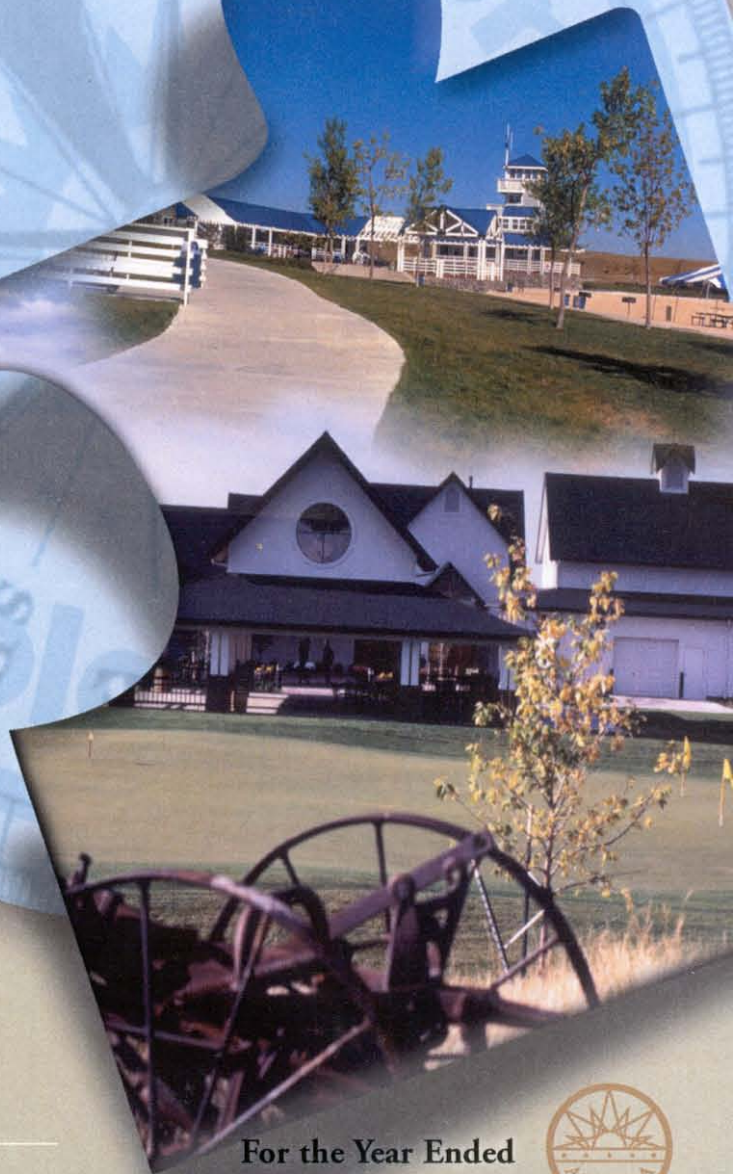
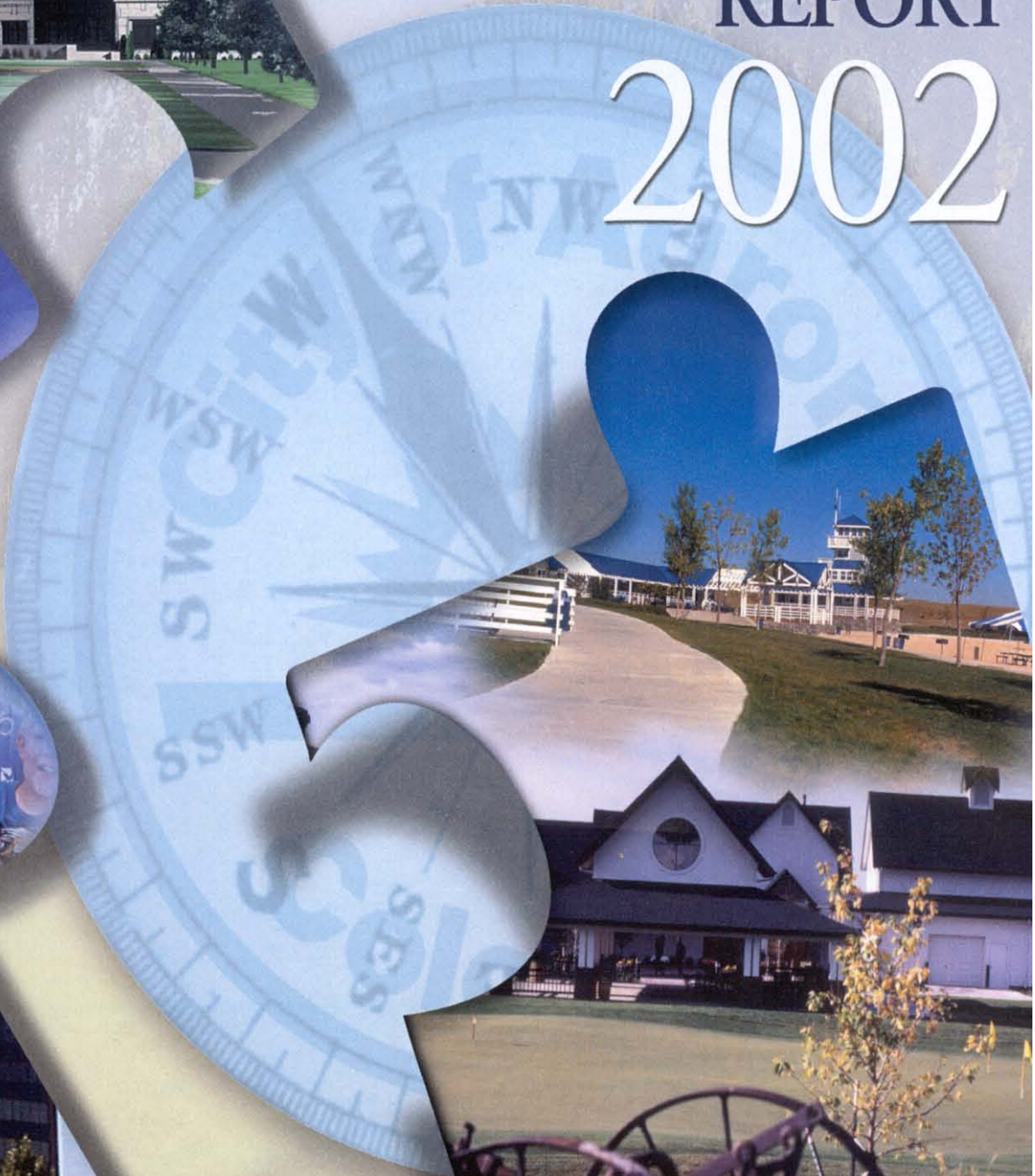
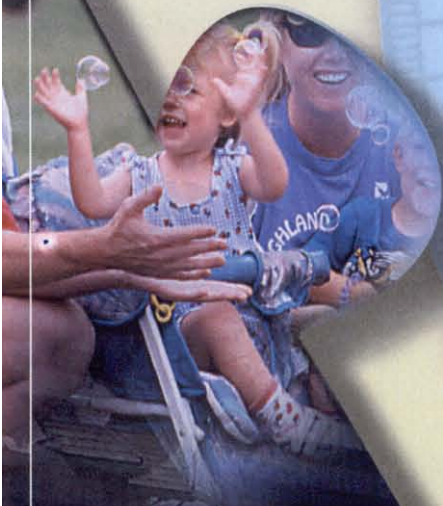


City of Aurora, Colorado

# COMPREHENSIVE ANNUAL FINANCIAL REPORT 2002



For the Year Ended  
December 31, 2002





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Aurora,  
Colorado

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Aurora, Colorado  
Year Ended December 31, 2002

Prepared by the Controller's Office  
Finance Department



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## Prepared by the Controller's Office Finance Department

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Aurora, Colorado 80012

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May 23, 2003

To the Honorable Mayor, City Council, and Citizens of the City of Aurora, Colorado:

We submit, for your information and review, the Comprehensive Annual Financial Report (CAFR) of the City of Aurora, Colorado (the City), for the year ended December 31, 2002.

## **CAFR RESPONSIBILITY AND STRUCTURE**

### **Management's Responsibility**

This report consists of management's representations concerning the finances of the City of Aurora. Consequently, management assumes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. The City has included all disclosures necessary to enable the reader to gain an understanding of the City's financial activities.

### **Independent Auditor's Responsibility**

The City Charter requires an annual audit by independent certified public accountants selected by the City Council. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2002, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2002, are fairly presented in conformity with generally accepted accounting principles (GAAP). The opinion of KPMG LLP on the City's financial statements is included in the financial section of this CAFR.

### **Single Audit**

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The results of this single audit are available in the City's separately issued Single Audit Report.

### **CAFR Structure**

The CAFR contains three sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The Financial Section contains the independent auditors' report, the basic financial statements, which include the notes to those statements, required supplementary information, combining and individual fund statements, other schedules, and debt continuing disclosures. The

Statistical Section includes selected financial and demographic information about the City. The CAFR includes all funds and component units of the City. Entities considered to be component units under governmental accounting standards include: the Aurora Capital Leasing Corporation (ACLC), Aurora Urban Renewal Authority (AURA), General Employees' Retirement Plan (GERP), the Elected Officials' and Executive Personnel Defined Benefit Plan (EOEP), and the Fitzsimons Redevelopment Authority (FRA).

### **Management's Discussion and Analysis**

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

## **GOVERNMENTAL STRUCTURE, ECONOMIC CONDITION AND OUTLOOK**

### **General**

The City of Aurora is located on the eastern slope of the Rocky Mountains and lies in the six county Denver/Aurora metropolitan area (the metro area). The metro area is the economic center of the State of Colorado (the State). Aurora is the third largest city in the State with an estimated population in 2002 of 291,418. This is 13 percent of the metro area population. The City provides general government services including police, fire and emergency medical services, public works, water and sewer, parks and recreation facilities, libraries and golf courses.

The City utilizes the Council-Manager form of government, which was adopted by the City in 1954. In 1961, the City became a Home Rule City by adopting its own Charter pursuant to Article XX of the Constitution of the State. In 1993, the City Charter was amended to provide for a full-time Mayor, beginning January 1, 1996. The eleven members of the City Council (including the Mayor, who is elected specifically for that position) are chosen biennially for staggered four-year terms in non-partisan elections. Pursuant to Article XVIII, Section 11 of the Colorado Constitution, commencing with terms of office beginning on or after January 1, 1995, Council members are limited to two consecutive terms of office. Five Council members and the Mayor are term limited and will be leaving office at the end of 2003. The City Manager is responsible for the administration of City operations and for carrying out policy as set by the City Council. The City Manager serves at the pleasure of the Council. Also serving at the pleasure of the Council are three other appointees: the City Attorney, the Presiding Judge, and the Court Administrator. Each of these appointees is responsible for the administration of his or her respective operation.

### **Quality Basic Services**

The City emphasizes high quality basic services, including public safety, street maintenance, and a broad array of recreational services. The Aurora Police Department utilizes community policing and has a national and international reputation as a leader in this area. The City budgets for additional police officers as needed to maintain a minimum ratio of two police officers per one thousand citizens. The Aurora Fire Department is one of the top fire departments in the country in terms of its capabilities and services provided to the citizens. It also is a leader in public/private partnerships having developed and implemented an innovative transport agreement between the Department and a private ambulance service that provides both basic and

advanced life support services. The Public Works Department maintains streets in good condition and the Parks and Recreation and Library Services Departments offer a wide range of quality recreation and library services.

### **Strong Financial Condition**

The City is strong financially and is recognized as such by the independent bond rating agencies. It consistently provides quality services to citizens while maintaining a balanced budget. Aurora maintains adequate fund balances for emergencies and its citizens have supported a number of bond issues for infrastructure and approved other ballot questions to help strengthen the City financially. The City depends on sales and the associated use tax as its main revenue source for general operations. Sales and use tax revenues made up 66% of total General Fund budgetary revenues in 2002, net of development review revenues (which are used for a specific purpose). Sales and use tax revenues have grown substantially over the last decade. The property tax represents an important secondary revenue source (10% of total General Fund budgetary revenues, less development review, in 2002) that is less impacted by changing economic conditions than is the sales and use tax. In addition, the City enjoys a high rate of growth in residential, industrial and commercial construction because of its excellent location in the metro area and the availability of land and water.

During 2002, the economy of Aurora unexpectedly slowed as it did in the entire metro area and the nation as a whole. The slowdown in the economy affected 2002 revenues and is also impacting 2003 revenues. General Fund revenues on a budgetary basis, net of operating transfers and net of development review revenues, increased by only \$969,000 or 0.5 percent in 2002 compared to 2001. Based on actual results through April 2003, General Fund revenues in 2003 are projected to grow about 0.5 percent. This will be less than budgeted. Any 2003 revenue shortfall is expected to be made up by reducing expenditures and use of unallocated fund balance.

Revenue growth is expected to improve in 2004 and beyond. These projections will be periodically revised, as additional information becomes available. Management's present intention, supported by the City Council, is to reduce General Fund expenditures and use available General Fund fund balance to maintain balanced budgets in 2003 and 2004. The City does not currently anticipate using any of the funds in its Policy Reserve Fund. The Policy Reserve Fund sets aside an amount currently equal to 10% of the General Fund's adjusted budgetary operating expenditures for unanticipated emergencies. The City does expect to draw down most of its other discretionary reserves in 2003 and 2004.

In 1999, the City's electorate exempted all City fees from constitutional limits on fiscal year spending and approved a non-declining spending base for revenues not exempted. In 2000, the City's electorate approved an amendment to the Charter permanently reducing property taxes by two mills in 2001 and one mill in 2004 for a total of three mills. This reduction was projected to be revenue neutral. The reduced property tax revenue is offset by a reduction in the property tax refund otherwise required by the TABOR constitutional amendment. The Charter amendment also exempts the City's main revenue source, its sales and use tax, from constitutional limits on fiscal year spending. As a result of these voter-approved changes over the past few years, the City believes that there has been significant improvement in its long-term financial flexibility and its ability to take advantage of growth to strengthen its revenue base.

### **Growth and Development Continue to be Important**

There are over 30,000 housing units newly built, planned or under construction along the new E-470 highway corridor. The City is projecting almost 50,000 additional residents by 2010. The City continues to promote smart growth and good planning for purposes of encouraging a continuing high quality of life for its current and future residents.

Although economists predict relatively slow growth for the metro area over the next several years, growth in population, consumer spending, and construction is expected to continue. During 2002, residential and commercial construction continued to be a major economic force in the metro area. In the City, 1,742 new permits for residential construction were issued, providing 3,013 new family housing units. In addition, permits were issued for 355 new commercial and industrial construction projects.

The E-470 highway (see description in next section) is expected to influence the patterns and level of growth in the area for the next 75 to 100 years. The City has sought to take advantage of this opportunity through strategic annexation, coordinated transportation planning, E-470 corridor land planning and zoning, and economic development policies. The Aurora Reservoir/E-470 highway area in the southeast corner of the City is ultimately expected to support a residential population of 70,000. Furthering a City goal of attracting more high quality residential development, new communities that provide higher priced homes and surround two City-owned championship golf courses are being constructed. Additional golf course communities are planned in these areas by various developers as well as substantial high-quality development throughout the remainder of the southeast portion of the City.

Before any annexation or development is considered, landowners must agree to build or arrange construction of the required infrastructure. These up-front commitments routinely include the construction of water and sewer lines, roads, bridges, and drainage improvements. In many new developments, infrastructure is funded and constructed by special districts, which are local taxing entities formed by the landowners with the approval of the City. Landowners also must dedicate groundwater rights owned by them, donate parcels for fire stations and schools, and preserve land for parks and open space.

Twelve office and industrial parks are located in the City. These parks vary in location from urban to suburban and offer a wide variety of multi-tenant, single-tenant and user-owned buildings, along with vacant land ready for development. The City has a commercial leasing and development market comprising nearly 8 million square feet of office space and 16 million square feet of industrial and flex space. Three new industrial office parks are in the planning stages or under construction at or near the I-70 and E-470 interchange and a fourth industrial park is beginning development nearby. The developers of these large master planned parks, all leading national real estate investment trusts, view this area as the logical location for the next expansion of the region's industrial and distribution facilities. The first of these new developments, ProLogis Park 70 at the northeast corner of I-70 and E-470, is under construction. The first identified tenant will be a 400,000 square foot regional parts distribution facility for General Motors. It will employ 80 to 100 workers.

Other additions in the office and industrial market include a new 100,000 square foot medical office building for University Physician's Inc. on the Fitzsimons campus and a new manufacturing facility for Serta Mattress. TRW (which became Northrop Grumman in 2003)



opened a new office building near Buckley Air Force Base in late 2002 and Raytheon continues increasing their employment numbers as they plan to bring in an additional 200 employees in 2003 as work ramps up on a long-term multi-billion dollar contract.

In the retail sector, the construction of the Pioneer Hills regional shopping center is complete. This is a 500,000 square foot shopping center located in southeast Aurora. Aurora City Place, a 500,000 square foot plus shopping center at Interstate 225 at Alameda Avenue, is nearing completion. Over 75 percent of the total retail space is open for business and the chain stores at this center are reporting record-breaking sales. In southeast Aurora, in the Aurora Reservoir area, a 350,000 square foot shopping center, Saddlerock Marketplace, will be fully open and occupied by 2003 yearend. These new retail venues are projected to bring in additional sales tax revenue and improve sales tax revenue growth.

Development has brought significant private investment to the City. Along with the growth and associated new revenue that development brings also comes a need for additional public services. The City expects to increase expenditures on services and infrastructure to support the new development.

The drought in Colorado could potentially impact development. The City took steps to ensure adequate water is available for public welfare purposes by implementing a series of drought measures beginning in the summer of 2002 and took further steps in the spring of 2003. One of these steps places a limit on the number of new homes for which building permits will be issued for the balance of 2003. It is not expected that this limit will have any material effect on either short-term or long-term development in Aurora.

## **MAJOR INITIATIVES**

### **Major Infrastructure and Transportation Projects Provide Significant Opportunities**

The City benefits from several major infrastructure and transportation projects.

*Denver International Airport ("DIA")* - Opened by the City and County of Denver in 1995, DIA is now the sixth busiest airport in the United States and employs over 30,000 people. Lying along the City's northern border, DIA generates substantial development activity in the immediate area. New development within the City near DIA includes three new office buildings opened and a fourth in the planning process; an average of one million square feet of new flex/industrial space every year since 1997; and seven new hotels containing a total of 1,200 rooms at an average occupancy rate of 72 percent for 2002.

*E-470 Highway* – The E-470 toll highway is having a positive impact on development, resulting in new retail, commercial and residential growth in the City. E-470 traverses the southeastern perimeter of the metro area, primarily in the eastern portion of the City. It provides high-speed access from the southern metropolitan area, through the City, to DIA. All portions of E-470 are now open. The final portion of E-470, Segment IV, opened on January 3, 2003. The beltway system, of which E-470 is a part, now extends from C-470 southwest of the Denver Tech Center, through the City and the western edge of DIA, to Interstate 25 north of the Denver/Aurora metropolitan area.

### **Military Base Reuse and Development Provide Major Economic Activity**

Historically, three active military bases (Fitzsimons Army Medical Center, Lowry Air Force Base and Buckley Air National Guard Base, renamed Buckley Air Force Base) played an integral role in the life of the City. In the mid-1990s, two of the bases were designated for closure and the City initially anticipated a significant negative impact from the loss of these economic and employment generators. Instead, the opposite has occurred, as the two bases that closed (Lowry and Fitzsimons) quickly became and remain national models for military base reuse. While the two closed bases are becoming part of the commercial and residential fabric of the area, the third base (Buckley) is increasing in importance as a military base for the Department of Defense.

*Fitzsimons* - The 577-acre former Fitzsimons Army Medical Center is now the site of the largest medical-related redevelopment project in the nation. The workforce at Fitzsimons is expected to exceed 4,000 employees by 2004, replacing the 4,000-civilian/military jobs lost when the U.S. Army closed Fitzsimons in 1999.

Anchoring the redevelopment of Fitzsimons is the new 227-acre campus of the University of Colorado Health Sciences Center and University of Colorado Hospital (“UCHSC/UCH”) and an affiliated 160-acre bioscience research park for biotechnology and biomedical companies (Colorado Bioscience Park Aurora). The bioscience park is being developed by the Fitzsimons Redevelopment Authority (FRA) and is formally affiliated with the University of Colorado. The total redevelopment program for Fitzsimons calls for over 15 million square feet of new construction phased over 20 years, representing a capital outlay of \$4.3 billion. At build-out, as many as 32,000 employees are anticipated to be working at Fitzsimons with 350,000 patients visiting the site annually.

The relocation of UCHSC/UCH from its current location in Denver to the Fitzsimons campus is already well underway and is expected to be substantially complete by 2007. Approximately 3,000 employees are currently located at Fitzsimons in facilities which include the renovated former main hospital building and the new 600,000 square foot, \$165 million Anschutz Center for Advanced Medicine and Lion’s Eye Institute. The Anschutz complex is expected to serve 300,000 patients per year by 2010. The 600,000 square foot Basic Science Research Complex I is under construction and is expected to open in early 2004, adding another 1,200 employees to the site. Also under construction is the first 100-bed phase of the inpatient facility. This phase is expected to be completed in 2004.

