for 2013 is based on 0.9 percent growth over 2012 projected revenues. This conservative rate of growth assumes that the wave of consumption experienced in 2012 will not repeat as pent-up demand for technology and autos will have been

largely satisfied. Additionally, this rate of growth is reflective of a hesitant economy, where sustained high unemployment and lingering economic and political uncertainty will result in cautious consumer activity.

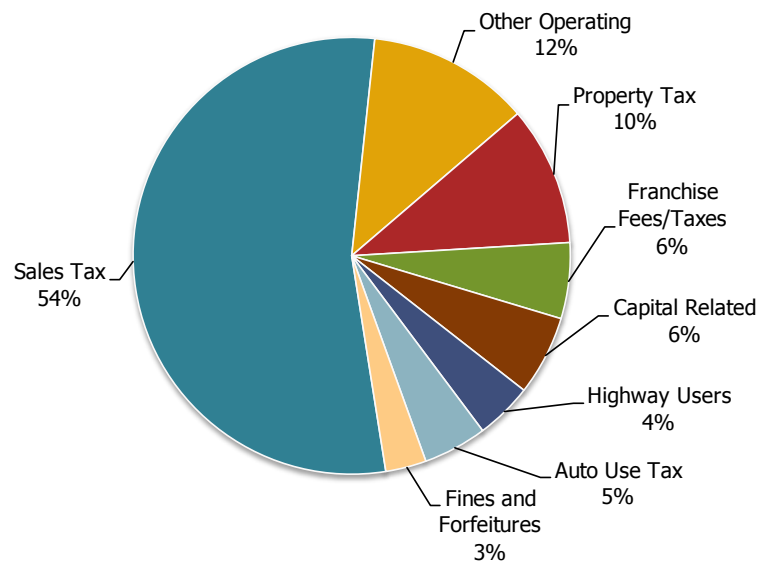
- **2013 property tax** collections are based on the preliminary 2011 reassessment data. To incorporate the increase for additional base properties typically seen in non-reassessment years, an increase of 1.0 percent is assumed. After factoring in the a more typical uncollected rate of 1.5 percent, the resulting estimated revenue increase for 2013 is 1.8 percent, or \$447,300.
- For 2013, the OBFP budget estimate for total **franchise fees & taxes** is an 0.8 percent increase over 2012, primarily due to continued flat natural gas rates and usage, combined with a 1.5 percent increase in electricity. The assumed increases are in line with May 2012 projections by the Energy Information Administration. Future years are forecasted to grow slightly below the 5-year average at 3.0 percent.
- **Auto use tax** collections are projected to increase 13.6 percent in 2012, posting the second consecutive year of double digit percentage increases in auto use tax collections. Historical data shows that after two years of large increases, such as those seen in 2011 and 2012, the following two years typically post a decline. Therefore, the 2013 estimate assumes that demand was largely met over 2011 and 2012 and that fewer consumers will replace their aging vehicles. The OBFP projection is for a 5.0 percent decline for the 2013 budget and the 2014 forecast.
- **Building materials use tax (BMUT) and other equipment & consumables use tax**, primarily applied to business capital assets and supplies, are the main sources of capital-related revenue and are closely aligned with construction activity. For 2013, economists expect construction activity in the state to increase at a gradual rate as issues in the real estate industry continue to be worked out. Despite the recent bump in the number of foreclosures in Aurora, the number is down 44 percent from peak foreclosure rates in 2008. The inventory of homes is gradually returning to a healthier level, while the demand for new homes is incrementally improving. The 2013 budget for building materials use tax incorporates 12.0 percent growth over 2012, while the estimate for other use tax assumes a 1.0 percent increase. The OBFP has assumed for 2013 and into the extended forecast, that after hitting a record high in 2012, the level of activity generating use tax on

equipment and consumables has plateaued and will grow minimally in each year of the forecast period. Together, the two categories of capital related use tax will net to an estimated increase of 5.4 percent for 2013.

- The **State Highway Users Tax** Fund (HUTF) was created to account for state highway revenue and is comprised of revenue generated mainly by motor fuel excise taxes (per-gallon-of-gas basis) and certain annual vehicle license and registration fees. 2011 posted 0.8 percent growth over 2010, driven by fuel price increases offset by decreased travel and demand for fuel. The 2012 full-year projection of HUTF transfers from the state is expected to be flat. The OBFP projects that 2013 will increase an estimated 0.5 percent over 2012 as a result of a slowly improving economy, offset by continuous improvements in fuel efficiency and downward pressure on fuel consumption.