In late 2001, The Children’s Hospital (“TCH”) announced it would relocate from its Denver location to Fitzsimons. With construction scheduled to start in 2003, TCH plans to develop a 1.2 million square foot campus on 37 acres for clinical, research and administrative use including a 270-bed inpatient facility. Total estimated development costs are \$400 million, with completion scheduled for 2007.

Colorado Bioscience Park Aurora is planned for a build-out of over three million square feet and a work force of 8,000. The bioscience park is affiliated with the University of Colorado, which is expected to be a source of services and support for research-oriented companies locating at Fitzsimons. This University affiliated bioscience park is the first of its kind to open west of the Mississippi. It is modeled after three similar research parks successfully launched on the East

Coast. The FRA is both the master developer and manager of the bioscience park component at Fitzsimons.

*Lowry* - Prior to its closure in 1994, Lowry Air Force Base (“Lowry”), including the Defense Finance and Accounting Center, was located on the western boundary of the City and employed a total of 12,227 persons, both military and civilian. The Lowry Economic Redevelopment Authority (“LERA”) was formed by intergovernmental agreement between the City of Aurora and the City and County of Denver in 1994 to oversee redevelopment of the base. LERA has issued approximately \$83.4 million in revenue bonds to finance infrastructure and open space improvements at Lowry. As a result, more than 350 buildings have been demolished, 14 miles of new road were constructed, and 35 miles of piping were installed to provide new storm, sewer, and water systems.

The redevelopment of the former base resulted in a 1,866-acre, mixed-use, master planned community within a densely developed area. At completion, the Lowry community is expected to feature 4,500 homes, a two million square foot business park with 7,000 employees, a retail town center, a community college campus, numerous schools, and 800 acres of public parks and recreational areas. The transformation of Lowry into a new urban community is progressing rapidly, and although only 50 percent complete, Lowry is approximately three years ahead of its redevelopment schedule.

Approximately 89 percent of Lowry is within the City and County of Denver, with the remaining 11 percent in Aurora. Most of the Lowry property within Aurora is occupied by the Colorado Community College system. The Lowry Campus of the Colorado Community College System, operated by Aurora Community College, now supports over 2,500 students and is comprised of the Community College of Denver Health Sciences Center, the Community College of Aurora Science and Technology Campus and the system headquarters for the Community College of Colorado. Enrollment is expected to reach 7,000 students within 10 years.

*Buckley Air Force Base* - The Buckley Air Force Base (Buckley) is one of the key components of the U.S. Space Command and home to 28 different military missions. Due to the increasing importance of Buckley’s mission, the base came under Air Force control in September 2000. This is the first facility to become a new Air Force base in over 30 years.

This increased importance has created the need for major infrastructure improvements on base. At least \$70 million is budgeted for capital improvement projects over the next five years, including a new 250-bed dormitory, a medical facility, a community center and a base exchange/commissary. The long-range plans call for replacing all base infrastructure (utilities, roads, etc.). Approximately one-third of the structures currently on base are new, and the remaining structures, most constructed in the 1940s and 1950s, are expected to be replaced.

Buckley’s annual economic impact on the region, estimated to exceed \$500 million, continues to grow along with the base’s strategic importance. Buckley is one of the City’s largest employers, with most of this employment focused in the engineering and telecommunications sectors. The Department of Defense employs 9,375 full-time military, civilian and contractual personnel at Buckley.

The U.S. Space Command has been consolidating substantial parts of its satellite reconnaissance operations at Buckley. Approximately one-third of all employees (military, civilian, and contractual) on base are assigned to operations affiliated with these programs. Buckley's satellite technology focus has led a number of Fortune 500 companies to increase their presence in the area. Currently Lockheed, Raytheon, and TRW each employs more than 500 workers in nearby office parks. Raytheon recently opened new facilities at their Aurora campus, and TRW (which became Northrop Grumman in 2003) has expanded its campus with construction completed in 2002. Each is expected to add several hundred employees by the end of 2003.

### **Urban Renewal Supports Economic Development**

An urban renewal area at Aurora's City Center was created by resolutions in 1981 and 1982 and consists of approximately 670 acres. As part of the Urban Renewal Plan, approximately 125 acres of underdeveloped land in City Center were declared eligible for property and/or sales tax increment financing. The City Council, acting as the governing body of the Aurora Urban Renewal Authority (Authority), is authorized to issue revenue bonds to finance public improvements within City Center. The effect of tax increment financing in the area is that the City is setting aside the tax revenues for capital improvements while still providing municipal services to the City Center area. Under a separate development agreement the City has committed \$13 million of sales tax revenues on the completed 500,000 square foot Aurora City Place retail center located in the urban renewal area. This urban renewal area is successful with substantial private and public investment made in the surrounding area, including the City's new Aurora Municipal Center and Arapahoe County's new office building.

On June 11, 2001, the City Council passed resolutions designating a second urban renewal area in the City – the Fitzsimons Renewal Area (the "Renewal Area"), encompassing some 600 acres around and including the former Fitzsimons Army Medical Center in the northern area of the City. As part of that designation, the City Council also created a tax increment financing district including the entire Renewal Area and allocated both incremental property tax revenues from the City and overlapping jurisdictions and incremental City sales tax for redevelopment projects in the Renewal Area for up to 25 years. In addition to the property tax and sales tax increments available through the Authority in the Renewal Area, the City Council has determined to use incremental City occupational privilege tax (also known as the "head tax") and lodgers' tax revenues generated in the Renewal Area to fund redevelopment projects.

In January 2003 the City Council passed resolutions designating a third urban renewal area - the Fletcher Plaza Urban Renewal Area (FPURA), encompassing 51 acres in the northwest corner of the city. A tax increment financing district was not established at that time, but it is anticipated to be set up, as needed, in the future. Proceeds from a voter-approved bond issue are being used to finance a new library and municipal services center in the FPURA. The city has also allocated \$15 million of its Private Activity Bonding authority for a \$30 million residential/mixed-use project in the FPURA.

## **THE FUTURE**

### **Maintaining Growth and Strong Finances**

For the future, the City plans to continue to emphasize the provision of quality basic services, maintain its infrastructure, and maintain a strong financial position. In the past, these same efforts have made Aurora a good location for both residents and businesses.

Growth issues are expected to continue to be a major focus over the next few years. The City is in an enviable position to benefit from development as a result of the opening of DIA, the redevelopment of the former Fitzsimons Army Hospital, the new E-470 Highway, growth of the Buckley Air Force Base, and the general economic growth and health of the metro area. The City intends to take advantage of these opportunities to maintain and expand the City's economic base. The City will balance the needs of existing service areas with the requirements to expand services to the newly developing areas. The City is aggressively moving to "harden" its water system against the possible continuation of the current drought or a new one in the future. Efforts in this area include acquiring more storage, purchase of additional water rights and temporary leasing of water rights. It is the intent of this program to not only provide an additional level of contingency protection for existing residents, but also to ensure adequate supplies as the city grows.

The City expects to remain strong financially. Management will continue to monitor and adjust the 2003 budget to take into account the unexpectedly low rate of increase to General Fund revenues. While the City is expecting to utilize fund balances in 2003 and 2004, the City expects to not draw down its long-term policy reserves. A detailed review of the matching of revenues and expenditures is expected to occur in 2004 as part of the development of the 2005 budget. The City has a strong emphasis on attracting and retaining quality retail development in the City to support future growth in sales tax revenue. This emphasis, along with an improved national economy and continued strength in Aurora's housing and commercial developments, is anticipated to result in improved revenue growth for the City.

## **FINANCIAL INFORMATION**

*Internal Control Structure* - Management has established and maintains an internal control structure designed to ensure the assets of the City are protected from loss, theft, or misuse, and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. The City's internal control structure is subject to periodic review by management, the City's internal audit staff, and by external auditors.

*Budgeting Controls* - The City maintains budgetary control over its expenditures. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Operating activities of the General, Special Revenue, Debt Service, Capital Projects, Enterprise, and Internal Service Funds are included in the annual appropriated budget. Operating expenditures are legally controlled at the fund and department level for the General Fund and the fund level for all other funds, and may not exceed appropriations at those levels. Project-length budgets are adopted for capital projects and certain grants. The level of budgetary control on capital projects is at project level within each fund. The City also uses encumbrances as a technique of accomplishing budgetary control. Encumbered amounts outstanding at year-end are carried forward to the next year. As demonstrated in the footnotes and required supplementary information of the accompanying financial report, the City continues to meet its responsibility for sound operational and financial management.



Pensions - The City provides seven pension plans. The General Employees' Retirement Plan is a contributory defined benefit plan and the Elected Officials' and Executive Personnel Defined Benefit Plan is a non-contributory defined benefit plan. The City formerly contributed to the Old Hire Fire and Old Hire Police Pension Funds for full-time firefighters and police officers hired before April 7, 1978. These plans are now fully funded and no additional contributions are needed. The City also has three money purchase defined contribution pension plans, two for firefighters and police officers hired on or after April 8, 1978 and one for City executive personnel. Details concerning the pension plans are included in the footnotes of the accompanying financial report and in the required supplementary information following the footnotes.

Debt Administration - As of December 31, 2002, the City had outstanding certificates of participation and bonded debt of \$297,262,762 (excluding unamortized bond premiums and discounts). These issues included:

- \$111,825,000 in includable entity debt
- \$75,185,000 in general obligation water debt supported by the Water Fund
- \$56,110,000 in general obligation debt supported by the General Fund
- \$19,979,841 in sewer revenue bonds
- \$15,855,000 in General Fund revenue bonds
- \$12,482,921 in water revenue bonds
- \$5,825,000 in golf revenue bonds

Details concerning the City's debt ratings are included in Exhibit G-2.

- In 1992, Colorado voters approved an amendment to the constitution (TABOR) which requires new general obligation debt to be authorized by voters.
- The per capita amount of total general obligation bonded debt, excluding general obligation debt payable from the Water Fund and debt service reserves, was \$188.
- The per capita amount of total general obligation bonded debt, including the certificates of participation of ACLC and excluding general obligation debt payable from the Water Fund and the debt service reserves, was \$565.

Cash Management - The City's investment activities are governed by an investment policy containing the following goals: 1) to minimize credit and market risks, 2) to provide necessary liquidity, 3) to meet financial management goals and 4) to provide a competitive yield. Deposits were either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized under the Colorado Public Deposit Protection Act (PDPA). The City utilizes an investment pool to maximize investment income. During 2002, investments included U.S. Government and agency securities, commercial paper rated A1 or better by Standard & Poor's or P1 by Moody's, corporate notes rated A1 by Moody's or A+ or better by Standard & Poor's, repurchase agreements, and a local government pool (COLOTRUST).

As of December 31, 2002, the City's financial resources, including bank deposits and investments in the City's cash and investment pool, were allocated as follows:

	<u>% of Resources</u>
Bank deposits	1.11%
U.S. Government and agency securities	42.22%
Corporate notes	34.91%
Commercial paper	13.00%
Local government pool (COLOTRUST)	8.76%
	<u>100.00%</u>

The average yield on pooled investments at December 31, 2002 was 4.07%. This performance exceeds the City's benchmark, which was 2.01% as of December 31, 2002. The City's benchmark is currently a 12-month moving average of the one-year U.S. Treasury constant maturity index. The City earned interest revenue, before the adjustment to fair value, of \$11.6 million on the City's pooled investments for the year ended December 31, 2002.

Risk Management - The City maintains a Risk Management Internal Service Fund. The purpose of the fund is to provide resources for the City's partial risk retention against claims and judgments, fund-related administrative expenses, and attorney fees. Insurance claim reserves are established on an annual basis. The City also has excess insurance coverage.


## OTHER INFORMATION

Awards - The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended December 31, 2001. The Certificate of Achievement is a prestigious national award, which recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year. The City has received the certificate for sixteen consecutive years. We believe that our current comprehensive annual financial report continues to meet the requirements of the Certificate of Achievement program and we are submitting it to the GFOA.

Acknowledgments - The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department and other City departments and staff who contributed information in the report. Finally, we wish to thank the Mayor and City Council for their continued support.

Respectfully submitted,



Ronald S. Miller  
City Manager



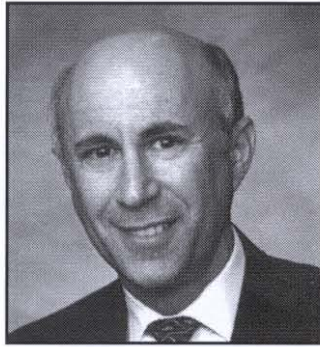
John Gross  
Finance Director





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## Council Members 2002



Ron Miller, City Manager



Mayor Paul E. Tauer



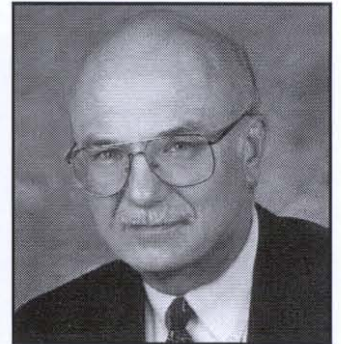
Kathy Green (Mayor Pro-Tem)  
Ward II



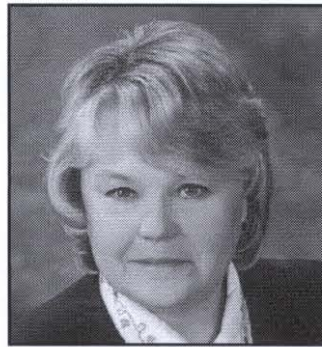
Nadine Caldwell  
Ward I



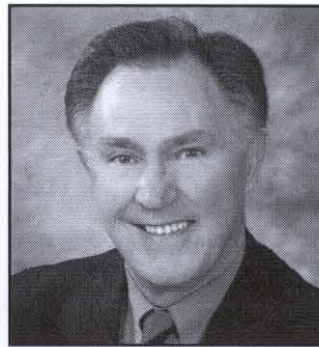
Ingrid Lindemann  
Ward III



John Paroske  
Ward IV



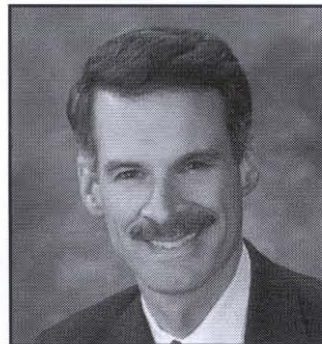
Barbara Cleland  
Ward V



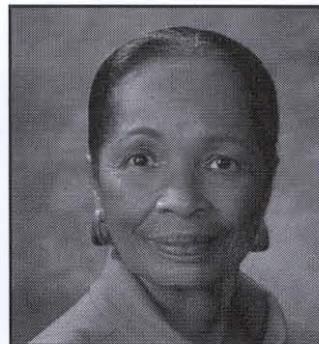
Dave Williams  
Ward VI



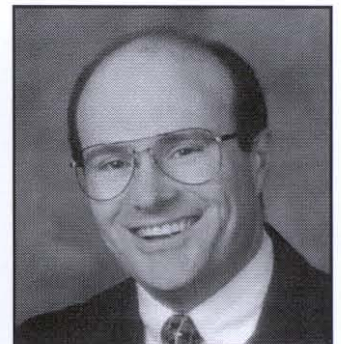
Stephen D. Hogan  
At-Large



Bob LeGare  
At-Large



Edna Mosley  
At-Large



Ed Tauer  
At-Large





## Officials

City of Aurora, Colorado

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### City Council

**Paul E. Tauer, Mayor**

Nadine Caldwell  
Barbara Cleland  
Kathy M. Green

Stephen D. Hogan  
Bob LeGare  
Ingrid Lindemann

Edna W. Mosley  
John S. Paroske  
Ed Tauer  
Dave Williams

### City Manager's Office

Ron Miller, City Manager

Nancy Freed, Deputy City Manager, Community Services

Frank Ragan, Deputy City Manager, Operations

Katherine Svoboda, Deputy City Manager, Administration

Janice Napper, Assistant City Manager

### Council Appointees

Zelda DeBoyes, Court Administrator

Gregory Hopkins, Acting Presiding Judge

Charles H. Richardson, City Attorney

### Department Directors

Denise Balkas, Director of Planning

Casey Jones, Fire Chief

Laurie Cole, Chief Public Defender

Jack Cooper, Director of Parks and Open Space

John Gross, Director of Finance

John Hilton, Director of Internal Services

Darrell Hogan, Director of Public Works

Peter Binney, Director of Utilities

Thomas P. Nicholas, Director of Library &  
Recreation Services

Mark C. Pray, Director of Information Technology

Ricky Bennett, Chief of Police

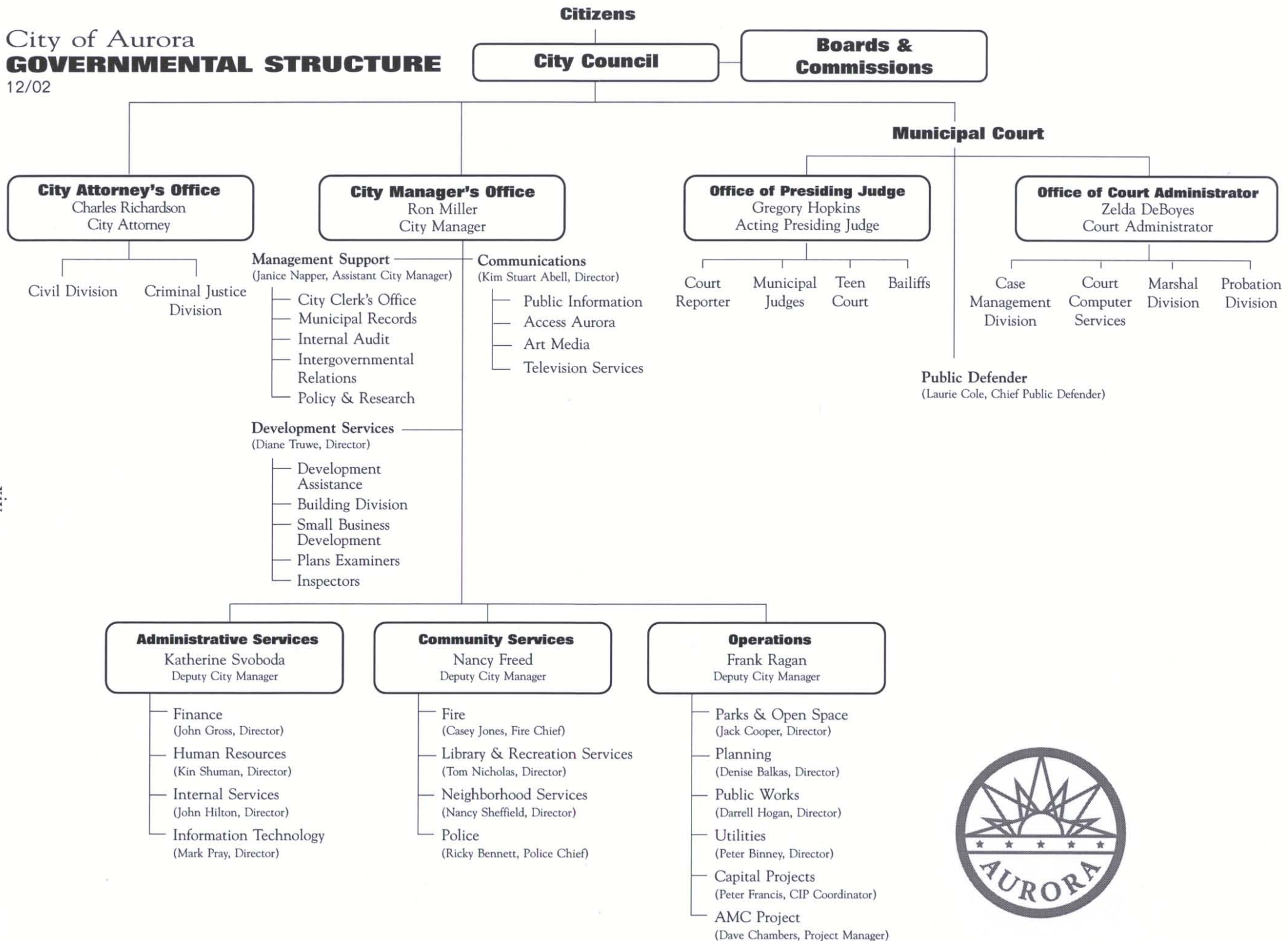
Nancy Sheffield, Director of Neighborhood Services

Kin Shuman, Director of Human Resources

Kim Stuart Abell, Director of Communications

Dianne Truwe, Director of Development Services

City of Aurora  
**GOVERNMENTAL STRUCTURE**  
 12/02









707 Seventeenth Street  
Suite 2700  
Denver, CO 80202

## Independent Auditors' Report

The Honorable Mayor and Members  
City Council of the City of Aurora, Colorado:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Aurora, Colorado (the City), as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the General Employees' Retirement Plan (GERP), which represent 58 percent of the aggregate remaining funds' assets and 1 percent of aggregate remaining funds' revenue. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for GERP, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Aurora, Colorado, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 to the basic financial statements, the City implemented a new financial reporting model as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of January 1, 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2003, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.