### Exhibit 3.1 General Fund Revenue

Total Revenue: \$243.3 million (w/o transfers and reserves)



#### General Fund Revenues

Exhibit 3.1 illustrates the sources of revenue within the General Fund. Retail sales remain the backbone of Aurora's General Fund, accounting for 54 percent of total revenue. Use tax is a companion tax to sales tax and is associated with purchases of commodities and equipment. Nearly two-thirds of all General Fund revenue is dependent on purchases when use tax revenues are included.

General Fund revenue, excluding transfers and reserves, is estimated to grow at a conservative overall rate of 1.6 percent (\$3.9 million) in 2013. \$1.2 million of this increase is from sales tax; \$0.7 million will be generated by increases in

**Exhibit 3.2****Key General Fund Revenues (Projected)**

Percent Change, 2011-2012 and 2012-2013

Revenue Source	2011-2012 Percent Change	2012-2013 Percent Change
Sales Tax	4.3%	0.9%
Property Tax	-2.7%	1.8%
Franchise Fee/Taxes	0.9%	0.8%
Auto Use Tax	13.6%	-5.0%
Highway User's Tax	0.0%	0.5%
Fines & Forfeitures	3.6%	1.0%
Capital-Related	20.5%	5.4%
Other Operating	3.5%	6.5%
<b>Subtotal</b>	<b>4.3%</b>	<b>1.6%</b>
Transfers and Reserves	-48.7%	0.0%
<b>Total w/ Transfers, Reserves</b>	<b>3.7%</b>	<b>1.6%</b>

capital related use tax, with the remaining \$2.0 million comprised of a net increase which includes a \$601,900 decline in auto use tax revenue. The five year forecast for 2013 through 2017 incorporates continued conservative growth.

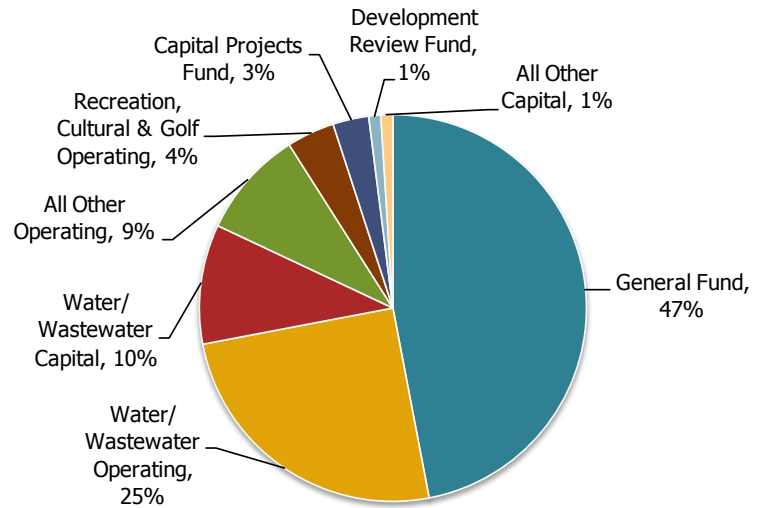
## 4. Budget Overview

The City's budgeted funds include the General Fund, the Capital Projects Fund, the Water and Wastewater funds, the Recreation and Golf funds, the Development Review Fund, and various other internal service, special revenue, and debt service funds. Appropriations for these funds provide for operating, debt service, and capital costs. Different funds are used to manage money intended for particular purposes or to demonstrate compliance with finance-related legal requirements as well as to aid fiscal management by separating out transactions related to certain functions.

The 2013 Adopted Budget includes a total of \$532,905,762 in appropriations for all funds. This compares with the 2012 Original Budget of \$538,802,428 and the 2012 expenditure projection of \$514,295,632. Total operating expenditures increase \$9.1 million between the 2012 Original and 2013 Adopted Budget. The 2012 operating expenditure projection is \$33.5 million higher than the budget due to debt prepayments in the Water and Wastewater Funds. The increase from the 2012 Original

**Exhibit 4.2****Appropriations—All Funds**

Total Appropriations: \$532.9 million



Budget to the 2013 Adopted Budget is mostly attributable to an \$8.4 million increase in salaries and benefits for compensation cost increases including a 1.0 percent pay increase, 6.0 percent health insurance, leave buybacks, and an increase for 12.0 FTE new Police officers among other costs.

### Base Budget Adjustments

The 2013 Adopted Budget incorporates changes in ongoing personal services and operating costs. These changes include cost increases that apply citywide as well as other non-discretionary increases. Collectively, these adjustments reflect changes in the "base budget."

**Exhibit 4.1****Expenditure and Budget Summary**

All Funds

Fund	2011 Actual	2012 Projection	2013 Adopted
General	\$229,715,656	\$235,877,492	\$251,271,978
Capital Projects	21,607,251	18,151,025	18,261,743
Community Development	5,109,975	4,683,462	4,173,462
Debt Services	8,185,692	7,939,005	7,219,969
Development Review	7,300,370	7,755,971	7,955,982
Fleet Management	8,368,153	8,501,672	8,610,917
Golf Courses	7,896,826	8,874,794	8,843,553
Recreation; Cultural	10,473,318	10,778,594	10,966,462
Risk Management	8,936,530	6,928,316	6,958,071
Wastewater	62,907,065	52,366,645	66,245,366
Water	122,805,773	124,935,475	116,100,814
Others	29,183,851	27,503,181	26,297,445
<b>Total Budget</b>	<b>\$522,490,460</b>	<b>\$514,295,632</b>	<b>\$532,905,762</b>



<b>Exhibit 4.3</b> <b>Operating Appropriations by Category</b> All Funds			
Category	2011 Actual	2012 Projection	2013 Adopted
Salaries and Benefits	\$222,255,828	\$226,289,885	\$236,024,821
Supplies and Services	107,836,160	114,691,474	123,679,556
Interfund Charges	14,178,472	14,744,666	14,760,243
Debt Related	103,003,818	92,562,316	42,870,575
Capital Related	3,403,259	4,991,541	5,381,858
Operating Transfers*	27,809,223	27,951,071	34,195,035
<b>Total Budget</b>	<b>\$478,486,760</b>	<b>\$481,230,953</b>	<b>\$456,912,088</b>

\*Includes capital funding

The 2013 Adopted Budget generally maintains the current service levels of the programs funded in the 2012 Original Budget in the face of significant cost drivers (e.g. police staffing, maintaining fleet replacement, health insurance increases). The budget also funds costs in addition to those found in the 2012 Original Budget, including:

- A significant amount of costs previously funded by other means, including positions previously housed in the Abatement and Community Development Funds that can no longer support them;
- New program costs, such as additional personal computer (PC) and teen centers;
- The addition of costs associated with prior year cuts and deferrals, such as furloughs and leave buy back;
- One-time transfer of funds available to fund various Council and staff priorities; and
- Expenses identified by Council as part of the budget adoption process

## 5. General Fund

The General Fund is the primary source of funding for most City operations, including public safety, transportation, parks, libraries, and other City services. In addition, annual transfers from the General Fund to the Capital Projects Fund pay for many of the City's infrastructure projects.

General Fund appropriations for 2013 total \$251,271,978, a 7.6 percent increase from the \$233.5 million Original expenditure budget for 2012. The primary increase is in Police. Maintaining public safety is a high priority, as reflected in the fact that it makes up the largest share of the General Fund budget. As Figure 5.1 illustrates, Public Safety functions, including Fire, Dispatch, Police, and the Courts account for 58 percent of total General Fund appropriations.

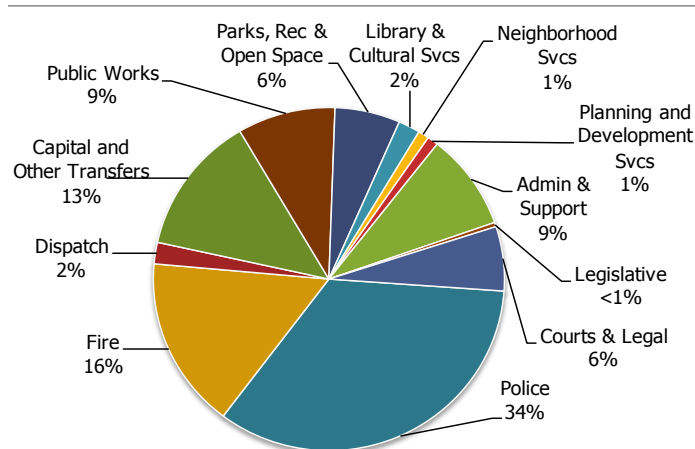
Significant changes from the 2012 Original Budget include:

- \$7.2 million additional transfer to Capital Projects Fund;