The management's discussion and analysis on pages 3 through 22, schedules of funding progress on page 127, and general fund budgetary comparisons on pages 128 and 129 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, other schedules, debt continuing disclosures, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditors, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section, other schedules, debt continuing disclosures, and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

May 23, 2003

## EXHIBIT I

### CITY OF AURORA, COLORADO

#### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2002



As management of the City of Aurora, Colorado (City), we offer the readers of the City's financial statements, this overview and analysis of the basic financial statements of the City as of and for the year ended December 31, 2002. This discussion focuses on the "primary government" which includes not only the City itself but also the legally separate organizations for which the City is financially accountable and that provide services solely to the City called "blended component units". The City's component units are discussed in "The Reporting Entity" section of the notes to the basic financial statements. We encourage readers to consider the information presented in this discussion and analysis in conjunction with additional information contained in the notes to the basic financial statements when reviewing these statements. Discussion of the discretely presented component unit Fitzsimons Redevelopment Authority can be found in their separately issued financial statements.

#### **I. Financial Highlights**

- Citywide Financial Statements

Total City assets at the end of 2002 were \$3.5 billion. Eighty-eight percent (88%) of these assets, \$3.1 billion, were capital assets (land, buildings, infrastructure and equipment) that are used in providing services to our citizens and businesses. The remaining \$0.4 billion was in current and other assets consisting primarily of cash, investments and receivables. The City's liabilities totaled \$0.4 billion. Most of these liabilities, \$0.3 billion (81%), were non-current consisting of outstanding debt, accrued compensated absences and accrued risk claims. Net assets (assets minus liabilities) were \$3.1 billion.

Citywide net assets increased \$130.9 million in 2002. About \$56.3 million (43%) of the increase was attributable to capital assets (streets and water and sewer lines) contributed by developers to the City during the year. An additional \$23.5 million (18%) were from developer tap and annexation fees that are used for the construction and improvement of water and sewer capital assets. The remaining \$51.1 million (39%) results from ongoing revenues in excess of ongoing expenses.

- Fund Financial Statements

At the end of 2002, unreserved and undesignated fund balance of the General Fund was \$6.8 million. In addition to any unreserved and undesignated fund balance in the General Fund, it is the City's policy to hold a minimum of 10% of the General Fund's adjusted budgetary operating expenditures in the Policy Reserve Special Revenue Fund. At the end of 2002, the fund balance of the Policy Reserve Fund was \$17.7 million. The total of the General Fund's unreserved and undesignated fund balance and the Policy Reserve Fund's fund balance was 15% of the 2002 General Fund adjusted budgetary operating expenditures.

- Capital Assets Under Construction

Several significant City facilities were being designed or under construction during 2002 including a new municipal center, a police substation, an emergency dispatch center, two branch libraries, a multi-use sports field park and several fire stations. Additionally, several water and sewer system improvements were also constructed.

## II. Overview of the Basic Financial Statements

The basic financial statements consist of a) citywide financial statements, b) fund financial statements and c) notes to the financial statements.

### A. *Citywide Financial Statements*

The citywide financial statements are designed to provide readers with a broad longer-term overview of the City's finances. These statements assist in evaluating finances of the City in its entirety and aid in making comparisons between the City and other governments. The citywide statements use the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. Certain interfund activities including interfund balances, transfers, and internal billings are eliminated in the aggregation of data for the citywide statements.

The citywide statements are divided into two groups, the "primary government" and the "component unit" (discretely presented). The primary government includes all activities of the City (including blended component units) except fiduciary funds. Fiduciary funds are not included in these statements because resources of these funds are not available to support City programs.

Activities of the primary government are aggregated into two activity types: governmental and business-type.

*Governmental Activities* reflect the basic services of the City including: judicial, police, fire, public works (streets), culture and recreation (parks, libraries, recreation services), economic development, community services and general government (administration and other activities). Governmental activities are primarily supported by taxes. Activities of the internal service funds are included in the governmental activities because services provided by these funds predominantly benefit governmental activities.

*Business-type Activities* include functions that are intended to recover all or a significant portion of their costs through user fees and charges. Business-type activities of the City include water, sewer and golf course operations.

The citywide financial statements consist of the statement of net assets and the statement of activities.

The *Statement of Net Assets* presents information about the City's assets and liabilities, with the difference between the two being reported as net assets. This statement also provides information showing the extent to which the City has invested in capital assets including: land and water rights, buildings and improvements, infrastructure, machinery and equipment and construction in progress. Net assets are divided into three classifications: invested in capital assets, net of related debt, restricted, and unrestricted.



**II. Overview of the Basic Financial Statements (continued)*****A. Citywide Financial Statements (continued)***

The *Statement of Activities* provides information showing how the City's net assets changed during the year. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities is in a format that presents expenses, revenues and net revenues by "function." A function is a broad grouping of services provided to citizens. The format of this statement shows the extent to which a function is self-financing through user fees and other program revenues or is supported through taxes and other general revenues of the City. This statement may assist the reader in determining whether current-year revenues were sufficient to pay current-year services.

***B. Fund Financial Statements***

Like most governments, the City uses fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. Funds of the City can be classified into three categories: governmental, proprietary and fiduciary. The fund financial statements for governmental and proprietary funds report City operations in greater detail than the citywide statements by providing information about financially significant funds called "major funds." Individual financial information is presented for each major fund with the remaining "non-major" funds being aggregated into a single "other" column.

***Governmental Funds***

Governmental funds account for essentially the same functions reported as governmental activities as described in section A. The City has three major governmental funds: the General Fund, the City Capital Projects Fund and the Aurora Capital Leasing Corporation (ACLC) Capital Projects Fund.

Unlike the citywide statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as balances of resources available at year-end. This focus may be useful in evaluating the City's near-term financial requirements and is achieved by using the current financial resources measurement focus and the modified accrual basis of accounting. Because the focus of the governmental fund statements is on near-term financing and the citywide statements focus on longer-term financing, it is useful to compare the information presented on the two statements to evaluate the long-term impact of near-term financing decisions. Reconciliations are provided to facilitate the reader's comparison between the activities of the governmental funds and governmental activities as presented in the citywide financial statements.

## **II. Overview of the Basic Financial Statements (continued)**

### ***B. Fund financial statements (continued)***

#### *Proprietary Funds*

The City maintains two types of proprietary funds: enterprise and internal service. Enterprise funds report the same functions as presented in the business-type activities on the citywide statements. The City has two major proprietary funds: the Water Fund and the Sewer Fund. The Golf Fund is not a major fund but is presented in a separate column because it is the only non-major proprietary fund.

Eliminations of internal balances, interfund activity and reclassifications have occurred in the aggregation of business-type activity data for the citywide statements. A reconciliation between the proprietary fund statements and the business-type activities on the citywide statement has been provided to facilitate a comparison of these statements.

Internal service funds are an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for fleet maintenance, risk management, and printing services.

#### *Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the citywide financial statements because the resources of these funds are not available to support City programs.

### ***C. Notes to the Basic Financial Statements***

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the citywide and the fund financial statements.

## **III. Overview of Required Supplemental Information**

In addition to the basic financial statements, this report also presents the following required supplementary information:

- A.** A schedule of the City's progress in funding its obligation to provide pension benefits to its employees.
- B.** A schedule presenting the General Fund original and the amended (final) budget with a comparison between the final budget and the budgetary actuals. This schedule demonstrates compliance with the annual appropriated budget for this fund. The budget-to-actual schedule is presented on a "funds available" basis, which differs from the accounting basis used in the statement of revenues, expenditures and changes in fund balances for the General Fund. A reconciliation between funds available and fund balances is provided at the bottom of the schedule. Budgetary compliance for the City's other funds is presented in the notes to the basic financial statements.

**EXHIBIT I**

**CITY OF AURORA, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**IV. Financial Analysis**

**Citywide**  
**Comparative Summary of Net Assets**  
(in thousands)

	Primary Government											
	Governmental Activities				Business-type Activities				Citywide Totals			
	December 31 2002	December 31 2001	Increase (Decrease)	% Change	December 31 2002	December 31 2001	Increase (Decrease)	% Change	December 31 2002	December 31 2001	Increase Decrease	% Change
<b>Assets</b>												
Current and other	\$ 289,873	\$ 325,853	\$ (35,980)	(11.0)	\$ 148,731	\$ 136,034	\$ 12,697	9.3	\$ 438,604	\$ 461,887	\$ (23,283)	(5.0)
Capital assets	2,386,722	2,271,547	115,175	5.1	695,112	649,341	45,771	7.0	3,081,834	2,920,888	160,946	5.5
Total Assets	2,676,595	2,597,400	79,195	3.0	843,843	785,375	58,468	7.4	3,520,438	3,382,775	137,663	4.1
<b>Liabilities</b>												
Current and other	64,663	56,691	7,972	14.1	13,331	8,597	4,734	55.1	77,994	65,288	12,706	19.5
Non-current	210,381	202,580	7,801	3.9	115,428	129,209	(13,781)	(10.7)	325,809	331,789	(5,980)	(1.8)
Total Liabilities	275,044	259,271	15,773	6.1	128,759	137,806	(9,047)	(6.6)	403,803	397,077	6,726	1.7
<b>Net Assets</b>												
Invested in capital												
assets net of												
related debt	2,275,204	2,227,281	47,923	2.2	589,713	539,469	50,244	9.3	2,864,917	2,766,750	98,167	3.5
Restricted	43,291	38,822	4,469	11.5	3,877	7,507	(3,630)	(48.4)	47,168	46,329	839	1.8
Unrestricted	83,056	72,026	11,030	15.3	121,494	100,593	20,901	20.8	204,550	172,619	31,931	18.5
Total net assets	\$ 2,401,551	\$ 2,338,129	\$ 63,422	2.7	\$ 715,084	\$ 647,569	\$ 67,515	10.4	\$ 3,116,635	\$ 2,985,698	\$ 130,937	4.4

**Chart 1**

**EXHIBIT I****CITY OF AURORA, COLORADO****MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2002****IV. Financial Analysis (continued)**

The focus of this financial analysis is on comparisons of the activities of the current year (2002) with those of the prior year (2001) and comparison of balances at year-end (December 31) for the same two years. Condensed financial information, derived from the citywide financial statements, is presented in Charts 1 and 5. This information shows the governmental activities, the business-type activities and the total "primary government" which is labeled "citywide totals". For purposes of this comparison, the 2001 financial information has been restated from that presented in the City's 2001 comprehensive annual financial report to provide comparability between the two years.

Chart 1 on the previous page provides a summary of the City's assets, liabilities and net assets.

**A. Assets**

The citywide total assets at the end of 2002 were \$3.5 billion. The largest portion of these assets, \$3.1 billion (88%) were capital assets that include: land and water rights, buildings and improvements, machinery and equipment and construction in progress. The City uses these assets to provide services to its citizens. Capital asset amounts are shown net of accumulated depreciation. The remaining \$0.4 billion were in current and other assets consisting primarily of cash, investments and receivables.

City capital assets increased \$160.9 million in 2002. Of this increase, \$115.2 million occurred in capital assets used in governmental activities. The remaining \$45.7 million increase was in capital assets used in business-type activities. A summary of the changes in capital assets is provided in chart 2 below.

***Comparative Schedule of Capital Assets - net of accumulated depreciation (in thousands)***

	Primary Government								
	Governmental Activities			Business-type Activities			Citywide Totals		
	December 31 2002	December 31 2001	Increase (Decrease)	December 31 2002	December 31 2001	Increase (Decrease)	December 31 2002	December 31 2001	Increase (Decrease)
Land and water rights	\$ 181,977	\$ 170,426	\$ 11,551	\$ 159,173	\$ 157,662	\$ 1,511	\$ 341,150	\$ 328,088	\$ 13,062
Buildings and improvements	62,872	48,487	14,385	42,197	44,701	(2,504)	105,069	93,188	11,881
Infrastructure	2,041,408	2,006,009	35,399	430,553	399,956	30,597	2,471,961	2,405,965	65,996
Machinery and equipment	25,542	22,754	2,788	17,737	17,859	(122)	43,279	40,613	2,666
Construction in progress	74,923	23,871	51,052	45,452	29,163	16,289	120,375	53,034	67,341
Totals	<u>\$ 2,386,722</u>	<u>\$ 2,271,547</u>	<u>\$ 115,175</u>	<u>\$ 695,112</u>	<u>\$ 649,341</u>	<u>\$ 45,771</u>	<u>\$ 3,081,834</u>	<u>\$ 2,920,888</u>	<u>\$ 160,946</u>

**Chart 2**

#### **IV. Financial Analysis (continued)**

##### ***A. Assets (continued)***

###### *Governmental Activities*

Land of \$1.3 million and infrastructure of approximately \$25.4 million was added in 2002 for donated streets. An additional \$10 million of street overlays and improvements constructed by the City were also added to infrastructure.

Facilities that were in development or under construction during 2002 that will be used in governmental activities were as follows:

- A new municipal center was under construction. This center consists of a 285,677 square foot office building and attached parking garage, which is designed to replace the Havana Street administration building and allow the City to consolidate many other City services currently located in leased space throughout the City. Land of \$2.3 million and construction costs of \$60 million were added in 2002.
- A new branch library and municipal services center building will replace the existing Martin Luther King, Jr. Library building. Land valued a \$2 million and construction costs of \$1.4 million were added in 2002.
- A new municipal services campus located at Tallyn's Reach will provide a police substation, fire station, emergency dispatch center and branch library for the newly developing southeast area of the City. Costs of \$800,000 for the construction of the police substation and \$1.2 million for the library were incurred in 2002.
- Two new fire stations were under construction in 2002. A third fire station is planned to replace Station #3 at 32nd and Peoria. Two existing stations will be remodeled. Approximately \$2 million in construction costs occurred in 2002 for the various fire station projects.
- Construction costs of \$1.5 million were added in 2002 to Aurora Sports Park, (multi-use sport fields).
- Land acquisition costs of \$3.5 million were incurred in 2002 for a future large park.

###### *Business-type Activities*

Capital assets used by business-type activities increased \$45.7 million in 2002. The increase in land reflects the Sewer Fund's purchase of \$1.4 million in land. The decreases in the carrying value of buildings are the result of recording 2002 depreciation on existing buildings.

EXHIBIT I

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2002

**IV. Financial Analysis (continued)**

**A. Assets (continued)**

*Business-type Activities (continued)*

Approximately \$29.8 million of the total \$30.6 million increase in infrastructure in the business-type activities was from water and sewer lines constructed by developers and contributed to the City. Additionally the Utilities Department had several capital projects in progress including the construction of wells, water and sewer lines, pumping stations and other system improvements. Construction costs in 2002 for Water projects were \$14.1 million while Sewer projects totaled \$14.9 million.

**B. Liabilities**

The citywide total liabilities at the end of 2002 were \$403.8 million. The largest portion of these liabilities, \$325.8 million (81%) were non-current including: accrued compensated absences accrued risk claims and long-term debt. The remaining \$78 million in liabilities were in current and other liabilities, which were primarily amounts due to vendors, and unearned revenues. A summary of the changes in the City's non-current liabilities including outstanding bonds and certificates of participation is provided in Chart 3 below. The negative amounts represent the effects of unamortized bond discounts. Additional information on the City's debt can be found in the notes to the basic financial statements.

***Comparative Schedule of Non-current Liabilities (in thousands)***

	Primary Government								
	Governmental Activities			Business-type Activities			Citywide Totals		
	December 31 2002	December 31 2001	Increase (Decrease)	December 31 2002	December 31 2001	Increase (Decrease)	December 31 2002	December 31 2001	Increase Decrease
General obligation bonds	\$ 56,110	\$ 59,480	\$ (3,370)	\$ 75,185	\$ 85,615	\$ (10,430)	\$ 131,295	\$ 145,095	\$ (13,800)
Revenue bonds	17,805	19,020	(1,215)	38,288	42,310	(4,022)	56,093	61,330	(5,237)
Certificates of participation	109,875	96,070	13,805	-	-	-	109,875	96,070	13,805
Unamortized premiums & discounts	-	-	-	(909)	(1,450)	541	(909)	(1,450)	541
Compensated absences	17,293	17,925	(632)	2,048	1,841	207	19,341	19,766	(425)
Risk claims	8,326	8,630	(304)	-	-	-	8,326	8,630	(304)
Other	972	1,455	(483)	816	893	(77)	1,788	898	890
Totals	<u>\$ 210,381</u>	<u>\$ 202,580</u>	<u>\$ 7,801</u>	<u>\$ 115,428</u>	<u>\$ 129,209</u>	<u>\$ (13,781)</u>	<u>\$ 325,809</u>	<u>\$ 330,339</u>	<u>\$ (4,530)</u>

**Chart 3**



EXHIBIT I

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2002

**IV. Financial Analysis (continued)**

***B. Liabilities (continued)***

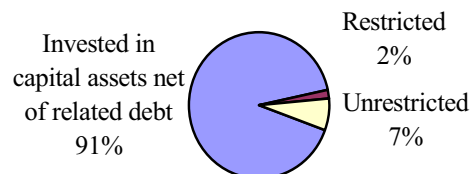
At the end of 2002, the City had total bonded debt of \$187.4 million and approximately \$110 million in certificates of participation (COPs). COPs represent rights to receive revenues in a capital lease and are similar to a bondholder's right to receive debt service on bonds. These COPs were issued by Aurora Capital Leasing Corporation (ACLC) a blended component unit that provides financing for City capital assets. Citywide net bonded and COP debt decreased \$4.7 million during 2002. This decrease reflects \$20.6 million of scheduled debt principal payments offset by \$0.5 million net amortization of premiums / discounts and a \$15.4 million increase in debt from the issuance of new COPs by ACLC for the construction of a new communications system, a new emergency dispatch center and the acquisition of three new fire emergency vehicles.

The City's general obligation bonds are rated Aa2 by Moody's Investors Service and AA by Standard & Poor's. Detail of the ratings for the City's various issues can be found in the "Other Schedules" portion of the Combining and Individual Fund Statements and Schedules of this report.

The City Charter imposes a limit upon general obligation debt (other than debt issued for water purposes) of 3% of the assessed value of property subject to City general property tax. The City's legal debt margin as of December 31, 2002 was approximately \$65.6 million. In 1992, Colorado voters approved an amendment to the state constitution (TABOR), which requires multiple-fiscal year debt and certain other financial obligations to be authorized by voters. Consequently, the computation of the City's legal debt margin has reduced significance. Calculation of the debt margin is shown in the Statistical Section of this report.

***C. Net Assets***

**Citywide  
Total Net Assets  
December 31, 2002**



**Chart 4**

At the end of 2002, total net assets (assets minus liabilities) were \$3.1 billion. The largest portion of net assets (\$2.9 billion) reflects the City's investment in capital assets less the outstanding portion of the debt that was issued to acquire or construct those assets. Amounts shown as invested in capital assets, net of related debt are not available for spending.

#### **IV. Financial Analysis (continued)**

##### ***C. Net Assets (continued)***

Total restricted net assets at the end of 2002 were \$47.2 million. This amount represents net resources that are subject to external requirements on how funds may be used. Restrictions result from debt covenants, legislation, agreements, or requirements of the specific revenue source. The remaining net assets (\$204.5 million) are unrestricted. While there are no outside restrictions on these funds, City policies and budget plans may limit the use of these amounts.

The City's net assets increased \$130.9 million in 2002 reflecting an overall improvement in the City's financial position.

##### *Governmental Activities*

Of the \$130.9 million increase in total net assets, \$63.4 million (48%) of the increase was attributable to governmental activities. This increase primarily resulted from recording street infrastructure contributed by developers (42% of the governmental activities increase) and the net of revenues in excess of expenses.

##### *Business-type activities*

Of the \$130.9 million total increase in citywide net assets, \$67.5 million (52%) was attributed to business-type activities. Water and sewer lines constructed by developers and deeded to the City accounted for \$29.8 million of the increase. An additional \$23.5 million increase resulted from water and sewer tap and annexation fees which are used for the construction and improvement of capital assets.

Total net assets of the Water Fund were \$456.9 million. Of this amount, \$371.0 million (81% of Water Fund net assets) was invested in capital assets net of related debt. An additional \$1.9 million was restricted and the remaining \$84 million was unrestricted.

Total net assets for the Sewer Fund were \$233.4 million. Invested in capital assets net of related debt was \$190.4 (82%). Another \$1.3 million was restricted and \$41.7 million was unrestricted. Total net assets of the Golf Fund were \$24.8 million at the end of 2002. This consisted of \$22.4 (90%) invested in capital assets net of related debt. The restricted net assets were \$0.6 million and unrestricted was \$1.8 million.

#### **IV. Financial Analysis (continued)**

##### ***D. Revenues and Expenses***

Chart 5 on the following pages shows a comparison of the citywide activities for 2002 compared to 2001.

##### *Governmental activities*

Total revenues for governmental activities decreased \$37.2 million (11.7%). This decrease reflects a \$46.7 million decrease in capital asset contributions from developers (primarily streets) offset by a \$9.5 million increase in other revenues. Capital asset contributions are recorded as "capital grants and contributions" revenue and capital asset additions based on the fair value of new streets constructed by developers and deeded to the City. In 2002, streets valued at \$26.8 million were contributed to the City, as compared to \$73.5 million contributed in 2001.

Increases in charges for services of \$5.2 million are primarily related to increases in revenues from building permits, application fees and utility permits. This increase was due to rate increases in permits and application fees. Operating grants and contributions increased \$4 million. This increase was due in part to settlement revenues from the Denver International Airport area noise mitigation litigation and in part to a new shared revenue from Adams County (a sales tax) to be used for street construction within that county.

Sales and use taxes showed a \$1.3 million (1%) increase in 2002 that reflects a slowing of the economy as compared to recent years. Lodgers' taxes decreased \$0.2 million for similar reasons. The \$1.6 million increase in property taxes (6.3%) is the result of new construction and increased assessed valuations that occurred in 2001.