- \$2.7 million for restoration of furloughs and leave buybacks;
- \$2.4 million for a 1.0 percent pay increase and civil service step and grade (\$0.9 million);
- \$1.3 million for additional staff including \$1.1 million for 12.0 additional police officers and equipment, 4.0 additional firefighter FTE and a position in Community Relations;
- \$1.2 million for an accounting change in allocation of costs to Water and Wastewater Funds, as opposed to directly allocating costs to the funds, the funds will pay a fee that will be counted as revenue in the General Fund;
- \$1.2 million for software support, trolley storage building lease payment, expansion of library services with a PC and teen center, library materials, log loader;
- \$1.0 million for increased contributions for health insurance;
- \$1.0 million for mandated costs for fuel, insurance, utilities, PC replacements, expiring grants and other contract increases;
- \$0.8 million in additional pension costs;
- \$0.8 million for additional building lease payments and critical equipment replacement;
- \$0.3 million in one-time savings from one-time items purchased in 2012;
- \$0.5 million of savings from second half of street sweeping charged to the Wastewater Fund;
- \$0.7 million for personnel moved from other funds;
- \$0.8 million in savings from lower health insurance selections and hiring entry levels when turnover occurs;
- \$0.9 million of savings from other departmental balancing actions.

### Exhibit 5.1 General Fund Appropriations

Total Appropriation: \$251.3 million



<b>Exhibit 6.1</b> <b>Amendments in Other Operating Funds</b>		
<b>Fund</b>	<b>Description</b>	<b>Amount*</b>
Abatement Fund	Transfer 1.0 FTE vacant Code Enforcement Position to the General Fund; increase vacant property registration penalty for failure to register; reduce appropriation to reflect current requirements; transfer 3.0 FTE Code Enforcement Officers from the Abatement Fund to the General Fund	\$ (524,972)
Community Development Fund	Adjustments to align HOME appropriation and NSP appropriation to anticipated funding; eliminate vacant Administrative Technician and Administrative Assistant positions; reclass Neighborhood Services Financial Coordinator; transfer 2.0 FTE Code Enforcement Officers out of the Community Development Block Grant (CDBG) Fund to the General Fund; adjustment to align CDBG appropriation to anticipated funding; technical adjustment to adjust FTE allocations between funds	(1,269,594)
Conservation Trust Fund	Transfer to Golf for improvements funded by Conservation Trust Fund	150,000
Cultural Services Fund	Reduce subsidy to Cultural Services Fund with shift of expenses to the Scientific and Cultural Facilities District (SCFD) fund balance; technical adjustment to change subsidy and transfer Special Events from Cultural Services to Recreation Fund; transfer 1.0 FTE Special Events Coordinator from Cultural Services to Recreation Fund	39,353
Designated Revenues Fund	Technical transfer of 2.70 FTE Aurora Channel personnel from Designated Revenues Fund to General Fund; Aurora Channel video equipment replacement and dues; eliminate vacant Parks Maintenance Supervisor position and transfer 2.0 FTE from the General Fund; Photo Red Light administration costs; transfer 0.15 FTE Lieutenant to the Victim Services Designated Revenue program	(107,558)
Fleet Management Fund	Transfer of two filled 0.5 FTE Couriers to Fleet Management and elimination of one filled 0.5 Courier; add 1.0 FTE Fleet Unit Prep Mechanic; transfer 2.0 FTE Parks Mechanics to Fleet Management	71,599
Gifts & Grants Fund	Transfer 1.0 FTE Police Lieutenant back to General Fund due to the expiration of NCTC Grant; technical adjustment to adjust 2.35 FTE allocations between funds; add grant appropriation to 2013 East Metro Auto Theft Task Force; transfer 0.25 FTE Agent from General Fund to Gifts and Grants East Metro Auto Theft Task Force (EMATT) program	(284,165)
Golf Courses Fund	Decrease irrigation water budget to adjust for new rates; eliminate 2.0 FTE vacant Golf positions	(371,959)
Recreation Fund	Increase recreation fee revenue; reduce subsidy to offset increased recreation fee revenue; reduce budget for preschool contingent staff; increase transfer to Recreation for services at Hoffman Heights PC/Teen Center; technical adjustment to change subsidy and transfer Special Events and 1.0 FTE Special Events Coordinator from Cultural Services to Rec Fund	11,130
Wastewater Fund	Reduce annual debt service; reduce operating and maintenance costs; equipment replacement; fleet replacement; Metro Wastewater increase; process controls systems security testing; technical adjustments for Flow Control Center, Street Sweeping accounting, FTE allocations between funds and transfer 0.25 FTE from Water Fund to Wastewater Fund	165,593
Water Fund	Reduce annual debt service; reduce operating and maintenance costs; equipment replacement; fleet replacement; new operating equipment and ongoing maintenance; Zetasizer analyzers; North Campus ground water well services and treatment chemicals; process controls systems security testing; technical adjustments for Flow Control Center, lawn irrigation return flow, source water protection plan, FTE allocations between funds and transfer 0.25 FTE from Water Fund to Wastewater Fund	(9,199,474)
<b>Total Amendments</b>		<b>\$ (11,320,047)</b>
*Expenditure Appropriation Net of Revenue from Budget Amendments		