Franchise taxes decreased approximately \$1.3 million in 2002. This decrease results from a reduction in natural gas franchise tax revenues. The franchise tax is based on natural gas revenues. Natural gas prices spiked in January of 2001 when demand exceeded readily available reserves. Since that point, natural gas prices have decreased. The Energy Information Administration credits the nationwide price drops to increased drilling, increased energy storage and decrease in energy demands.

Unrestricted investment income in 2002 decreased \$1.4 million resulting from a reduction in the average rate of return on City investments.

**EXHIBIT I**
**CITY OF AURORA, COLORADO**
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2002**
**IV. Financial Analysis (continued)**

**Citywide  
Comparative Summary of Activities and Changes in Net Assets  
(in thousands)**

(in thousands)

	Primary Government											
	Governmental Activities				Business-type Activities				Totals			
	<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>	<u>% Change</u>	<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>	<u>% Change</u>	<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<b>REVENUES</b>												
<b>Program Revenues</b>												
Charges for services	\$ 26,494	\$ 21,285	\$ 5,209	24.5	\$ 73,364	\$ 68,283	\$ 5,081	7.4	\$ 99,858	\$ 89,568	\$ 10,290	11.5
Operating grants and contributions	33,318	29,269	4,049	13.8	59	106	(47)	(44.3)	33,377	29,375	4,002	13.6
Capital grants and contributions	33,548	80,301	(46,753)	(58.2)	53,569	54,705	(1,136)	(2.1)	87,117	135,006	(47,889)	(35.5)
<b>General Revenues</b>												
Taxes												
Sales and use	130,722	129,392	1,330	1.0	-	-	-	-	130,722	129,392	1,330	1.0
Property	26,733	25,138	1,595	6.3	-	-	-	-	26,733	25,138	1,595	6.3
Franchise	8,778	10,117	(1,339)	(13.2)	-	-	-	-	8,778	10,117	(1,339)	(13.2)
Lodgers	3,232	3,438	(206)	(6.0)	-	-	-	-	3,232	3,438	(206)	(6.0)
Occupational privilege	3,825	3,658	167	4.6	-	-	-	-	3,825	3,658	167	4.6
Other	4,430	4,207	223	5.3	-	-	-	-	4,430	4,207	223	5.3
Grants and contributions not restricted to specific programs	884	928	(44)	(4.7)	-	-	-	-	884	928	(44)	(4.7)
Unrestricted investment earnings	7,397	8,812	(1,415)	(16.1)	5,807	7,717	(1,910)	(24.8)	13,204	16,529	(3,325)	(20.1)
Total revenues	279,361	316,545	(37,184)	(11.7)	132,799	130,811	1,988	1.5	412,160	447,356	(35,196)	(7.9)
<b>EXPENSES</b>												
General government	25,534	21,155	4,379	20.7	-	-	-	-	25,534	21,155	4,379	20.7
Judicial	6,108	5,804	304	5.2	-	-	-	-	6,108	5,804	304	5.2
Police	61,059	59,757	1,302	2.2	-	-	-	-	61,059	59,757	1,302	2.2
Fire	28,288	27,978	310	1.1	-	-	-	-	28,288	27,978	310	1.1
Other public safety	4,209	1,381	2,828	204.8	-	-	-	-	4,209	1,381	2,828	204.8
Public works	27,002	26,566	436	1.6	-	-	-	-	27,002	26,566	436	1.6
Economic development	15,840	13,389	2,451	18.3	-	-	-	-	15,840	13,389	2,451	18.3
Community services	7,410	8,190	(780)	(9.5)	-	-	-	-	7,410	8,190	(780)	(9.5)

(continued)

(continued)

	Primary Government											
	Governmental Activities				Business-type Activities				Totals			
	<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>	<u>% Change</u>	<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>	<u>% Change</u>	<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<b>EXPENSES (continued)</b>												
Culture and recreation	\$ 31,302	\$ 30,438	\$ 864	2.8	\$ -	\$ -	\$ -	-	\$ 31,302	\$ 30,438	\$ 864	2.8
Unallocated depreciation	944	933	11	1.2	-	-	-	-	944	933	11	1.2
Interest on debt	9,625	10,554	(929)	(8.8)	-	-	-	-	9,625	10,554	(929)	(8.8)
Water	-	-	-	-	34,046	31,445	2,601	8.3	34,046	31,445	2,601	8.3
Sewer	-	-	-	-	22,269	20,784	1,485	7.1	22,269	20,784	1,485	7.1
Golf	-	-	-	-	8,642	9,126	(484)	(5.3)	8,642	9,126	(484)	(5.3)
Total expenses	<u>217,321</u>	<u>206,145</u>	<u>11,176</u>	5.4	<u>64,957</u>	<u>61,355</u>	<u>3,602</u>	5.9	<u>282,278</u>	<u>267,500</u>	<u>14,778</u>	5.5
Gain (loss) disposal of capital assets	<u>1,380</u>	<u>319</u>	<u>1,061</u>	332.6	<u>(325)</u>	<u>(5,169)</u>	<u>4,844</u>	(93.7)	<u>1,055</u>	<u>(4,850)</u>	<u>5,905</u>	(121.8)
Excess of revenues over expenses before transfers	63,420	110,719	(47,299)	(42.7)	67,517	64,287	3,230	5.0	130,937	175,006	(44,069)	(25.2)
Transfers in (out)	<u>2</u>	<u>17</u>	<u>(15)</u>	(88.2)	<u>(2)</u>	<u>(17)</u>	<u>15</u>	(88.2)	<u>-</u>	<u>-</u>	<u>-</u>	-
Net change in net assets	63,422	110,736	(47,314)	(42.7)	67,515	64,270	3,245	5.0	130,937	175,006	(44,069)	(25.2)
Net assets January 1	<u>2,338,129</u>	<u>2,227,393</u>	<u>110,736</u>	5.0	<u>647,569</u>	<u>583,299</u>	<u>64,270</u>	11.0	<u>2,985,698</u>	<u>2,810,692</u>	<u>175,006</u>	6.2
Net assets December 31	<u>\$ 2,401,551</u>	<u>\$ 2,338,129</u>	<u>\$ 63,422</u>	2.7	<u>\$ 715,084</u>	<u>\$ 647,569</u>	<u>\$ 67,515</u>	10.4	<u>\$ 3,116,635</u>	<u>\$ 2,985,698</u>	<u>\$ 130,937</u>	4.4
											(concluded)	

Chart 5

**EXHIBIT I**

**CITY OF AURORA, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2002**

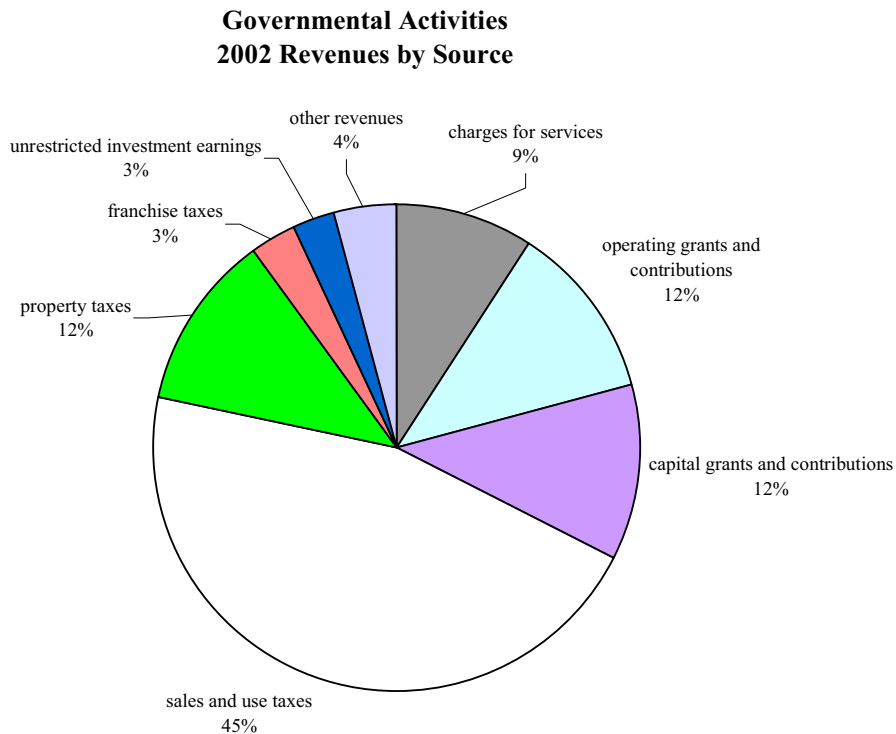
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**IV. Financial Analysis (continued)**

***D. Revenues and Expenses (continued)***

*Governmental activities (continued)*

Chart 6 below compares the revenues supporting governmental activities by source. The City's largest source of revenue used to support governmental activities is sales and use taxes. These revenues account for 45% of total revenues. Other revenues include charges for services 9%, operating grants and contributions (which include state and county shared revenues and police and community development operating grants) of 12%, and capital grants and contributions of 12%. Property taxes provide 12% of City revenues.



**Chart 6**



**EXHIBIT I**

**CITY OF AURORA, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

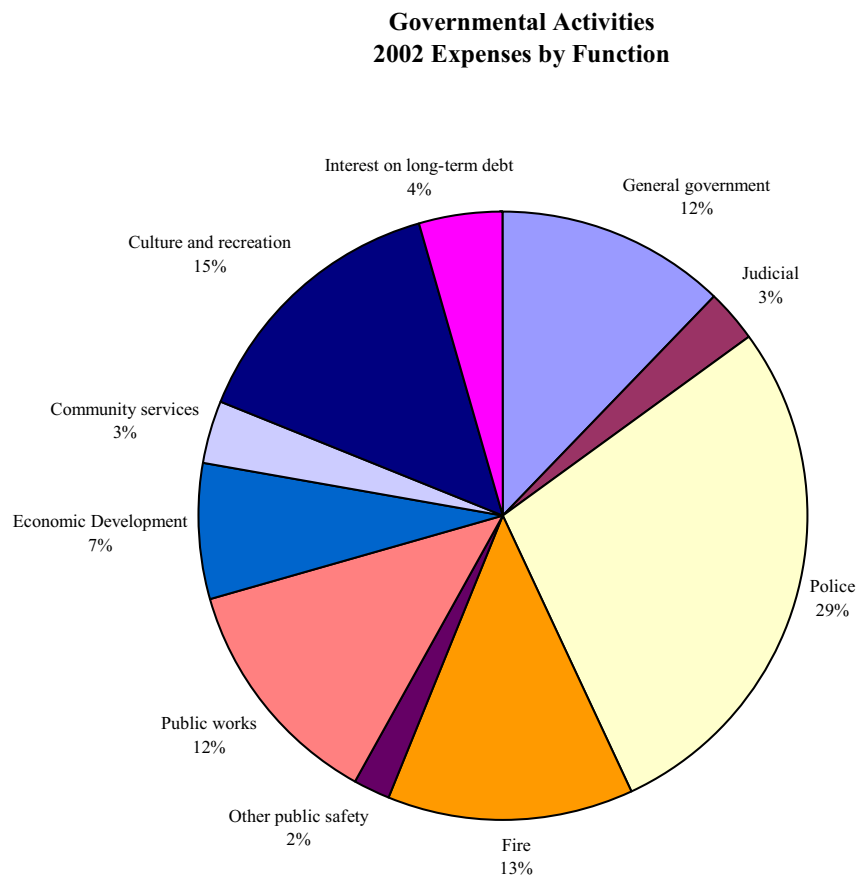
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**IV. Financial Analysis (continued)**

***D. Revenues and Expenses (continued)***

*Governmental activities (continued)*

Chart 7 below shows a comparison of governmental activities expenses by function.



**Chart 7**

**EXHIBIT I****CITY OF AURORA, COLORADO****MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2002****IV. Financial Analysis (continued)*****D. Revenues and Expenses (continued)****Governmental activities (continued)*

Chart 8 below, shows the extent to which governmental activities are financed through program revenues. Public works program revenues on the citywide statement of activities include \$26.8 million non-cash contributions of new streets constructed by developers and deeded to the City. Public works expenses are mostly related to street maintenance. Governmental Activities are primarily financed through general revenues of the City including taxes and unrestricted investment earnings.

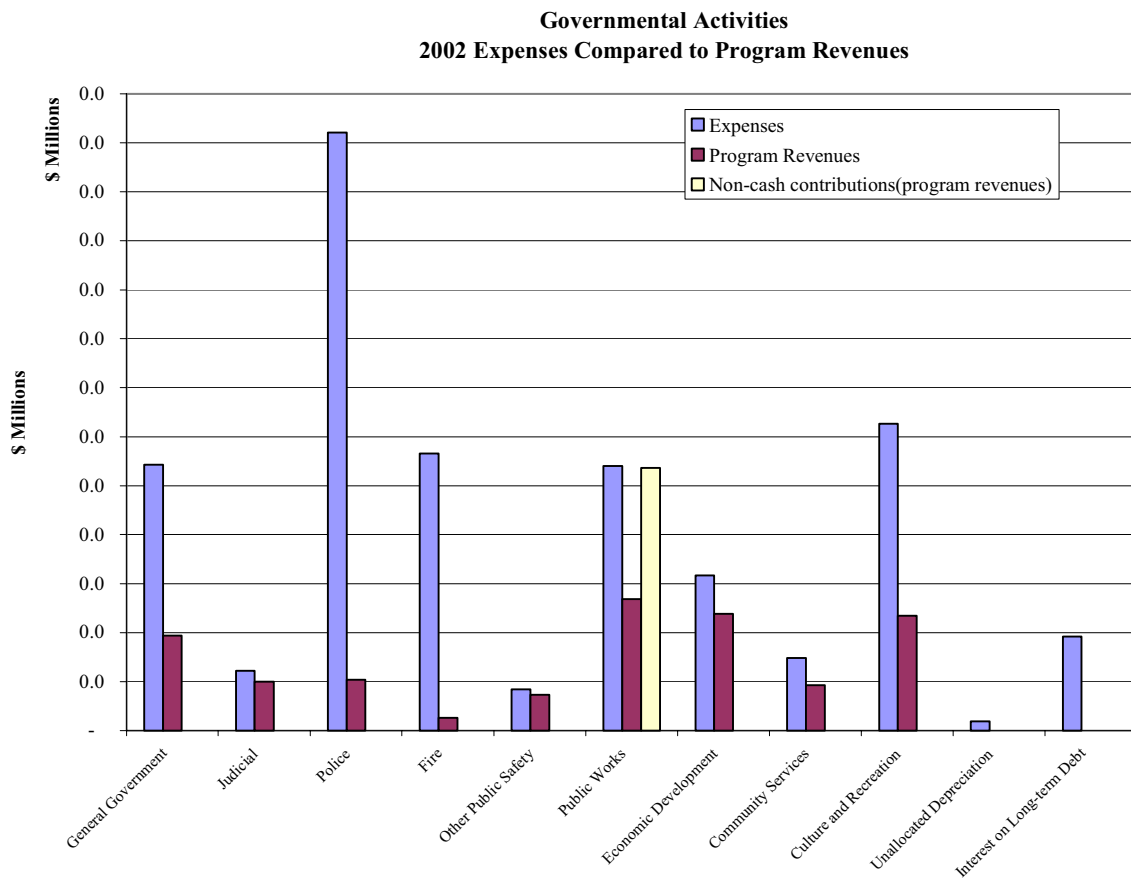
**Chart 8**

EXHIBIT I

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2002

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**IV. Financial Analysis (continued)**

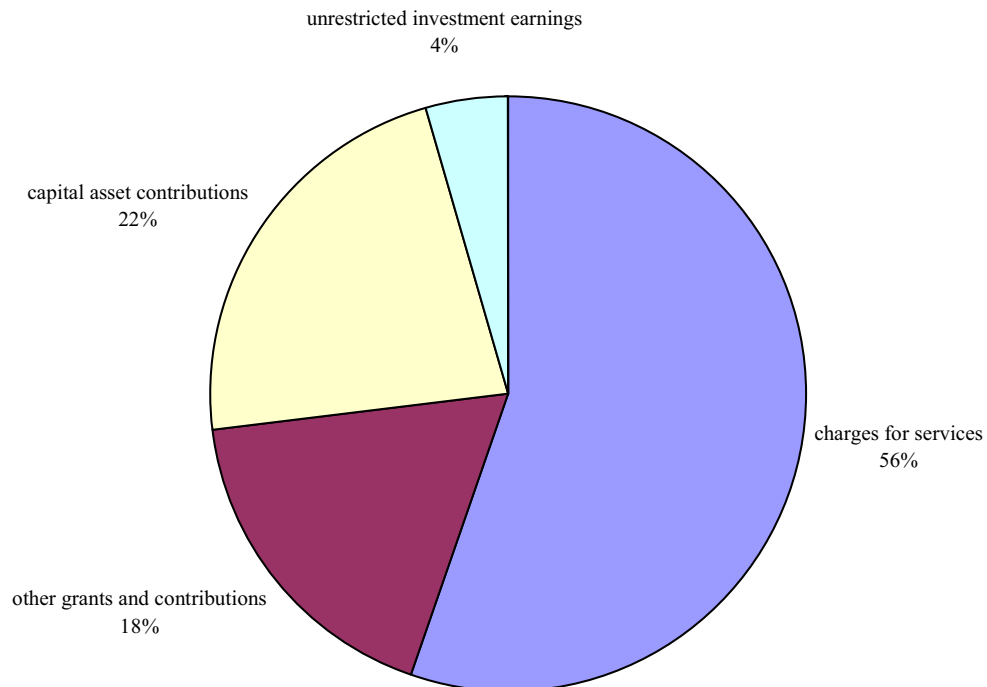
***D. Revenues and Expenses (continued)***

*Business-type activities*

Charges for services increased 7.4% in 2002 due to increased water usage because of the drought and utility rate increases that went into effect in May 2002. Unrestricted investment income in 2002 decreased from 2001 due to lower rates of return on investments. Capital grants and contributions for 2002 approximated capital grants and contributions received in 2001.

Chart 9 below compares the revenue sources for business-type activities. Revenues of the business-type activities are primarily from user charges. Capital grants and contributions are from water and sewer tap and annexation fees which are not used for operations but are used solely to finance construction and improvements of water and sewer systems.

**2002 Revenues by Source - Business-type Activities**



**Chart 9**

EXHIBIT I

CITY OF AURORA, COLORADO

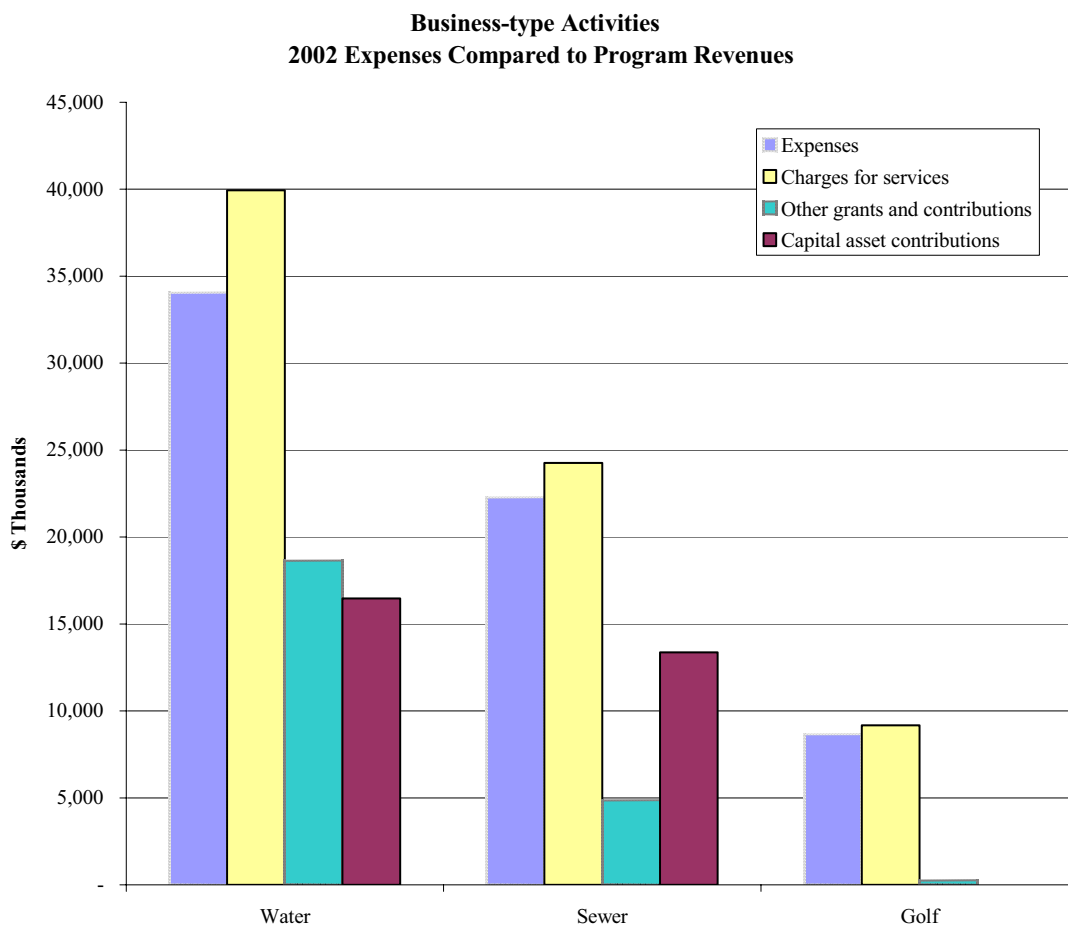
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2002

IV. Financial Analysis (continued)

*D. Revenues and Expenses (continued)*

*Business-type activities (continued)*

Chart 10 below shows a comparison of expenses and program revenues for the business-type activities. In 2002, charges for services exceeded expenses. While recorded as 2002 revenue, capital grants and contributions are not used to fund operations.



**Chart 10**

**IV. Financial Analysis (continued)*****E. Governmental Funds***

The General Fund is the main operating fund of the City. At the end of 2002, total fund balance for the General Fund was \$38.6 million. A portion of this fund balance (18%) is reserved. Reserves include \$5.8 million in reserved sales and use taxes that will be used to provide additional police services (two officers per thousand population, as approved by voters) and \$1.2 million for purchase orders for which the goods or services have not yet been received. Of the \$31.6 million unreserved fund balance, \$24.8 million was designated for specific future spending. A remaining \$6.8 million was available for appropriation at the end of the year. Fund balance at 2002 year-end increased \$6.4 million over 2001 year-end primarily due to increased licenses and permits charges for services revenue and increased sales tax revenue.

As a measure of the General Fund's financial flexibility, it is useful to compare both unreserved fund balance and total fund balance to total General Fund expenditures. Unreserved, undesignated fund balance was 4% of total General Fund expenditures, while total fund balance was 23% of total General Fund expenditures. Additionally, it is the City's policy to hold a minimum 10% of the General Fund's adjusted budgetary operating expenditures for the year in the Policy Reserve Special Revenue Fund. At the end of 2002, the fund balance in the Policy Reserve Fund was \$17.7 million. The total of the General Fund's unreserved and undesignated fund balance and the Policy Reserve Fund's fund balance was 15% of the General Fund's 2002 adjusted budgetary operating expenditures.

The City Capital Projects Fund is a major governmental fund that accounts for resources and costs relating to major capital projects. Funding for projects is provided by transfers from the General Fund, interest earnings, contributions and bond proceeds. Total fund balance in the City Capital Projects Fund at December 31, 2002 was \$90.5 million. Of this amount, \$49.2 million is reserved for specific purposes. Of the total unreserved amount, \$21.1 million was designated by the City for continuing project appropriations. The remaining \$20.2 million was available for appropriation. The \$7.3 million decrease in fund balance was primarily due to spending of the 2000 General Obligation bond proceeds for construction of various City facilities.

The ACLC Capital Projects Fund is a part of the component unit Aurora Capital Leasing Corporation. This fund includes the activities related to the construction of the new municipal center and other capital projects. Total fund balance in the ACLC Capital Projects Fund at the end of 2002 was \$16.6 million, which was restricted for use on capital projects. Fund balance decreased \$44 million primarily due to a spending of 2000 COPs proceeds for construction of the new municipal center.

The City Debt Service Fund receives voter approved dedicated property tax for the repayment of bonds issued to construct libraries, parks and public safety capital assets. The City had \$7.3 million fund balance in its debt service funds that are reserved for the payment of debt service. The majority of the reserved fund balance, \$6.3 million, is held in the ACLC Debt Service Fund, of which approximately \$3.8 million is reserved under covenants associated with outstanding debt.



#### **IV. Financial Analysis (continued)**

##### ***F. General Fund Budgetary Highlights***

Sales taxes collected in 2002 were \$101.4 million, which was \$13.7 million (6%) below budget. The difference between the original expenditure budget and the final amended expenditure budget for 2002 reflects an overall decrease in appropriations of 7%. General Fund expenditures were \$4.1 million below final appropriations, resulting from additional expenditure reductions for which the budget was not amended. These fluctuations all resulted from the economic downturn that caused the shortfall in sales tax revenue from budget.

Generally, appropriation / expenditure reductions were achieved by departments through vacancy savings as a result of restrictions on hiring and filling of vacant positions and through reductions in discretionary spending including delays in acquisition of non-essential capital assets.

##### ***G. Economic Factors and Next Year's Budget***

The City, State and nation have experienced a downturn in economic activity that has resulted in reduced revenue collections for many jurisdictions. The City monitors economic and revenue situations carefully, and has adjusted the 2003 operating and capital budgets to respond to the economic circumstances. Adjustments include canceling or deferring non-essential contracts, selective hiring freezes, deferring, downsizing or canceling capital projects, restrictions in non-essential travel costs such as out-of-state travel and conferences, and restriction of consulting services.

#### **V. Requests for Information**

This financial report is designed to provide a general overview of the City's finances. Questions concerning the information provided in this report or other financial information should be addressed to the Controller's Office, City of Aurora, Colorado, 15151 East Alameda Parkway, Aurora, Colorado 80012 or telephone (303) 739-7800.

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## BASIC FINANCIAL STATEMENTS

**CITYWIDE  
FINANCIAL STATEMENTS**

EXHIBIT II

CITY OF AURORA, COLORADO

CITYWIDE  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2002

	Primary Government			Component Unit
	Governmental	Business-Type		Fitzsimons
	Activities	Activities	Total	Redevelopment
				Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,077,998	\$ 6,785,638	\$ 12,863,636	\$ 2,973,863
Investments	102,904,037	118,982,991	221,887,028	—
Receivables (net of allowance)	41,360,076	7,724,821	49,084,897	371,735
Internal balances	79,726	(79,726)	—	—
Inventories	305,114	409,326	714,440	—
Deferred charges	—	378,759	378,759	23,759
Restricted assets	135,656,412	11,858,123	147,514,535	127,484
Notes receivable	3,489,379	—	3,489,379	—
Equity in joint venture	—	2,671,458	2,671,458	—
<i>Capital assets (net of accumulated depreciation)</i>				
Land and water rights	181,976,565	159,172,777	341,149,342	2,221,280
Buildings and improvements	62,872,288	42,197,054	105,069,342	8,351,643
Infrastructure	2,041,407,795	430,552,519	2,471,960,314	—
Machinery and equipment	25,542,212	17,737,064	43,279,276	94,804
Construction in progress	74,923,162	45,452,050	120,375,212	139,359
Total assets	2,676,594,764	843,842,854	3,520,437,618	14,303,927
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	9,378,095	13,279,611	22,657,706	488,147
Unearned revenues	26,660,159	51,528	26,711,687	13,044
Payable from restricted assets	28,624,196	—	28,624,196	—
<i>Non-current liabilities</i>				
Due within one year	11,664,118	11,239,278	22,903,396	218,341
Due beyond one year	134,976,828	96,207,357	231,184,185	3,593,854
Due beyond one year payable from restricted assets	63,740,061	7,980,986	71,721,047	—
Total liabilities	275,043,457	128,758,760	403,802,217	4,313,386
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,275,203,538	589,713,105	2,864,916,643	7,648,275
<i>Restricted</i>				
Construction	1,464,086	104,185	1,568,271	127,484
Police	6,901,872	—	6,901,872	—
E-911 equipment and services	3,996,089	—	3,996,089	—
Parks and recreation	5,545,882	—	5,545,882	—
Emergencies	6,134,321	—	6,134,321	—
Gifts and grants	4,422,877	—	4,422,877	—
Debt related	—	3,100,000	3,100,000	—
Agreements	4,750,398	672,952	5,423,350	—
Urban renewal	1,750,963	—	1,750,963	—
Pension benefits	8,325,667	—	8,325,667	—
Unrestricted	83,055,614	121,493,852	204,549,466	2,214,782
Total net assets	\$ 2,401,551,307	\$ 715,084,094	\$ 3,116,635,401	\$ 9,990,541

## EXHIBIT III

## CITY OF AURORA, COLORADO

CITYWIDE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2002

		Net (Expense) Revenue and Changes in Net Assets						
Functions/Programs	Expenses	Program Revenues			Primary Government			Component Unit Fitzsimons Redevelopment Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 25,533,507	\$ 1,723,963	\$ 4,406,348	\$ 3,550,966	\$ (15,852,230)	\$ —	\$ (15,852,230)	
Judicial	6,108,249	4,985,565	15,989	—	(1,106,695)	—	(1,106,695)	
Police	61,059,499	1,597,194	3,610,214	—	(55,852,091)	—	(55,852,091)	
Fire	28,287,789	541,088	748,658	—	(26,998,043)	—	(26,998,043)	
Other public safety	4,209,271	—	2,515,866	1,050,907	(642,498)	—	(642,498)	
Public works	27,001,770	353,714	12,835,103	27,038,958	13,226,005	—	13,226,005	
Economic development	15,840,176	10,228,777	1,682,937	—	(3,928,462)	—	(3,928,462)	
Community services	7,410,045	1,708,174	3,016,420	—	(2,685,451)	—	(2,685,451)	
Culture and recreation	31,302,143	5,355,502	4,486,649	1,906,994	(19,552,998)	—	(19,552,998)	
Unallocated depreciation	943,937	—	—	—	(943,937)	—	(943,937)	
Interest on long-term debt	9,625,237	—	—	—	(9,625,237)	—	(9,625,237)	
Total governmental activities	217,321,623	26,493,977	33,318,184	33,547,825	(123,961,637)	—	(123,961,637)	
Business-type activities								
Water	34,046,181	39,937,336	36,954	35,104,621	—	41,032,730	41,032,730	
Sewer	22,269,398	24,252,421	5,160	18,222,827	—	20,211,010	20,211,010	
Golf	8,641,960	9,174,718	17,184	241,160	—	791,102	791,102	
Total business-type activities	64,957,539	73,364,475	59,298	53,568,608	—	62,034,842	62,034,842	
Total primary government	\$ 282,279,162	\$ 99,858,452	\$ 33,377,482	\$ 87,116,433	(123,961,637)	62,034,842	(61,926,795)	
Component unit								
Fitzsimons Redevelopment Authority	\$ 3,899,410	\$ 3,812,802	\$ 70,911	\$ 261,040				\$ 245,343



	Primary Government			Component Unit
	Governmental	Business-Type		Fitzsimons
	Activities	Activities	Total	Redevelopment
				Authority
<b>General revenues</b>				
<i>Taxes</i>				
Sales and use taxes	\$ 130,722,511	\$ —	\$ 130,722,511	\$ —
Property taxes	26,732,855	—	26,732,855	—
Franchise taxes	8,777,935	—	8,777,935	—
Lodgers taxes	3,231,779	—	3,231,779	—
Occupational privilege taxes	3,824,913	—	3,824,913	—
Other taxes	4,430,407	—	4,430,407	—
Grants and contributions not restricted to specific programs	883,670	—	883,670	—
Unrestricted investment earnings	7,396,774	5,807,397	13,204,171	40,731
Gain (loss) on disposal of capital assets	1,380,100	(324,906)	1,055,194	443,473
<b>Transfers</b>	2,438	(2,438)	—	—
Total general revenues and transfers	187,383,382	5,480,053	192,863,435	484,204
INCREASE IN NET ASSETS	63,421,745	67,514,895	130,936,640	729,547
NET ASSETS - January 1	2,338,129,562	647,569,199	2,985,698,761	9,260,994
NET ASSETS - December 31	\$ 2,401,551,307	\$ 715,084,094	\$ 3,116,635,401	\$ 9,990,541



**FUND**  
**FINANCIAL STATEMENTS**

## **MAJOR GOVERNMENTAL FUNDS**

Major governmental funds include the General Fund and any governmental fund that comprises 10% or more of a total governmental fund classification (assets, liabilities, revenues or expenditures) and at least 5% of the governmental and enterprise fund total for the same classification.

### ***General Fund***

The General Fund accounts for taxes and other resources traditionally associated with government and the operations of the City that are financed from these resources.

### ***City Capital Projects Fund***

The City Capital Projects Fund accounts for financial resources used for the construction and acquisition of major capital projects such as streets, parks, information systems and City facilities. Funding sources include: General Fund transfers, participation revenues from outside sources, and when applicable, bond proceeds.

### ***Aurora Capital Leasing Corporation (ACLC) Capital Projects Fund***

The ACLC Capital Projects Fund accounts for financial resources used by ACLC for the construction of a City municipal office center and certain public safety vehicles and communication systems. Funding for these projects is provided by proceeds of certificates of participation issued by ACLC.

EXHIBIT IV

CITY OF AURORA, COLORADO

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2002

	<u>General</u>	<u>City Capital Projects</u>	<u>ACLC Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,298,262	\$ 188,743	\$ —	\$ 5,295,716	\$ 8,782,721
Investments	18,388,521	47,930,229	—	37,969,123	104,287,873
Receivables (net of allowance)	38,994,502	586,622	—	3,836,749	43,417,873
Restricted assets	5,850,374	48,179,912	22,376,694	24,005,359	100,412,339
Notes receivable	—	1,150,000	—	9,742,467	10,892,467
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 66,531,659</u>	<u>\$ 98,035,506</u>	<u>\$ 22,376,694</u>	<u>\$ 80,849,414</u>	<u>\$ 267,793,273</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<i>Liabilities</i>					
Accounts payable and other					
current liabilities	\$ 4,537,448	\$ 3,500,216	\$ —	\$ 1,151,172	\$ 9,188,836
Deferred revenues	23,348,453	1,755,383	—	13,793,681	38,897,517
Liabilities payable from restricted assets	<u>57,830</u>	<u>2,233,726</u>	<u>5,765,634</u>	<u>7,455,659</u>	<u>15,512,849</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>27,943,731</u>	<u>7,489,325</u>	<u>5,765,634</u>	<u>22,400,512</u>	<u>63,599,202</u>
<i>Fund balances</i>					
<i>Reserved</i>					
Encumbrances	1,164,157	3,242,142	—	3,392,491	7,798,790
Construction	8,803	41,948,894	15,943,941	—	57,901,638
Police	5,756,572	—	—	1,145,300	6,901,872
Gifts and grants	—	3,601,110	—	—	3,601,110
Debt related	—	—	—	7,302,509	7,302,509
Arbitrage	27,169	396,182	667,119	1,600,530	2,691,000
Agreements	—	—	—	4,750,398	4,750,398
Urban renewal	—	—	—	1,750,963	1,750,963
<i>Unreserved</i>					
Designated	24,826,072	21,137,247	—	3,756,222	49,719,541
Undesignated					
General Fund	6,805,155	—	—	—	6,805,155
Special revenue funds	—	—	—	34,089,970	34,089,970
Debt service funds	—	—	—	660,519	660,519
Capital project funds	<u>—</u>	<u>20,220,606</u>	<u>—</u>	<u>—</u>	<u>20,220,606</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>38,587,928</u>	<u>90,546,181</u>	<u>16,611,060</u>	<u>58,448,902</u>	<u>204,194,071</u>
Total liabilities and fund balances	<u>\$ 66,531,659</u>	<u>\$ 98,035,506</u>	<u>\$ 22,376,694</u>	<u>\$ 80,849,414</u>	<u>\$ 267,793,273</u>

## EXHIBIT V

## CITY OF AURORA, COLORADO

## GOVERNMENTAL FUNDS

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS ON THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO GOVERNMENTAL ACTIVITIES ON THE CITYWIDE STATEMENT OF NET ASSETS  
DECEMBER 31, 2002

	Total Governmental Funds	Governmental Activities Adjustments	Internal Service Funds	Citywide Governmental Activities
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,782,721	\$ (3,967,751)	\$ 1,263,028	\$ 6,077,998
Investments	104,287,873	(14,028,736)	12,644,900	102,904,037
Receivables (net of allowance)	43,417,873	(2,185,465)	127,668	41,360,076
Internal balances	—	79,726	—	79,726
Inventories	—	-	305,114	305,114
Restricted assets	100,412,339	35,244,073	—	135,656,412
Notes receivable	10,892,467	(7,403,088)	—	3,489,379
<i>Capital assets (net of accumulated depreciation)</i>				
Land	—	181,976,565	—	181,976,565
Buildings and improvements	—	62,872,288	—	62,872,288
Infrastructure	—	2,040,849,622	558,173	2,041,407,795
Machinery and equipment	—	25,271,826	270,386	25,542,212
Construction in progress	—	74,923,162	—	74,923,162
Total assets	<u>267,793,273</u>	<u>2,393,632,222</u>	<u>15,169,269</u>	<u>2,676,594,764</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	9,188,836	(82,793)	272,052	9,378,095
Deferred revenue / unearned revenue	38,897,517	(12,237,358)	—	26,660,159
Payable from restricted assets	15,512,849	13,111,347	—	28,624,196
<i>Noncurrent liabilities</i>				
Due within one year	—	9,238,223	2,425,895	11,664,118
Due beyond one year	—	128,607,633	6,369,195	134,976,828
Due beyond one year payable from restricted assets	—	63,740,061	—	63,740,061
Total liabilities	<u>63,599,202</u>	<u>202,377,113</u>	<u>9,067,142</u>	<u>275,043,457</u>
<b>FUND BALANCE / NET ASSETS</b>				
Invested in capital assets net of related debt	—	2,274,535,142	668,396	2,275,203,538
<i>Reserved / Restricted</i>				
Encumbrances	7,798,790	(7,798,790)	—	—
Construction	57,901,638	(56,437,552)	—	1,464,086
Police	6,901,872	-	—	6,901,872
E-911 equipment and services	—	3,996,089	—	3,996,089
Park and recreation	—	5,545,882	—	5,545,882
Emergencies	—	6,134,321	—	6,134,321
Gifts and grants	3,601,110	821,767	—	4,422,877
Debt related	7,302,509	(7,302,509)	—	—
Arbitrage	2,691,000	(2,691,000)	—	—
Agreements	4,750,398	-	—	4,750,398
Urban renewal	1,750,963	-	—	1,750,963
Pension benefits	—	8,325,667	—	8,325,667
<i>Unreserved / Unrestricted</i>				
Designated	49,719,541	(49,719,541)	—	—
Undesignated / Unrestricted	<u>61,776,250</u>	<u>15,845,633</u>	<u>5,433,731</u>	<u>83,055,614</u>
Total fund balances / net assets	<u>\$ 204,194,071</u>	<u>\$ 2,191,255,109</u>	<u>\$ 6,102,127</u>	<u>\$ 2,401,551,307</u>



## EXHIBIT VI

## CITY OF AURORA, COLORADO

## GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	General	City Capital Projects	ACLC Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
<i>Taxes</i>					
Sales and use	\$ 130,489,827	\$ -	\$ -	\$ 685,410	\$ 131,175,237
Property	19,956,489	-	-	6,776,366	26,732,855
Franchise	8,777,935	-	-	-	8,777,935
Lodgers	3,231,779	-	-	-	3,231,779
Occupational privilege	3,824,913	-	-	-	3,824,913
Other	4,430,407	-	-	-	4,430,407
Charges for services	7,828,923	37,000	-	6,587,098	14,453,021
Licenses and permits	9,394,758	-	-	-	9,394,758
Fines and forfeitures	4,117,733	-	-	741,184	4,858,917
Special assessments	-	-	-	192,493	192,493
Intergovernmental	10,577,025	2,730,478	-	11,148,002	24,455,505
Surcharges	-	-	-	2,693,191	2,693,191
Miscellaneous	494,292	1,286,756	-	3,728,521	5,509,569
Investment earnings	1,889,113	4,497,270	3,789,026	4,691,812	14,867,221
Total revenues	205,013,194	8,551,504	3,789,026	37,244,077	254,597,801
<b>EXPENDITURES</b>					
<i>Current</i>					
General government	20,748,773	3,714,631	359,842	448,749	25,271,995
Judicial	6,014,746	-	-	96,250	6,110,996
Police	55,777,386	259,507	-	3,289,212	59,326,105
Fire	27,142,172	375,584	-	454,987	27,972,743
Other public safety	1,001,972	101,114	1,926,248	898,568	3,927,902
Public works	16,266,044	4,856,381	-	476,400	21,598,825
Economic development	12,473,284	151,254	-	3,315,953	15,940,491
Community services	4,430,434	-	-	2,803,399	7,233,833
Culture and recreation	17,034,518	2,114,845	-	10,450,532	29,599,895
<i>Debt service</i>					
Principal	519,071	-	-	6,160,000	6,679,071
Interest	59,002	-	-	9,447,352	9,506,354
Capital outlay	4,558,741	31,169,584	61,145,266	5,944,061	102,817,652
Total expenditures	166,026,143	42,742,900	63,431,356	43,785,463	315,985,862
Excess (deficiency) of revenues over (under) expenditures	38,987,051	(34,191,396)	(59,642,330)	(6,541,386)	(61,388,061)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,389,500	27,181,969	190,138	14,902,981	43,664,588
Transfers out	(34,279,523)	(283,372)	-	(6,633,457)	(41,196,352)
Proceeds from debt issues	-	-	15,421,826	-	15,421,826
Proceeds from disposal of capital assets	346,158	-	-	2,352,322	2,698,480
Total other financing sources (uses)	(32,543,865)	26,898,597	15,611,964	10,621,846	20,588,542
INCREASE (DECREASE) IN FUND BALANCES	6,443,186	(7,292,799)	(44,030,366)	4,080,460	(40,799,519)
FUND BALANCES - January 1	32,144,742	97,838,980	60,641,426	54,368,442	244,993,590
FUND BALANCES - December 31	\$ 38,587,928	\$ 90,546,181	\$ 16,611,060	\$ 58,448,902	\$ 204,194,071

See notes to the basic financial statements.