## 6. Other Funds

The City's other funds include the Water and Wastewater Funds; the Golf Fund; the Development Review Fund; and various other internal service and governmental funds. Since many of these funds operate as enterprise or internal service funds, the appropriation adjustments often reflect the need to increase or decrease spending in response to changes in the level of demand for various services. Exhibit 6.1 lists the amendments in the City's other funds in 2013.

### Uses of Fund Balance

For 2013, \$2.5 million of the total fund balance is expected to be drawn down, primarily due to capital spending. Of the 21 funds tracked by the City, 13 have planned draw-downs of fund balance, six are expected to increase fund balance, and two have no change. Of the \$33.8 million that is expected to be drawn down, \$30.8 million (91.1 percent) is associated with capital spending in the Wastewater, Water, Capital Projects, and Open Space Funds. Exhibit 6.2 lists the significant uses of fund balances.

<b>Exhibit 6.2</b> <b>Significant Uses of Fund Balance in 2013</b>		
<b>Fund</b>	<b>Use</b> (in millions)	<b>Anticipated Uses</b>
Wastewater	\$8.0	Planned draw-down of funds available for capital projects, including Cured in Place Pipe (CIPP) Rehabilitation, Baranmor Ditch improvements, Lower Westerly improvements, and other miscellaneous sewer rehab projects.
General Fund	6.8	Planned budgeted transfer to the Capital Projects Fund for specific purposes such as redevelopment, FasTracks-related projects, and District 2 police station overcrowding mitigation.
Designated Revenues Fund	1.3	Planned draw-down of funds available to cover a loss of revenue from the Arapahoe County Library District.

## 7. Staffing

The 2013 Adopted Budget eliminates 7.5 FTE in all funds while 20.0 FTE are added with one additional added in the 2012 spring supplemental for a net total of 13.5 additional FTE. Exhibit 7.1 outlines the staffing changes for all funds.

Total General Fund increases by a net of 31.8 FTE. This is the result 14.3 net FTE transferred from other Funds, 1.0 Library FTE for additional Library hours approved in midyear 2012 in the Spring Supplemental, 12.0 new police officers, 4.0 additional firefighters to offset overtime, 1.0 additional Library position for PC centers, 1.0 new Retail Specialist in Planning, and 1.0 new Administrative Support position in Neighborhood Services. These are partially offset by the elimination of 2.5 vacant positions.

Exhibit 7.2 shows the details of the staffing level by fund over time. The total number of FTE in the General Fund declined 6.2 percent (127.7 FTE) over the last ten years, while this has been mostly offset by growth in other funds (mostly Water and Wastewater) up 48.1 percent (137.0 FTE) for the same period. The ratio of civil FTE (police officers and firefighters) to General Fund career FTE has changed significantly from 2003 to 2013. Police civil service has grown 13.9 percent (80.85 FTE) while career service FTE has dropped 18.6 percent (217.0 FTE).

<b>Exhibit 7.1</b> <b>Staffing Summary by Fund</b> In Full-Time Equivalents (FTEs)			
<b>Fund</b>	<b>2011 Actual</b>	<b>2012 Projection</b>	<b>2013 Adopted</b>
Abatement	8.90	9.50	5.50
Community Development	24.58	24.80	22.20
Conservation Trust	16.65	16.77	16.77
Cultural Services	18.00	16.00	15.00
Designated Revenue	29.25	30.71	29.16
Development Review	70.75	69.75	69.75
Enhanced E-911	5.00	5.00	5.00
Fleet Management	39.50	39.50	43.50
General	1,906.15	1,899.50	1,919.55
Gifts & Grants	7.87	7.90	5.50
Golf Courses	45.00	42.00	40.00
Open Space	17.80	18.62	18.62
Parks Development	0.75	0.75	0.75
Print Shop	-	-	-
Recreation	61.20	54.20	55.20
Risk Management	9.00	9.00	9.00
Wastewater	152.59	153.09	148.26
Water	269.41	268.91	273.74
<b>Totals FTE</b>	<b>2,682.40</b>	<b>2,666.00</b>	<b>2,677.50</b>