## EXHIBIT VII

## CITY OF AURORA, COLORADO

## GOVERNMENTAL FUNDS

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS ON THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO GOVERNMENTAL ACTIVITIES ON THE  
CITYWIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Total Governmental Funds	Governmental Activities Adjustments	Internal Service Funds	Citywide Governmental Activities
<b>REVENUES</b>				
<i>Taxes</i>				
Sales and use	\$ 131,175,237	\$ (452,726)	\$ -	\$ 130,722,511
Property	26,732,855	-	-	26,732,855
Franchise	8,777,935	-	-	8,777,935
Lodgers	3,231,779	-	-	3,231,779
Occupational privilege	3,824,913	-	-	3,824,913
Other	4,430,407	-	-	4,430,407
<i>Charges for services - citywide</i>				
Charges for services	14,453,021	(12,933,089)	10,720,370	12,240,302
Licenses and permits	9,394,758	-	-	9,394,758
Fines and forfeitures	4,858,917	-	-	4,858,917
Special assessments	192,493	(192,493)	-	-
<i>Grants and contributions - citywide</i>				
Intergovernmental	24,455,505	-	-	24,455,505
Surcharges	2,693,191	-	-	2,693,191
Miscellaneous	5,509,569	26,807,342	171,592	32,488,503
Restricted investment earnings - operating	-	1,729,027	-	1,729,027
Restricted investment earnings - capital	-	6,383,453	-	6,383,453
Investment earnings (unrestricted)	14,867,221	(8,053,945)	583,498	7,396,774
Total revenues	254,597,801	13,287,569	11,475,460	279,360,830
<b>EXPENDITURES</b>				
<i>Current</i>				
General government	25,271,995	(9,398,641)	9,660,153	25,533,507
Judicial	6,110,996	(2,747)	-	6,108,249
Police	59,326,105	1,733,394	-	61,059,499
Fire	27,972,743	315,046	-	28,287,789
Other public safety	3,927,902	281,369	-	4,209,271
Public works	21,598,825	5,402,945	-	27,001,770
Economic development	15,940,491	(100,315)	-	15,840,176
Community services	7,233,833	176,212	-	7,410,045
Culture and recreation	29,599,895	1,702,248	-	31,302,143
Unallocated depreciation	-	943,937	-	943,937
<i>Debt service</i>				
Principal	6,679,071	(6,679,071)	-	-
Interest	9,506,354	112,427	6,456	9,625,237
Capital outlay	102,817,652	(102,817,652)	-	-
Total expenditures	315,985,862	(108,330,848)	9,666,609	217,321,623
Excess (deficiency) of revenues over (under) expenditures	(61,388,061)	121,618,417	1,808,851	62,039,207
<b>OTHER FINANCING SOURCES (USES)</b>				
<i>Transfers - citywide</i>				
Transfers in	43,664,588	-	275,731	43,940,319
Transfers out	(41,196,352)	(43,293)	(2,698,236)	(43,937,881)
Proceeds from debt issues	15,421,826	(15,421,826)	-	-
Proceeds / gain (loss) disposal of capital assets	2,698,480	(1,318,379)	(1)	1,380,100
Total other financing sources (uses)	20,588,542	(16,783,498)	(2,422,506)	1,382,538
INCREASE (DECREASE) IN FUND BALANCES / NET ASSETS	(40,799,519)	104,834,919	(613,655)	63,421,745
FUND BALANCES / NET ASSETS - January 1	244,993,590	2,086,420,190	6,715,782	2,338,129,562
FUND BALANCES / NET ASSETS - December 31	\$ 204,194,071	\$ 2,191,255,109	\$ 6,102,127	\$ 2,401,551,307

## **PROPRIETARY FUNDS**

Major proprietary funds are enterprise funds that comprise 10% or more of a total enterprise fund classification (assets, liabilities, revenues or expenses) and at least 5% of the governmental and enterprise fund total for the same classification.

Enterprise funds account for operations that are financed and operated in a manner similar to private business where costs are predominantly supported by user charges or where management has decided periodic determination of revenues, expenses, and /or change in net assets is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Water Fund and the Sewer Fund are major funds.

### **MAJOR FUNDS**

#### ***Water Fund***

The Water Fund accounts for the acquisition of water and water rights and for the operation and maintenance of the water plants and distribution systems.

#### ***Sewer Fund***

The Sewer Fund accounts for the systems and operations used in treating and disposing of wastewater from sanitary sewer and storm drain activities.

### **NON-MAJOR FUND**

#### ***Golf Fund***

The Golf Fund accounts for the operation and maintenance of City owned or operated golf courses.

## EXHIBIT VIII

## CITY OF AURORA, COLORADO

**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2002**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Major Funds		Non-Major Fund	Total Enterprise Funds	Internal Service Funds
	Water	Sewer	Golf		
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and cash equivalents	\$ 4,640,030	\$ 1,890,532	\$ 255,076	\$ 6,785,638	\$ 1,263,028
Investments	82,655,226	34,748,920	1,578,845	118,982,991	12,644,900
Receivables (net of allowance)	3,870,232	3,842,970	11,619	7,724,821	127,668
Current portion of interfund loan	—	256,000	—	256,000	—
Inventories	—	—	409,326	409,326	305,114
Total current assets	91,165,488	40,738,422	2,254,866	134,158,776	14,340,710
<i>Non-current/non-capital assets</i>					
Deferred charges	221,882	61,329	95,548	378,759	—
Restricted assets	1,922,952	8,638,790	1,296,381	11,858,123	—
Interfund loan	—	5,632,000	—	5,632,000	—
Equity in joint venture	2,671,458	—	—	2,671,458	—
Total non-current/non-capital assets	4,816,292	14,332,119	1,391,929	20,540,340	—
<i>Capital assets (net of accumulated depreciation)</i>					
Land and water rights	137,475,480	6,464,110	15,233,187	159,172,777	—
Buildings and improvements	35,660,404	3,504,294	3,032,356	42,197,054	—
Infrastructure	262,187,871	154,207,442	14,157,206	430,552,519	558,173
Machinery and equipment	13,478,161	2,791,469	1,467,434	17,737,064	270,386
Construction in progress	9,360,656	36,091,394	—	45,452,050	—
Total capital assets	458,162,572	203,058,709	33,890,183	695,111,464	828,559
Total assets	554,144,352	258,129,250	37,536,978	849,810,580	15,169,269
<b>LIABILITIES</b>					
<i>Current liabilities</i>					
Accounts payable and other current liabilities	8,914,537	4,252,738	175,594	13,342,869	272,052
Unearned revenues	—	—	51,528	51,528	—
Current portion - interfund loan	—	—	256,000	256,000	—
Current portion - long-term liabilities	9,191,582	1,454,959	529,479	11,176,020	2,425,895
Total current liabilities	18,106,119	5,707,697	1,012,601	24,826,417	2,697,947
<i>Non-current liabilities</i>					
Interfund loan	—	—	5,632,000	5,632,000	—
Due beyond one year	79,085,141	11,726,048	5,396,168	96,207,357	6,369,195
Due beyond one year payable from restricted assets	—	7,284,605	696,381	7,980,986	—
Total non-current liabilities	79,085,141	19,010,653	11,724,549	109,820,343	6,369,195
Total liabilities	97,191,260	24,718,350	12,737,150	134,646,760	9,067,142
<b>NET ASSETS</b>					
Invested in capital assets net of related debt	370,986,746	190,396,519	22,441,840	583,825,105	668,396
<i>Restricted</i>					
Construction	—	104,185	—	104,185	—
Debt related	1,250,000	1,250,000	600,000	3,100,000	—
Agreements	672,952	—	—	672,952	—
Unrestricted	84,043,394	41,660,196	1,757,988	127,461,578	5,433,731
Total net assets	\$ 456,953,092	\$ 233,410,900	\$ 24,799,828	\$ 715,163,820	\$ 6,102,127



## EXHIBIT IX

## CITY OF AURORA, COLORADO

RECONCILIATION OF TOTAL ENTERPRISE FUNDS ON THE PROPRIETARY FUNDS STATEMENT OF NET  
ASSETS TO THE BUSINESS-TYPE ACTIVITIES ON THE CITYWIDE STATEMENT OF NET ASSETS  
DECEMBER 31, 2002

	Total Enterprise Funds	Business-type Activities Adjustments	Total Business-type Activities
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 6,785,638	\$ -	\$ 6,785,638
Investments	118,982,991	-	118,982,991
Receivables (net of allowance)	7,724,821	-	7,724,821
Internal balances	—	(79,726)	(79,726)
Current portion of interfund loan	256,000	(256,000)	-
Inventories	409,326	-	409,326
<i>Non-current/non-capital assets</i>			
Deferred charges	378,759	-	378,759
Restricted assets	11,858,123	-	11,858,123
Interfund loan	5,632,000	(5,632,000)	-
Equity in joint venture	2,671,458	-	2,671,458
<i>Capital assets (net of accumulated depreciation)</i>			
Land and water rights	159,172,777	-	159,172,777
Buildings and improvements	42,197,054	-	42,197,054
Infrastructure	430,552,519	-	430,552,519
Machinery and equipment	17,737,064	-	17,737,064
Construction in progress	45,452,050	-	45,452,050
Total assets	849,810,580	(5,967,726)	843,842,854
<b>LIABILITIES</b>			
<i>Current liabilities</i>			
Accounts payable and other current liabilities	13,342,869	(63,258)	13,279,611
Unearned revenues	51,528	-	51,528
Current portion - interfund loan	256,000	(256,000)	-
Current portion - long-term debt	11,176,020	63,258	11,239,278
<i>Non-current liabilities</i>			
Interfund loans	5,632,000	(5,632,000)	-
Due beyond one year	96,207,357	-	96,207,357
Due beyond on year payable from restricted assets	7,980,986	-	7,980,986
Total liabilities	134,646,760	(5,888,000)	128,758,760
<b>NET ASSETS</b>			
Invested in capital assets net of related debt	583,825,105	5,888,000	589,713,105
<i>Restricted</i>			
Construction	104,185	-	104,185
Debt related	3,100,000	-	3,100,000
Agreements	672,952	-	672,952
Unrestricted	127,461,578	(5,967,726)	121,493,852
Total net assets	\$ 715,163,820	\$ (79,726)	\$ 715,084,094



## EXHIBIT X

## CITY OF AURORA, COLORADO

PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds		Non-Major Funds	Total Enterprise Funds	Activities Internal Service Funds
	Water	Sewer	Golf		
OPERATING REVENUES					
Charges for services					
Customers	\$ 39,572,229	\$ 24,252,421	\$ 9,174,718	\$ 72,999,368	\$ 10,720,370
Fire protection	365,107	-	-	365,107	-
Total operating revenues	39,937,336	24,252,421	9,174,718	73,364,475	10,720,370
OPERATING EXPENSES					
Cost of sales and services	20,899,356	18,445,740	6,477,046	45,822,142	7,382,491
Claims losses	-	-	-	-	2,066,570
Administrative expenses	1,062,065	572,889	791,437	2,426,391	117,244
Depreciation	7,704,258	3,276,174	995,763	11,976,195	93,848
Total operating expenses	29,665,679	22,294,803	8,264,246	60,224,728	9,660,153
Operating income	10,271,657	1,957,618	910,472	13,139,747	1,060,217
NONOPERATING REVENUES (EXPENSES)					
Investment income	4,083,444	1,868,038	161,467	6,112,949	583,498
Miscellaneous revenues	36,954	5,160	17,184	59,298	171,592
Interest expense	(3,847,047)	-	(685,294)	(4,532,341)	(6,456)
Amortization expense	(561,349)	(20,241)	(12,943)	(594,533)	-
Gain (loss) on disposal of assets	22,148	(352,331)	5,277	(324,906)	(1)
Loss on equity in joint venture	(58,565)	-	-	(58,565)	-
Net nonoperating revenues (expenses)	(324,415)	1,500,626	(514,309)	661,902	748,633
Income before contributions and transfers	9,947,242	3,458,244	396,163	13,801,649	1,808,850
Capital contributions	35,104,621	18,222,827	241,160	53,568,608	-
Transfers in	2,529,927	1,059,955	-	3,589,882	275,731
Transfers out	(2,541,372)	(1,050,948)	-	(3,592,320)	(2,698,236)
CHANGE IN NET ASSETS	45,040,418	21,690,078	637,323	67,367,819	(613,655)
NET ASSETS - January 1	411,912,674	211,720,822	24,162,505	647,796,001	6,715,782
NET ASSETS - December 31	\$ 456,953,092	\$ 233,410,900	\$ 24,799,828	\$ 715,163,820	\$ 6,102,127

## EXHIBIT XI

## CITY OF AURORA, COLORADO

## PROPRIETARY FUNDS

RECONCILIATION OF THE TOTAL ENTERPRISE FUNDS ON THE PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS TO BUSINESS-TYPE ACTIVITIES ON THE CITYWIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<b>Total Enterprise Funds</b>	<b>Business-type Activities Adjustments</b>	<b>Total Business-type Activities</b>
<b>OPERATING REVENUES</b>			
<i>Charges for services</i>			
Customers	\$ 72,999,368	\$ -	\$ 72,999,368
Fire protection	365,107	-	365,107
Total operating revenues	73,364,475	-	73,364,475
<b>OPERATING EXPENSES</b>			
Cost of sales and services	45,822,142	(100,082)	45,722,060
Administrative expenses	2,426,391	-	2,426,391
Depreciation	11,976,195	11,571	11,987,766
Total operating expenses	60,224,728	(88,511)	60,136,217
Operating income	13,139,747	88,511	13,228,258
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	6,112,949	(305,552)	5,807,397
Miscellaneous revenues	59,298	-	59,298
Interest expense	(4,532,341)	305,552	(4,226,789)
Amortization expense	(594,533)	-	(594,533)
Loss on disposal of assets	(324,906)	-	(324,906)
Loss on equity in joint venture	(58,565)	58,565	-
Net nonoperating revenues	661,902	58,565	720,467
Income before contributions and transfers	13,801,649	147,076	13,948,725
Capital contributions	53,568,608	-	53,568,608
Transfers in	3,589,882	-	3,589,882
Transfers out	(3,592,320)	-	(3,592,320)
INCREASE IN NET ASSETS	67,367,819	147,076	67,514,895
NET ASSETS - January 1	647,796,001	(226,802)	647,569,199
NET ASSETS - December 31	\$ 715,163,820	\$ (79,726)	\$ 715,084,094

EXHIBIT XII

CITY OF AURORA, COLORADO

PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds		Non-Major Fund	Total	Activities
	Water	Sewer	Golf	Enterprise	Internal
				Funds	Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<i>Cash received from:</i>					
Customers and others	\$ 40,178,304	\$ 23,297,468	\$ 9,283,374	\$ 72,759,146	\$ 190,755
Quasi-external transactions	-	-	-	-	10,698,971
<i>Cash payments to:</i>					
Employees	(9,076,777)	(5,235,984)	(4,123,415)	(18,436,176)	(2,796,045)
Suppliers for goods and services	(8,998,998)	(12,636,726)	(3,090,253)	(24,725,977)	(7,209,988)
Net cash provided by operating activities	22,102,529	5,424,758	2,069,706	29,596,993	883,693
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Cash transfers in	-	256,000	-	256,000	230,000
Cash transfers out	-	-	(256,000)	(256,000)	(2,698,236)
Net cash provided by (used in) noncapital financing activities	-	256,000	(256,000)	-	(2,468,236)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
<i>Proceeds from:</i>					
Capital contributions	18,631,901	4,841,084	241,160	23,714,145	-
Sale of capital assets	22,148	62,052	6,360	90,560	-
<i>Payments for:</i>					
Capital assets	(12,231,755)	(14,673,393)	(471,619)	(27,376,767)	(65,241)
Principal on capital debt	(11,338,982)	(2,868,303)	(479,366)	(14,686,651)	(16,150)
Interest on capital debt	(4,078,053)	(672,028)	(695,028)	(5,445,109)	(4,390)
Contributions to joint venture	(351,516)	-	-	(351,516)	-
Net cash used in capital and related financing activities	(9,346,257)	(13,310,588)	(1,398,493)	(24,055,338)	(85,781)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Increase in equity in pooled investments	(17,361,202)	(2,574,265)	(497,918)	(20,433,385)	(1,391,053)
Sales of investments	3,049,595	10,234,207	647	13,284,449	2,491,200
Interest received	3,598,345	1,860,370	155,043	5,613,758	603,895
Net cash provided by (used in) investing activities	(10,713,262)	9,520,312	(342,228)	(1,535,178)	1,704,042

See notes to the basic financial statements.

	Business-type Activities - Enterprise Funds				Governmental
	Major Fund		Non-Major Fund	Total	Activities
	Water	Sewer	Golf	Enterprise Funds	Internal Service Funds
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,043,010	1,890,482	72,985	4,006,477	33,718
TOTAL CASH AND CASH EQUIVALENTS, January 1	2,597,020	50	182,091	2,779,161	1,229,310
TOTAL CASH AND CASH EQUIVALENTS, December 31	<u>\$ 4,640,030</u>	<u>\$ 1,890,532</u>	<u>\$ 255,076</u>	<u>\$ 6,785,638</u>	<u>\$ 1,263,028</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
OPERATING INCOME	<u>\$ 10,271,657</u>	<u>\$ 1,957,618</u>	<u>\$ 910,472</u>	<u>\$ 13,139,747</u>	<u>\$ 1,060,217</u>
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Depreciation	7,704,258	3,276,174	995,763	11,976,195	93,848
Miscellaneous nonoperating revenues	36,954	14,440	17,184	68,578	171,592
<i>Changes in operating assets and liabilities</i>					
Receivables	204,014	(969,393)	60,877	(704,502)	(2,237)
Inventories	-	-	57,772	57,772	(117,427)
Accounts payable and other current liabilities	3,885,646	1,145,919	(2,957)	5,028,608	(322,300)
Unearned revenues	-	-	30,595	30,595	-
Total adjustments	<u>11,830,872</u>	<u>3,467,140</u>	<u>1,159,234</u>	<u>16,457,246</u>	<u>(176,524)</u>
Net cash provided by operating activities	<u>\$ 22,102,529</u>	<u>\$ 5,424,758</u>	<u>\$ 2,069,706</u>	<u>\$ 29,596,993</u>	<u>\$ 883,693</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Borrowing under capital lease	\$ -	\$ -	\$ 147,176	\$ 147,176	\$ 176,312
Acquisition of capital assets by lease	-	-	(147,176)	(147,176)	(176,312)
Contribution of capital assets	16,472,720	13,372,463	-	29,845,183	-
Transfers of capital assets from other funds	2,529,927	1,059,955	-	3,589,882	45,731
Transfer of capital assets to other funds	(2,541,372)	(1,050,948)	-	(3,592,320)	-
Increase in fair value of investments	415,685	99,495	31,999	547,179	46,424
Decrease in fair value of investments	-	-	-	-	(60,294)

See notes to the basic financial statements.



## **FIDUCIARY FUNDS**

Fiduciary funds are used to report assets held for others in a trustee or agency capacity. Fiduciary funds are not available to support City programs and are therefore not included in the citywide financial statements.

### ***Pension Trust Funds***

Pension trust funds account for the activities and accumulation of resources to pay retirement benefits for elected officials, council appointees and employees.

### ***Agency Fund***

The City reports one agency fund that provides for the consolidation of all payroll liabilities after the recording of related payroll expenditures into the appropriate funds.

**EXHIBIT XIII****CITY OF AURORA, COLORADO****FIDUCIARY FUNDS****STATEMENT OF FIDUCIARY NET ASSETS****DECEMBER 31, 2002**

	<b>Pension Trust Funds</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
<i>Current assets</i>		
Cash and equivalents	\$ 3,012,334	\$ 6,284,031
Investments	189,049,077	—
Receivables (net of allowance)	2,532,912	—
Total current assets	194,594,323	6,284,031
<i>Capital assets (net of accumulated depreciation)</i>		
Machinery and equipment	3,476	—
Total assets	194,597,799	\$ 6,284,031
<b>LIABILITIES</b>		
<i>Current liabilities</i>		
Accounts payable and other current liabilities	1,417,983	\$ 6,284,031
Total liabilities	1,417,983	\$ 6,284,031
<b>NET ASSETS</b>		
Invested in capital assets net of related debt	3,476	
Held in trust for pension benefits	193,176,340	
Total net assets	\$ 193,179,816	



**EXHIBIT XIV****CITY OF AURORA, COLORADO****FIDUCIARY FUNDS****STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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	<b>Pension Trust Funds</b>
	<hr/>
<b>ADDITIONS</b>	
<i>Contributions</i>	
City	\$ 4,011,306
Plan members	<hr/> 3,601,763
Total contributions	<hr/> 7,613,069
<i>Investment activity</i>	
Investment loss	(5,990,892)
Investment expense	<hr/> (864,866)
Net investment loss	<hr/> (6,855,758)
Other income	<hr/> 11,594
Total additions	<hr/> 768,905
<b>DEDUCTIONS</b>	
Benefits	5,763,149
Administrative expenses	<hr/> 349,129
Total deductions	<hr/> 6,112,278
DECREASE IN NET ASSETS	(5,343,373)
NET ASSETS - January 1	<hr/> 198,523,189
NET ASSETS - December 31	<u><u>\$ 193,179,816</u></u>

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

**SUMMARY OF NOTES TO THE BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
  - A. Financial Reporting Entity
  - B. Fund Accounting
  - C. Measurement Focus and Basis of Accounting
  - D. Financial Statement Presentation
  - E. Cash and Investments
  - F. Interfund Transactions
  - G. Deferred Charges and Inventories
  - H. Capital Assets
  - I. Unearned and Deferred Revenues (Liabilities)
  - J. Non-current Liabilities
  - K. Bond Discounts and Issuance Costs
  - L. Compensated Absences
  - M. Fund Balance and Net Assets
  - N. Budgets
2. RECONCILIATION OF CITYWIDE AND FUND FINANCIAL STATEMENTS
3. DEPOSITS AND INVESTMENTS
4. RECEIVABLES
5. RESTRICTED, RESERVED AND DESIGNATED
6. CAPITAL ASSETS
7. JOINT VENTURE
8. PAYABLES
9. NON-CURRENT LIABILITIES
10. INTERFUND TRANSACTIONS
11. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS
12. DEFERRED COMPENSATION PLANS
13. PENSION PLANS
14. BUDGETS
15. OPERATING LEASES
16. RISK MANAGEMENT
17. CONTINGENT LIABILITIES
18. CONDUIT DEBT OBLIGATIONS
19. TAXPAYER BILL OF RIGHTS (TABOR)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements of the City of Aurora, Colorado (the City) are prepared in accordance with accounting principles applicable to governments, which are generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Effective January 1, 2002, the City implemented the provisions of the GASB Statements No. 34, 37 and 38 and Interpretation No. 6. GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, established a new financial reporting model. This statement requires the presentation of citywide financial statements prepared using the accrual basis of accounting and economic measurement focus for all City activities. The citywide financial statements include a statement of net assets and a statement of activities. The statement of net assets includes not only current assets and liabilities but also all capital assets including governmental infrastructure assets and long-term debt. The statement of net assets subtracts liabilities from assets to arrive at net assets. Net assets are classified as invested in capital assets net of related debt, restricted, and unrestricted. The statement of activities reports all City revenues and costs (including depreciation on capital assets) of providing services. GASB Statement 34 also requires the inclusion of Management's Discussion and Analysis (MD&A), as required supplementary information, which provides a narrative introduction and analytical overview of the City's financial activities.