<b>Exhibit 7.2</b> <b>Historical Staffing Changes 2003-2013 (All Funds)</b>					
	<b>2003</b>	<b>2005</b>	<b>2007</b>	<b>2009</b>	<b>2013</b>
Police Civil GF	580.0	603.0	635.0	640.0	660.9
Fire Civil GF	302.5	288.0	311.0	306.0	311.0
General Fund Career	1,164.7	1,089.1	1,091.5	1,066.5	947.7
<b>Total General Fund</b>	<b>2,047.2</b>	<b>1,980.1</b>	<b>2,037.5</b>	<b>2,012.5</b>	<b>1,919.6</b>
Police/Fire Civil Non GF	2.5	1.0	2.0	2.0	9.2
Aurora Water	285.0	329.0	403.0	426.0	422.0
Development Review Fund	112.0	115.9	119.3	86.2	69.8
Golf Fund	57.0	56.0	52.0	52.0	40.0
Rec/Cultural Services Funds	90.8	86.3	86.0	85.8	70.2
All other FTE	108.5	107.4	137.9	139.9	146.9
<b>Total</b>	<b>2,703.0</b>	<b>2,675.6</b>	<b>2,837.7</b>	<b>2,804.4</b>	<b>2,677.5</b>

## 8. Capital Improvement Program

The City of Aurora's five-year Capital Improvement Program (CIP) identifies the capital needs of the City and allocates existing funds and projected revenues for projects of \$25,000 or more. All projects must have a long-term benefit of at least five years. The CIP is the funding program for:

- Public facilities construction, remodeling, and renovation;
- Street overlay and reconstruction;
- Major water and wastewater infrastructure projects;
- Park land acquisition, development, and improvements;
- Major facilities repair and enhancement;
- Technology improvements and infrastructure;
- Traffic signal installation;
- Sidewalk and ADA improvements;
- Major equipment purchases; and
- Art in Public Places.

The CIP functions as a capital-spending plan for all five years. The CIP is updated annually as part of the budget process. It includes appropriations to support approved capital projects for the current budget year and reflects the input received from citizens and staff. It also contains appropriations for new projects and any requests to revise prior year appropriations. Unlike the operating budget, which authorizes expenditures for only one fiscal year, capital budget appropriations are

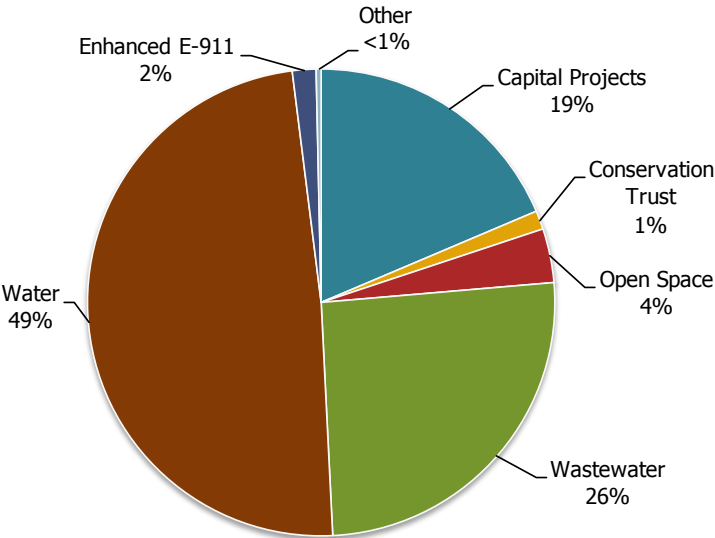


multi-year and continue until the project is completed or changed by City Council, or until three fiscal years have elapsed without any expenditure or encumbrance of project funds.

There are multiple funds in the City that include at least some expenditure within the CIP. The adopted \$488.1 million, five-year capital improvement program draws from a total of eight separate funds. The Capital Projects Fund provides for general government infrastructure and facilities, including streets, parks, information systems, and facilities. The Parks, Recreation, and Open Space Department’s capital plan receives the majority of its funding from dedicated revenue funds, including the Open Space Fund and Conservation Trust Fund. The Water and Wastewater Funds include planned five-year capital spending totals in excess of \$363.0 million. Exhibit 8.1 illustrates the distribution of the CIP appropriations by fund for 2013-2017.

**Exhibit 8.1**  
**CIP Summary by Fund, 2013-2017**

Total Appropriation: \$488.1 million



**Capital Projects Fund**

The Capital Projects Fund (CPF) provides support for general government capital projects. Historically, the CPF received a transfer equal to 100 percent of all Building Materials and Equipment Use Taxes plus 4.0 percent of all other General Fund revenues, less revenue from the 0.25 percent sales and use tax dedicated to the police officer staffing program. Consistent with prior budgets, the 2013 Adopted Budget retains the transfer of all use taxes, but reduces the transfer of all other General Fund revenues from 4.0 percent to approximately 1.0 percent. A supermajority vote by City Council is required to approve this adjustment. During the October Council budget workshop, Council directed staff to begin evaluations for gradually increasing the transfer to 4.0

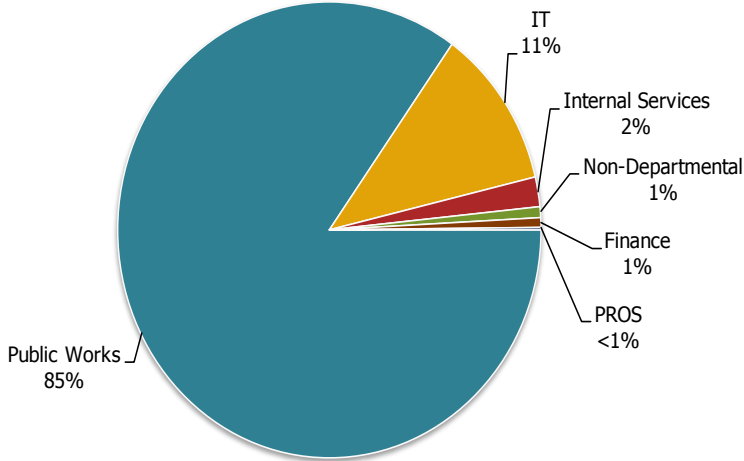
percent over several years starting with 2014. For purposes of this document, the five year Capital Projects Fund plan does not yet include the impact of this change.

The 2013-2017 five-year plan totals \$90.8 million. As Exhibit 8.2 shows, the funding in the Capital Projects Fund is primarily dedicated to ongoing street maintenance, reconstruction, improvements, and other capital maintenance projects.

Exhibit 8.2		
Summary of Capital Project Fund Projects, 2013-2017		
Project	Total cost (in millions)	Percent of Total
Street maintenance, reconstruction & improvements	\$60.1	66.2%
Building repair projects	\$8.2	9.0%
Traffic signal component replacement	\$5.6	6.2%
Direct costs - Public Works design & engineering	\$6.3	6.9%
800 MHz radio system debt service (transfer to E911 Fund)	\$4.7	5.2%
Systems, telephone infrastructure and network and replacement	\$2.0	2.2%
Direct costs - Purchasing Services	\$2.0	2.2%
All other project costs	\$1.9	2.1%
TOTAL	\$90.8	

The net change in the CPF five-year plan saw an increase in expenditures in 2013 of \$5.1 million and creates a five-year plan that is below \$100 million for the third time since 1997.

**Exhibit 8.3**  
**2012 Capital Projects Fund Expenditures**  
By Department



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## 9. Budget Process and Financial Planning

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The budget process for the City involves teamwork and cooperation among many groups and individuals within the City, including: citizens; elected officials; other government entities; neighborhood associations; Council-appointed boards and commissions; and City staff. The process provides opportunities for the public to gain information and understanding about the City's budget and operations. In addition, citizens are given a forum to provide input regarding how the City allocates its resources.

### **Citizen Involvement**

Budget town meetings are conducted by each Ward Council member early in the budget development process. At that time, citizens receive information about the budget and are given the opportunity to inform City Council about their issues and priorities. Citizens are encouraged to express their opinions about the budget, and members of the public can make requests of City Council.

In addition, two public hearings are scheduled during City Council's formal weekly meetings. One hearing is held in the spring before budget preparation begins; and the other is scheduled in the fall just prior to Council meeting(s) to consider the proposed budget.