GASB Statement 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, clarified and amended certain provisions of GASB Statement 34. GASB Statement 38, *Certain Financial Statement Note Disclosures*, provided for revisions in required disclosures to be adopted concurrently with GASB Statement 34. GASB Interpretation 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures at the fund level.

A summary of the City's significant accounting policies including descriptions of the financial statements is as follows.

**A. Financial Reporting Entity**

The City is a home-rule local government governed by an elected eleven-member council. These financial statements include the City and its component units. A component unit is a legally separate organization for which the City is considered financially accountable or whose exclusion would make the City's financial statements misleading or incomplete. Blended component units, although legally separate, are in substance, part of the City's operations. Therefore, data from these organizations are combined with data of the primary government. The blended method is used when either of the following circumstances is present: 1) the governing body of the component unit is substantially the same as the governing body of the City; or 2) the component unit provides services entirely or almost entirely to the City government. If neither of these circumstances is present, the component unit is presented discretely. Discrete presentation refers to presenting financial data of the component unit in a column separate from that of the primary government.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****A. Financial Reporting Entity (continued)*****1) Discretely Presented Component Unit**

*Fitzsimons Redevelopment Authority (FRA)* – FRA was formed on January 1, 1998 under Colorado Revised Statutes for the purpose of continued economic redevelopment of the former United States Army Garrison, Fitzsimons Military Facility and the surrounding Fitzsimons Redevelopment Area. FRA acts as the developer and manager of certain components of the Fitzsimons Redevelopment Plan, including the development of a bioscience research park affiliated with the University of Colorado.

FRA is governed by a ten-member board of directors, of which seven members are appointed by the City Council. FRA is a component unit of the City because the City appoints a majority of its governing board and its exclusion would make the City's financial statements misleading. It is discretely presented because FRA's board is not substantially the same as the City Council and FRA does not provide services entirely or almost entirely to the City. Separately issued, audited financial statements for FRA are available by contacting FRA at 12635 East Montview Boulevard, Suite 100, Aurora, Colorado 80010, or telephone (720) 858-4100.

**2) Blended Component Units**

*Aurora Capital Leasing Corporation (ACLC)* – ACLC was organized as a not-for-profit corporation in 1993 to finance capital assets of the City. ACLC is a component unit because the City Council appoints the governing board and because its exclusion would make the City's financial statements misleading. ACLC is a blended component unit because it provides services solely to the City. ACLC financial statements consist of a debt service fund and a capital projects fund. Capital assets and long-term debt for ACLC are included in the citywide statement of net assets. There are no separately issued financial statements for ACLC.

*Aurora Urban Renewal Authority (AURA)* – AURA was formed by action of the City Council in 1981, pursuant to Part 1 of Article 25, Title 31, of the Colorado Revised Statutes. AURA has various expressed powers including the power to: undertake urban renewal projects, mortgage, sell or dispose of property, borrow money and accept grants, and issue tax-increment and other forms of securities. In 1982, the City Council determined the existence of blighted conditions in the City and designated the Aurora City Center Urban Renewal Area. In 2001, the City Council determined the Fitzsimons Boundary Area and Campus to be blighted and designated the area for urban renewal. AURA is a component unit because its exclusion would make the City's financial statements misleading. AURA is a blended component unit because AURA's governing body is substantially the same as the City Council and it provides specific financial benefits solely to the City. AURA financial statements consist of a debt service fund. The non-current debt of AURA is included in the citywide statement of net assets. There are no separately issued financial statements for AURA.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****A. Financial Reporting Entity (continued)*****3) Component Units that are Fiduciary in Nature**

*City of Aurora General Employees' Retirement Plan (GERP)* – GERP was created to provide retirement benefits to career service and executive personnel. It has a separate, independent board that administers the plan. GERP is a component unit because it is funded by contributions from the City and City employees and its exclusion would make the City's financial statements misleading. GERP is a blended component unit because it provides services solely to the City. GERP is included in this report as a pension trust fund in the fiduciary fund statements. GERP is not included in the citywide statements because its assets are not available to finance City programs. Separately issued audited financial statements are available by contacting GERP at 12200 E. Iliff Avenue, Suite 108, Aurora, Colorado 80014 or telephone (303) 368-9160.

*City of Aurora Elected Officials' and Executive Personnel Defined Benefit Plan (EOEP)* – EOEP was created in 2001 to provide retirement benefits to elected officials and executive personnel. As required by City Code, a City executive serves as plan trustee and plan administrator. EOEP is a component unit because it is funded solely by contributions from the City and because its exclusion would make the City's financial statements misleading. It is a blended component unit because it provides services solely to the City, its employees and retired elected officials. EOEP is included in this report as a pension trust fund in the fiduciary fund statements. EOEP is not included in the citywide statements because its assets are not available to finance City programs. There are no separately issued audited financial statements for EOEP.

**4) Joint Venture**

*Aurora-Colorado Springs Joint Water Authority (ACSJWA)* – ACSJWA was formed in 1983, by contract, between the City of Aurora (Aurora) and the City of Colorado Springs, Colorado (Colorado Springs), for the purpose of developing water resources, systems, or facilities in whole or in part for the benefit of the two cities. The Council of each city appoints three directors to the board. The ACSJWA must obtain approval from both cities before proceeding with any new project. Prior approval is not required for operating and maintenance expenses related to a previously approved project. To date, the cities have approved one project, the construction and operation of a pipeline to transport raw water. Construction was financed through revenue bonds. Aurora has a 1/3 participation share and Colorado Springs has a 2/3 participation share in the project.

Aurora's share of the ACSJWA is accounted for in the Water Fund using the equity method. The Water Fund is a major proprietary fund and business-type activity. Separately issued audited financial statements for ACSJWA are available at Colorado Springs Utilities, Water Resources Department MC740, 30 South Nevada Avenue, Colorado Springs, Colorado 80903 or telephone (719) 668-8522.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****B. Fund Accounting***

The City uses fund accounting to control and manage money intended for a particular purpose or to demonstrate compliance with finance-related legal requirements and to aid financial management by segregating transactions related to certain city functions or activities. A fund is a separate set of self-balancing accounts comprised of assets, liabilities, fund balance / net assets, revenues, and expenditures / expenses as appropriate to the fund type. Funds are established by City Council action. Funds are classified into three categories governmental, proprietary and fiduciary.

**1) Governmental Funds**

Governmental funds are used to account for traditional governmental type activities. The City maintains nineteen (19) individual governmental funds. These governmental funds are divided into four fund types: General, special revenue, debt service and capital project.

The *General Fund* is the general operating fund of the City used to account for all financial resources unless they are required to be accounted for in another fund. It accounts for the collection of taxes and other resources traditionally associated with governments. These resources are used to finance general City expenditures and to transfer to other funds as required by law or approved by City Council action.

*Special Revenue Funds* account for revenues that are restricted or designated for a specific purpose. The City has twelve (12) special revenue funds: Gifts and Grants, Abatement, Community Maintenance, Community Development, Enhanced E-911, Conservation Trust, Emergency Contingency, Parks Development, Recreation Services, Designated Revenues, Policy Reserve and TABOR Reserve.

*Debt Service Funds* account for the accumulation of resources and payments of principal, interest and fees related to general obligation, special assessment and revenue bonds and certificates of participation except those accounted for in proprietary funds. The City's four (4) debt service funds are: City Debt Service, Surplus and Deficiency, AURA and ACLC.

*Capital Projects Funds* account for resources allocated for the acquisition or construction of major capital projects except those financed by special revenue or proprietary funds. The City has two (2) capital project funds: the City Capital Projects Fund and the ACLC Capital Projects Fund. The City Capital Projects Fund accounts for the acquisition or construction of major capital projects including: streets, parks, information systems and City facilities. Funding for these projects are provided by proceeds from long-term borrowings, participation revenues and transfers from the General Fund. The ACLC Capital Projects Fund is used to account for the construction of the new Aurora Municipal Center and for the acquisition and construction of certain public safety vehicles and communication systems. Funding for these projects is provided by ACLC certificates of participation.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****B. Fund Accounting (continued)*****2) Proprietary Funds**

Proprietary funds account for operations that are financed and operated in a manner similar to a private business. The City maintains seven (7) individual proprietary funds. These funds are classified into two fund types: enterprise and internal service.

*Enterprise Funds* account for operations that are financed and operated in a manner similar to private business where costs are predominantly supported by user charges or where management has decided accountability of revenues, expenses and/or change in net assets is appropriate for management or public information purposes. The City has three (3) enterprise funds: Water, Sewer and Golf.

*Internal Service Funds* are used to account for resources calculated on a cost recovery basis and provided by other City funds for centralized acquisition of supplies and services. The City has four (4) internal service funds: Fleet Management, Print Shop, Risk Management, and Building Repair. The Building Repair Fund was closed to the City Capital Projects Fund in 2002.

**3) Fiduciary Funds**

Fiduciary funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations and other governments. The City maintains three (3) fiduciary funds. These funds are grouped into two fund types: pension trust and agency.

*Pension Trust Funds* are accounted for in essentially the same manner as proprietary funds. The pension trust funds include: the General Employees' Retirement Plan (GERP) and the Elected Officials' and Executive Personnel Defined Benefit Plan (EOEP).

*Agency Funds* are custodial in nature and do not involve measurement of results of operations. The City has one agency fund, the Payroll Clearing Fund, which collects and remits payroll related liabilities collected from employees and City funds and departments.

***C. Measurement Focus and Basis of Accounting*****1) Measurement Focus**

The measurement focus identifies the resources to be measured and the effects of transactions or events involving those resources. Two measurement focuses are used in producing this report: economic resources and current financial resources.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****C. Measurement Focus and Basis of Accounting (continued)*****1) Measurement Focus (continued)***Economic Resources Focus*

Under the economic resources measurement focus, the financial statements report all inflows, outflows and balances affecting net assets. The statement of net assets reports everything owned as assets and everything owed as liabilities, with the net between the two being reported as net assets. Operating statements show inflows (revenues) and outflows (expenses). The economic resources measurement focus is used for proprietary and fiduciary funds as well as for citywide financial reporting.

*Current Financial Resources Focus*

With this focus, the financial statements report only near-term (current) inflows, outflows and balances of spendable financial resources. Current assets and current liabilities are included on the balance sheet with the difference being reported as fund balance. Operating statements present inflows (revenues and other financing sources) and outflows (expenditures and other financing uses). The current financial resources measurement focus is used solely for reporting the financial position and results of operations of governmental funds.

**2) Basis of Accounting**

The basis of accounting refers to the timing of when transactions or events are recognized in the accounts and reported in the financial statements.

*Accrual*

The accrual basis of accounting recognizes the financial effect of transactions and events when they occur, regardless of the timing of the cash flows. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred. The accrual basis is used for the citywide financial statements and the proprietary, pension trust and agency fund statements.

*Modified Accrual*

Under modified accrual, revenues are recognized when they become both measurable and available. Expenditures are recorded when the related liability is incurred, with the exception of principal and interest on long-term debt, which are recognized when matured and compensated absences and certain other long-term liabilities, which are recorded when they are expected to be paid from available spendable resources. The City considers revenues, other than grants, to be available and spendable if collected within two months after year-end. The modified accrual basis is used for the governmental funds financial statements.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***C. Measurement Focus and Basis of Accounting (continued)***

**2) Basis of Accounting (continued)**

*Revenues susceptible to accrual*

Revenues susceptible to accrual under both the accrual and modified accrual bases include: charges for services, intergovernmental, grants, interest and the following taxes: property, sales, use, lodgers, occupational privilege, and franchise.

For governmental funds, property taxes are reported as receivables and deferred revenue in the year they are levied. These taxes are recognized as revenues in the fund and in the citywide statements when collected.

Grants are recognized as revenue when reimbursable expenditures are made and as soon as all eligibility requirements imposed by the provider have been met. Unbilled but earned utility service revenues are recorded in the Water and Sewer Funds at year-end. Under modified accrual (governmental fund statements), only the portion of special assessments receivable due in the current period is considered susceptible to accrual. For the accrual basis citywide statements, both current and non-current special assessments are recognized. All other revenues are considered measurable and available only when cash is received.

***D. Financial Statement Presentation***

**1) Application of Private Sector Accounting Standards**

Private-sector standards of accounting and financial reporting (Financial Accounting Standards Board (FASB) pronouncements) issued prior to December 1, 1989 are generally followed in both the citywide and the proprietary fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments have the option of following subsequent private-sector guidance for business-type activities and enterprise funds. The City and its component unit FRA have elected to not follow FASB pronouncements issued after November 30, 1989.

**2) Citywide Financial Statements**

The citywide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. These statements provide financial information about the City as a whole. Each of the citywide statements are divided into two groups: the "primary government" and discretely presented "component units". The primary government includes all activities of the City (including blended component units) except fiduciary funds. Fiduciary funds are not included in the citywide statements because resources of these funds are not available to support City programs.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****D. Financial Statement Presentation (continued)*****2) Citywide Financial Statements (continued)**

Activities of the primary government are aggregated into two activity types, governmental and business-type.

*Governmental Activities* reflect most of the City's basic services including: judicial, police, fire, other public safety (emergency communications and animal control), public works (streets), economic development, community services, culture and recreation (parks, libraries, recreation services) and general government (administration and other activities). Governmental activities are primarily supported by taxes, grants and intergovernmental revenues. Activities of the internal service funds are included in the governmental activities column because services provided by these funds predominantly benefit governmental activities.

*Business-type Activities* include functions that are intended to recover all or a significant portion of the costs through user fees and charges. Business-type activities of the City include the water, sewer and golf course operations.

The citywide financial statements consist of the statement of net assets and the statement of activities.

The *statement of net assets* reports what the City owns (assets) and what the City owes (liabilities) with the difference being reported as net assets. City assets consist of cash, investments, receivables, equity in a joint venture and capital assets. Capital assets include land and water rights, buildings and improvements, infrastructure, and machinery and equipment and construction in progress. Infrastructure includes: streets, reservoirs, tunnels, wells, water and sewer distribution systems and other assets that are immovable in nature. Liabilities consist of vendor payables, risk claims reserves, bonds, capital leases and various employee related obligations such as earned but not used compensated absences. Net assets are divided into three components: "invested in capital assets net of related debt", restricted, and unrestricted. Invested in capital assets net of related debt reflects the City's investment in capital assets as described above, less accumulated depreciation and the outstanding portion of the debt that was issued to acquire or construct those assets. Restricted net assets represent net resources that are subject to external requirements on how the funds may be used. The remaining net assets are shown as unrestricted.

The *statement of activities* is used to report changes in the City's net assets. In the private sector, revenue is the first item in the operating statement, which reflects the goal of business, to maximize revenues. However, in the public sector, the goal is to provide services, not to maximize revenues. For that reason, the statement of activities begins with expenses (cost of providing services) rather than revenues. Expenses include depreciation on capital assets in addition to other operational costs.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****D. Financial Statement Presentation (continued)*****2) Citywide Financial Statements (continued)**

Revenue sources are separated into program revenues and general revenues.

*Program revenues* are those that are derived directly from the program itself. Program revenues are divided into three groups: charges for services, program-specific operating grants and contributions, and program-specific capital grants and contributions. Charges for services are exchange or exchange-like transactions including: fees, licenses, permits, and special assessments. Program-specific grants and contributions include revenues arising from mandatory and voluntary non-exchange transactions with other governments, private organizations or individuals where monies are required by the grantor / contributor to be used for a particular program or activity. Program-specific grants and contributions that are required to be used to purchase or construct capital assets are shown in the capital grants and contributions column. All other program-specific grants and contributions are shown as operating. Water and Sewer capital grants and contributions include tap and annexation fees, which are required to be used for the construction of water and sewer capital assets.

*General Revenues* include: all taxes levied by the City regardless of their purpose; unrestricted investment income; and multi-purpose or non-specific grants and contributions.

**3) Fund Financial Statements**

Fund financial statements are grouped into the three fund categories: governmental, proprietary and fiduciary. The fund financial statements for governmental and proprietary funds report City operations in more detail than the citywide financial statements by providing information about financially significant funds called "major funds". Individual financial information is presented for each major fund with the remaining "non-major" funds being aggregated into a single "other" column.

***a) Governmental Funds***

Governmental funds account for essentially the same functions reported as "governmental activities" in the citywide financial statements. However, unlike the citywide statements, the governmental fund statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. The governmental fund statements consist of: 1) balance sheet; 2) reconciliation of total governmental funds on the balance sheet to the governmental activities on the statement of net assets; 3) statement of revenues, expenditures and changes in fund balances; and 4) reconciliation between the total governmental funds on the statement of revenues, expenditures and changes in fund balances to the total governmental activities on the citywide statement of activities.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****D. Financial Statement Presentation (continued)*****3) Fund Financial Statements (continued)*****a) Governmental Funds (continued)***

Major governmental funds include the General Fund and any governmental fund that comprises 10% or more of a total governmental fund classification (assets, liabilities, revenues or expenditures) and at least 5% of the governmental and enterprise fund total for the same classification. Major governmental funds include the General Fund, the City Capital Projects Fund and the ACLC Capital Projects Fund. The remaining governmental funds are aggregated into the column labeled "other governmental funds".

The *General Fund* accounts for taxes and other resources traditionally associated with government and the operations of the City that are financed from those resources.

The *City Capital Projects Fund* accounts for financial resources used for the construction and acquisitions of major capital projects other than those financed by the proprietary funds. Major capital projects include: streets, parks, information systems and City facilities.

The *ACLC Capital Projects Fund* accounts for financial resources used for the construction of the new Aurora Municipal Center which consists of an office building, parking garage, landscaping and other surrounding infrastructure. This fund also accounts for the acquisition and construction of certain public safety vehicles and communication systems.

***b) Proprietary Funds***

Proprietary fund statements, excluding internal service funds, report the same functions as presented in the business-type activities on the citywide statements. Like the citywide financial statements, these statements use the economic resources measurement focus and the accrual basis of accounting. Proprietary fund statements include: 1) a statement of net assets; 2) a reconciliation of total enterprise funds on the proprietary funds statement of net assets to the business-type activities on the citywide statement of net assets; 3) a statement of revenues, expenses and changes in net assets; 4) a reconciliation of the total enterprise funds on the proprietary fund statement of revenues, expenses and changes in net assets to the business-type activities on the citywide statement of activities; and 5) a statement of cash flows.

Proprietary funds consist of enterprise and internal service funds.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****D. Financial Statement Presentation (continued)*****3) Fund Financial Statements (continued)*****b) Proprietary Funds (continued)***

*Enterprise funds* account for operations financed and operated in a manner similar to private business where: a) the activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; b) laws or regulations require costs of providing a particular service be recovered with fees and charges; or c) the pricing policies of the activity establish fees and charges designed to recover its costs.

*Internal service funds* are used to report activities that provide goods or services to other funds, departments or agencies of the City and its component units on a cost reimbursement basis.

Major enterprise funds are those that comprise 10% or more of a total enterprise fund classification (assets, liabilities, revenues or expenses) and at least 5% of the governmental and enterprise fund total for the same classification. The Water Fund and the Sewer Fund are major enterprise funds. The Golf Fund is also presented separately as it is the only non-major enterprise fund. The enterprise funds are each considered single identifiable activities for segment reporting. Internal service funds are never major funds and are aggregated into a single column.

The *Water Fund* accounts for the acquisition of water and water rights and for the operation and maintenance of reservoirs, wells, water treatment plants and distribution systems.

The *Sewer Fund* accounts for the systems and operations used in treating and disposing of wastewater from sanitary sewer and storm drain services.