The Citizens' Advisory Budget Committee (CABC) meets monthly to become familiar with City operations, priorities, and budget needs. The CABC meets prior to the proposed budget submission to form its own recommendations to present to Council. Other commissions directly involved in making budget recommendations to the City Council are the Citizens' Advisory Committee on Housing and Community Development (CHCD) and the Citizens' Water Advisory Committee (CWAC).

### **City Staff Involvement and the Basis of Budgeting**

Each year, the Office of Budget and Financial Planning projects revenues for the next five years. The first year of the five-year projection is used as the basis for the annual operating budget. The annual operating budget balances operating expenditures with operating revenues.

For expenditures, the baseline for the development of the 2013 budget is the projected amount approved by City Council when they adopted the 2012 budget less one-time items and various adjustments. These changes may include: items approved in the 2012 Spring Supplemental ordinance; utility, water, and fuel rate adjustments; risk management adjustments; and fleet service adjustments. Personal services costs are calculated by the Office of Budget and Financial Planning to reflect current staffing levels and cost factors. These amounts are provided to the departments on a line-item basis.

Any new funding request that is not tied to the items noted above must be requested and specifically justified within a budget amendment request (an "add"). This process applies to requests to fund expanded or additional services. Similarly, departments submit budget reductions (a "cut") when lower revenue projections necessitate such items. Each council appointee and department director submits the budget for his or her department. Working with their program managers and budget coordinators, department directors and appointees compile and submit their budget. This information is submitted to the Office of Budget and Financial Planning in June. The budget submission includes line-item allocations.

After significant review of additions and reductions by the Deputy City Managers, the City Manager, and other council appointees, the Office of Budget and Financial Planning consolidates prior year actual expenditures, the current year budget projections, and department budget submissions into the City Manager's proposed budget document. Items in the proposed budget are presented to City Council, both in one-on-one settings and formal presentations, for their consideration and approval. The City Council convenes a workshop in the fall to discuss the proposed budget. At this time, the City Council makes any desired adjustments to the proposal and forwards it to a formal meeting for a vote.

In accordance with the City Charter, the budget is adopted by December after appropriate public notices and readings. After the budget is adopted, City Council may adjust the budget by way of one or more supplemental appropriation ordinances during the year. These are normally considered in the spring and fall.

### **Budget Document**

The Office of Budget and Financial Planning annually prepares two formal documents:

- The Proposed Budget is a recommended budget using the current year budget with adjustments as approved by the City Manager.
- The Adopted Budget is formally adopted by the City Council in the annual budget ordinance. It is the result of refinements made to the proposed budget by Council after analysis of overall City needs, priorities, and available resources.

### **Budget Calendar Summary**

The City's fiscal year is January 1 through December 31. The budget is developed and considered from February through November. Monitoring of the budget occurs throughout the year. A calendar of the budget process can be found on the next page.

## Summary of Key Events

The City's fiscal year is January 1 through December 31. The budget is developed and considered between May and November. Monitoring and adjustment of the budget occur throughout the year. The following is a typical calendar.

### *January – May*

- Final revenues and expenditures for the previous year are reported and analyzed;
- First quarter review of current year expenditures and revenues;
- Appropriation amendments are requested and the spring supplemental ordinance is presented;
- Departments meet with Council for discussions about department issues;
- Goals and priorities for the next year are defined; and
- City Council members host "Budget Town Meetings."

### *May – September*

- Second quarter review of current year expenditures and revenues;
- Departments and Council Appointees prepare proposed budgets/adjustments;
- Executive staff evaluate projections and determine budget adjustments;
- Departments present budget adjustments to City Manager;
- Administrative fee changes are reviewed by the Management and Finance Committee;
- The Citizens' Advisory Budget Committee reviews and comments upon the City's budget proposals; and
- The proposed budget is produced and delivered to City Council.

### *September – December*

- Aurora Water, the Citizens' Water Advisory Committee and the Citizens' Advisory Committee on Housing and Community Development present their budgets to Council;
- City Manager presents proposed budget to Council;
- City Council reviews the proposed budget and makes budget decisions;
- Administrative fees are approved;
- Budget ordinances are introduced and adopted;
- Third quarter review of current year expenditures and revenues; and
- Appropriation amendments are requested and the fall supplemental ordinance is presented.



The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to Aurora, Colorado for its annual budget for the fiscal year beginning January 1, 2012.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only. We believe that our current budget continues to conform to, and in many cases exceed, program requirements, and we are submitting it to GFOA to determine its eligibility for another award.





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