The *Golf Fund* accounts for the operations and maintenance of City owned or operated golf courses.

The proprietary fund statement of revenues, expenses and changes in net assets separately presents revenues and expenses that are directly related to the service provided by the fund as "operating". Operating revenues are primarily charges for services (exchange or exchange-like transactions for water, sewer and golf services). Golf operating revenues also include sales of merchandise. Operating revenues for internal service funds are quasi-external charges for services to other funds and departments. All other revenues in the proprietary funds are reported as non-operating. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, claims losses, and depreciation on capital assets. All other expenses are reported as non-operating.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***D. Financial Statement Presentation (continued)***

**3) Fund Financial Statements (continued)**

***c) Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of individuals or other organizations outside the City government. Fund statements for fiduciary funds include: 1) a statement of fiduciary net assets and 2) a statement of changes in fiduciary net assets.

*Pension trust funds* account for the accumulation of resources and the payment of retirement benefits to qualified employees. Pension trust funds use the economic resources measurement focus and accrual basis of accounting. The City has two pension trust funds: the General Employees' Retirement Plan and the Elected Officials' and Executive Personnel Defined Benefit Plan.

The City has one *agency fund*, the Payroll Clearing Fund, which is used to account for the consolidation of payroll liabilities (taxes, pensions, insurance etc.) after the related payroll expenditures are recorded into the appropriate funds. Agency funds consist of only assets and liabilities.

***E. Cash and Investments***

The City pools its cash and investments. All temporary cash surpluses are invested. Earnings on pooled investments are allocated among the funds based on an average daily balance of the individual fund's equity in pooled monies. The amounts shown as "cash and cash equivalents" and "investments" in the citywide and proprietary fund statements of net assets and the governmental funds balance sheet include both unrestricted equity in the City's pool and unrestricted amounts held in non-pooled accounts. Restricted assets include cash and investments required to be used for specific purposes and may contain pooled and non-pooled amounts. Cash and cash equivalents are carried at amortized cost and include petty cash, demand deposits and highly liquid investments (readily convertible to known amounts of cash) with maturities of three months or less from purchase date. Investments are stated at fair value.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****F. Interfund Transactions***

During the course of operations, transactions occur between individual funds for goods provided or services rendered. Receivables ("due from other funds") and payables ("due to other funds") related to these transactions are included in the "receivables (net of allowance)" or the "accounts payable and other current liabilities" in the fund statements. Amounts for which the original source of funds has a restricted purpose are included in "restricted assets" and "amounts payable from restricted assets".

Interfund loans or advances are made to provide internal financing of capital projects. These transactions are reported as long-term interfund receivables and payables in the fund statements.

In the processes of aggregating data for the statement of net assets, amounts reported in the funds as interfund receivables and payables are eliminated in each of the governmental and business-type activity columns. The residual amounts due between governmental and business-type activities are shown on a single line as internal balances. Interfund amounts (if any) due between the primary government and a fiduciary fund are shown on the citywide statement as receivable or payable to external parties rather than internal balances.

Interfund activities include: transfers, internal billings and transactions with internal service funds. For fund statement presentation, transfers are shown as "transfers in" and "transfers out". Internal billings and transactions with internal service funds are shown as revenues and expenses / expenditures in the respective funds. These revenues / transfers in and expenditures / expenses / transfers out have been eliminated in the aggregation of data for the citywide statement of activities.

***G. Deferred Charges and Inventories***

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as deferred charges for both the citywide and the fund financial statements. See item K of this footnote for treatment of bond issue costs as a deferred charge.

Inventories are stated at cost on a first-in, first-out basis. The cost of inventories in the proprietary fund statements and citywide statements are recorded as an expense when consumed rather than when purchased.

***H. Capital Assets***

The criteria used for capitalizing assets include assets with an estimated useful life of more than one year and an acquisition cost of \$2,500 or more per unit. Capital assets are stated at actual cost for purchased and constructed assets, estimated historical cost for older assets for which actual cost was not determinable, and fair value at the time of receipt for donated or contributed items.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****H. Capital Assets (continued)***

Expenditures incurred during the construction phase are recorded as construction in progress. These amounts are transferred from construction in progress to the appropriate classification (water rights, buildings and improvements, or infrastructure) upon completion of the project. Land, machinery, and equipment are normally recorded upon receipt. Salvage value is not material and is therefore not computed. Accordingly, assets are completely depreciated if retained for their total estimated useful life. Straight-line depreciation is used in all cases.

Depreciable lives assigned by individual items	
Description	Estimated Useful Life Years
Buildings and improvements	40
Infrastructure	10-99
Machinery and equipment	3-15

**1) Governmental Activities and Governmental Funds**

The accounting and reporting treatment applied to a fund's capital assets is determined by its measurement focus. Governmental funds are accounted for on a current financial resources measurement focus, whereby only current assets and current liabilities are recorded on the balance sheet. Capital assets purchased by governmental funds are not included in the governmental fund but are recorded as expenditures in the fund. These expenditures are reclassified through the governmental activities adjustments and are shown as increases in capital assets in the governmental activities column in the citywide financial statements. Interest incurred during construction is not capitalized.

Estimated costs for streets constructed by developers and contributed to the City are reported as program revenue for the public works function in the citywide statement of activities and as additions to infrastructure in the citywide statement of net assets. Street infrastructure has been retroactively recorded from 1973 forward using discounted replacement cost.

**2) Business-type Activities, Proprietary and Pension Trust Funds**

Proprietary funds and pension trust funds use the economic resources measurement focus, therefore, capital assets are included on the fund's statement of net assets as well as in the business-type activities column of the citywide financial statements. Developers who construct water and sewer lines for subdivisions are required to furnish cost figures to the City for contributed lines. Such costs are recorded as capital assets and capital contribution revenues when accepted by the City. Interest incurred during construction is capitalized.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****I. Unearned and Deferred Revenues (Liabilities)****Unearned Revenues*

Under the accrual basis of accounting, revenue is recognized when earned. Unearned revenues reflect amounts that have been received before the City has a legal claim to the funds. In subsequent periods, when revenue recognition criteria are met, or when the City has a legal claim to the resources, the unearned revenue is removed from the balance sheet and revenue is recognized.

*Deferred Revenues*

Under the modified accrual basis of accounting, revenues are recorded when earned and available. Deferred revenues, shown in the governmental funds, may include both amounts that are unearned and amounts unavailable to finance expenditures of the fiscal period. In subsequent periods, when the City has legal claim and the resources become available, the deferred revenues are removed and revenue is recognized in the governmental fund.

***J. Non-current Liabilities***

Non-current liabilities include: bonds, notes, certificates of participation, capital leases, claims payable and earned but not used compensated absences. The accounting and reporting treatment for a fund's non-current liabilities is determined by its measurement focus.

**1) Governmental Activities and Governmental Funds**

For governmental funds, only the portion to be financed from "expendable available financial resources" is reported as a liability in a governmental fund. That is, the liability is recorded in a governmental fund when payment is due, or when resources have been accumulated in the debt service fund for payment early in the following year. Proceeds from issuance of debt are reported in the governmental funds as "other financing sources". Payments of principal on debt are shown as expenditures. For the citywide statements, governmental debt issuances are reflected as increases in non-current liabilities. Principal payments are shown as decreases in non-current liabilities. The outstanding amounts of non-current liabilities are reported on the citywide statement of net assets. Amounts due within the next twelve months are reported as "due within one year" with the remaining amount being reported as "due in more than one year".

**2) Business-type Activities, Proprietary and Pension Trust Funds**

Proprietary funds and pension trust funds use the economic resources measurement focus, therefore, long-term liabilities are accounted for in the fund as well as in the business-type activities column of the citywide financial statements.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****K. Bond Discounts and Issuance Costs***

In governmental funds, bond discounts and issuance costs are recognized as expenditures in the period incurred. For the citywide and the proprietary fund statements, bond discounts and issuance costs are deferred and amortized over the term of the bonds using the effective interest method on capital appreciation bonds and the straight-line method on all other bonds, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

***L. Compensated Absences*****1) Annual Leave**

City policy allows employees to accumulate earned but not used annual leave up to maximum hours as indicated in the table. All annual leave hours in excess of the maximum accrual permitted are forfeited on January 1 of each year. Accrued annual leave is payable upon separation after successful completion of the introductory period.

**Maximum Annual Leave Hours**

<b>Employees</b>	<b>Maximum Hours</b>
Police and Career Service	260
Fire Civil Service 8-hour shift	240
Fire Civil Service 24-hour shift	360

**2) Sick Leave**

Employees may convert sick leave hours accumulated in excess of established minimums annually in January. All employees may convert sick leave hours at a rate of one hour's pay for every two hours of sick leave up to the established maximum payment hours. In lieu of, or in combination with, cash payment, Career Service employees may elect to increase their annual leave balances by up to forty hours per year in exchange for twice the amount of accrued sick leave.

**Sick Leave Conversion to Annual Leave / Cash Payment**

<b>Employees</b>	<b>Minimum Accrual Hours</b>	<b>Maximum Payment Hours</b>
Police and Career Service	720	120
Fire 8-hour shift	684	120
Fire 24-hour shift	960	180

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****L. Compensated Absences (continued)*****3) Accrued Liabilities for Compensated Absences**

The City records a liability for accrued compensated absences and related payroll taxes.

**a) Governmental Activities and Governmental Funds**

Only the portion of compensated absences that has matured is reported as a liability in a governmental fund. The entire liability is reflected in the citywide statement of net assets as non-current liabilities. Amounts "due within one year" are estimated to be paid (in lieu of used) in the next twelve months.

**b) Business-type Activities, Proprietary and Similar Pension Trust Funds**

The liability for compensated absences for employees whose work primarily benefits a proprietary fund is recorded in the respective fund. Amounts anticipated to be paid (in lieu of used) over the next twelve months are reported as "current portion of long-term liabilities" in the proprietary fund statements and as "due within one year" in the business-type activities on the citywide statement of net assets.

***M. Fund Balances and Net Assets******Fund balances***

Fund balances reflect assets minus liabilities using the current financial resources measurement focus and the modified accrual basis of accounting. Fund balances are shown only in the governmental fund statements and are divided into two classifications reserved and unreserved. Fund balance reserves reflect amounts legally segregated for a specific future use. Assets that are required by outside sources to be used for a specific purpose are shown on the balance sheet as "restricted assets". The City reports liabilities and deferred revenues that are associated with these restricted assets as amounts "payable from restricted assets". The net difference between restricted assets and amounts payable from restricted assets is shown as fund balance reserves. In addition to the assets restricted for a specific purpose, the City also shows fund balance "reserved for encumbrances". This amount represents commitments on purchase orders that remain open at year-end. No assets have been restricted in connection with the reserve for encumbrances. Encumbrance reserves are only reported on the governmental fund statements and are reclassified to unrestricted net assets for the citywide statement of net assets.

Unreserved fund balance is further divided into designated and undesignated. Designated fund balances represent tentative or budgetary plans for future use of financial resources. Designations of fund balance are only shown on the governmental fund statements. These amounts are reported as unrestricted net assets on the citywide statement of net assets.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****M. Fund Balances and Net Assets (continued)****Net assets*

Net assets are assets minus liabilities using the economic resources measurement focus and the accrual basis of accounting. Net assets are reported in three classifications. "Invested in capital assets net of related debt" reflects capital assets (net of accumulated depreciation) reduced by the outstanding amount of debt, which was issued to acquire or construct the capital assets. Restricted net assets report amounts legally segregated for a specific future use. Remaining net assets are reported as unrestricted.

Certain special revenue and debt service funds have been established for restricted purposes. These funds may report unreserved/undesignated fund balances in the fund statements. The assets of these funds are reclassified to report restricted net assets, amounts payable from restricted assets and restricted net assets for the citywide statement of net assets.

***N. Budgets***

On or before September 1 of each year, a proposed budget is presented by the City Manager to the City Council for review. The City Council holds public hearings and may add to, subtract from, or change appropriations and associated revenues and reserves. The City Council is required to adopt the budget for the upcoming year by November 30, but typically does so before any November election.

Budgets are legally adopted for all funds except the Payroll Clearing Agency Fund and component units: ACLC, AURA, GERP, EOEP and FRA. Budgets for these funds are not adopted as they are not subject to the budgetary requirements of the Colorado Revised Statutes.

The City adopts both annual operating appropriations and project-length appropriations each year. Operating costs are controlled at the fund and department level for the General Fund and at the fund level for all other funds. Expenditures may not exceed appropriations at those levels. Annual operating appropriations lapse at year-end except for amounts that are encumbered (reserves for encumbrances are commitments on purchase orders that remain open at year-end).

City adopts all capital projects on a project-length budget. Project-length (continuing appropriations) budgets do not lapse until the project for which the appropriation was made is completed or abandoned. Project expenditures are controlled at the fund, department and project levels. Expenditures may not exceed appropriations at any of those levels.

The following funds adopt both project-length continuing appropriations and annual operational budgets: City Capital Projects, Water, Sewer, Golf, Gifts and Grants, Enhanced E-911, Conservation Trust, and Parks Development. The Community Development Fund only adopts project-length budgets.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****N. Budgets (continued)***

Since expenditures may not legally exceed budgeted appropriations, appropriation amendments are approved as necessary. Budget amendments require City Council approval by ordinance.

Budget transfers within a department may be made with administrative approval if the transfer is within the same fund. Transfers between departments within the same fund require City Council approval by resolution. Transfers between funds require City Council approval by resolution or ordinance.

**Basis of Budgeting**

The City budgets on a “funds available” basis. Budgetary basis revenues and other financing sources are considered increases in funds available and budgetary basis expenditures and other financing uses are considered uses of funds available. In general, funds available are defined as current assets minus current liabilities. However, certain items that are considered current for GAAP accounting are considered long-term for the City budget. Some examples of these include accrued compensated absences and the current portion of long-term debt.

The City’s budget disclosure shows funds available net of reservations and designations. While the reservations and designations are available to appropriate, funds available after reservations and designations represent funds that may be used for previously unanticipated purposes.

***1) Governmental Funds***

Budgets for governmental funds are reported on the same basis as described in the Basis of Accounting section, except as follows:

- a) Encumbrances are treated as expenditures in the year they are encumbered, not when the expenditure occurs.
- b) Grants are considered revenue when awarded, not when earned.
- c) Sales, use and lodgers taxes are considered revenue when received rather than when earned.
- d) Project-length (continuing appropriation) budgets adopted during the year are considered to reduce funds available in the year adopted.
- e) Overspending of project length (continuing appropriation) budgets is considered to reduce funds available.
- f) Close-out of unspent project-length (continuing appropriation) budgets is considered to increase funds available.
- g) Proceeds from capital leases and related capital expenditures are not budgeted.
- h) The value received on the trade-in of fixed assets and the related capital expenditures are not budgeted.
- i) Changes in investment income due to recording investments at fair value are not budgeted.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****N. Budgets (continued)*****Basis of Budgeting (continued)*****2) Proprietary Funds***

Budgets for proprietary funds are adopted on the "funds available" basis. This differs from the GAAP Basis of Accounting as follows:

- a) Capital outlay is budgeted as an expenditure in the year purchased.
- b) Depreciation is not budgeted.
- c) Interest capitalized on construction projects is budgeted as interest expense.
- d) Proceeds from the issuance of debt are considered revenues instead of an increase in liabilities.
- e) Principal payments are shown as expenditures rather than reductions of the liability.
- f) Encumbrances are treated as expenditures in the year they are encumbered, not when the expense occurs.
- g) Receipts of long-term receivables are considered revenues, not reductions of the receivable.
- h) Proceeds from the sale of assets are recognized as revenue; however, the related gain or loss is not.
- i) Purchases of inventory are considered expenditures when purchased, not when sold or used.
- j) Debt issue and discount costs are considered to be expended when paid, not capitalized and amortized over the life of the bonds.
- k) Gains or losses on the early extinguishment of debt are considered to increase or decrease the funds available in the year in which they occur and are not capitalized and amortized over the life of the bonds.
- l) Accrued compensated absences are not considered expenditures until paid.
- m) Interest earned on escrowed cash and investments is not considered revenue for budget purposes.
- n) The gain or loss on the equity in the joint venture is not budgeted, however payments to the joint venture are budgeted as expenditures.
- o) Project-length (continuing appropriation) budgets are considered reductions of funds available when appropriated.
- p) Overspending of project length budgets is considered to reduce funds available.
- q) Close-out of unspent project length budgets is considered to increase funds available.
- r) Interfund drawdown loans are considered 100% outstanding at the commencement of the loan.
- s) Proceeds from capital leases and related capital expenditures are not budgeted.
- t) The value received on the trade-in of fixed assets and the related capital expenditures are not budgeted.
- u) Changes in investment income due to recording investments at fair value are not budgeted.

**EXHIBIT XV****CITY OF AURORA, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002****2. RECONCILIATION OF CITYWIDE AND FUND FINANCIAL STATEMENTS**

<b>Reconciliation of Fund Balances on the Governmental Funds Balance Sheet to Net Assets on the Citywide Statement of Net Assets</b>	
Fund balances - Governmental Funds Balance Sheet	\$ 204,194,071
Cash, investments, receivables, notes receivable	(27,585,040)
Internal balances	79,726
Restricted assets	35,244,073
Capital assets	2,385,893,463
Accounts payable and other current liabilities	82,793
Deferred revenue / unearned revenue	12,237,358
Payable from restricted assets	(13,111,347)
Non-current liabilities	(201,585,917)
Internal service funds - total net assets	<u>6,102,127</u>
Net assets - Citywide Statement of Net Assets	<u>\$ 2,401,551,307</u>
<b>Reconciliation of the Change in Fund Balances on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Change in Net Assets on the Citywide Statement of Activities</b>	
Net change in fund balances - Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ (40,799,519)
Sales and use tax	(452,726)
Charges for services	(13,125,582)
Miscellaneous revenues	26,807,342
Restricted investment income	8,112,480
Investment earnings	(8,053,945)
Current expenditures	(1,053,448)
Debt service	6,566,644
Capital outlay	102,817,652
Transfers out	(43,293)
Proceeds from debt issues	(15,421,826)
Proceeds / gain (loss) from disposal of capital assets	(1,318,379)
Internal service funds - total change in net assets	<u>(613,655)</u>
Change in net assets - Citywide Statement of Activities	<u>\$ 63,421,745</u>

**2. RECONCILIATION OF CITYWIDE AND FUND FINANCIAL STATEMENTS (continued)*****A. Reconciliation of Fund Balances on the Governmental Fund Balance Sheet to Net Assets on the Citywide Statement of Net Assets*****1) Cash, investments, receivables, and notes receivable**

Certain governmental funds have been established for restricted purposes. The unrestricted cash, investments, receivables, and notes receivable assets of these funds are reclassified to restricted on the Citywide Statement of Net Assets, where the restrictive purpose of the fund is no longer apparent.

**2) Internal balances**

The internal balances between the governmental activities and the business-type activities result from the allocation of the internal service fund profit or loss attributable to the business-type activity functions of water, sewer and golf.

**3) Restricted assets**

As explained in 1) above, assets from certain governmental funds, totaling \$27,585,040, have been reclassified to restricted assets for citywide reporting. The net pension asset of \$8,325,667, recorded in the Citywide Statement of Net Assets, is not available to pay current period expenditures and, therefore, is not recorded in the funds. Amounts due from other funds of (\$666,634), recorded in the Governmental Funds Balance Sheet, are eliminated here.

**4) Capital assets**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.

**5) Accounts payable and other current liabilities**

Interest payable on bonds (\$1,171,570) is not recorded in the Governmental Funds Balance Sheet. The funded portion of the sick and annual leave accrual of \$529,855 is reclassified to non-current liabilities in the citywide financial statements. The liabilities of certain governmental funds, totaling \$724,508, have been reclassified to "payable from restricted assets" in the Citywide Statement of Net Assets where the restricted purpose of the fund is no longer apparent.

**6) Deferred revenue / unearned revenue**

Certain revenues that have been earned but are not available to pay current liabilities are shown on the governmental fund statements as deferred revenues. These amounts, totaling \$1,874,885, are recognized as revenues for citywide reporting, leaving only unearned revenue on the statement of net assets at year-end. Deferred revenues of \$10,362,473 are reclassified to "payable from restricted assets" as they represent deferred revenue from a restricted source.

**2. RECONCILIATION OF CITYWIDE AND FUND FINANCIAL STATEMENTS (continued)*****A. Reconciliation of Fund Balance on Governmental Funds Balance Sheet to Net Assets on the Citywide Statement of Net Assets (continued)*****7) Payable from restricted assets**

Payables (\$724,508) and deferred revenues (\$10,362,473) are reclassified to "payable from restricted assets" where the corresponding asset is restricted. Arbitrage liability (\$2,691,000), recorded in the Citywide Statement of Net Assets, is not payable from current financial resources and, therefore, is not recorded in the funds. Amounts due to other governmental funds of \$666,634, recorded in the Governmental Funds Balance Sheet, are eliminated.

**8) Non-current liabilities**

Non-current liabilities (bonds, certificates of participation, and accrued compensated absences) are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet. Accrued compensated absences of \$529,855 payable from current available resources were reported in the funds as accounts payable and other current liabilities. These amounts were reclassified from current liabilities to "Due within one year" for the Citywide Statement of Net Assets.

**9) Internal service funds - total net assets**

Internal service funds are used by the City to accumulate and allocate fleet management, printing, and risk management costs to individual funds. The assets, liabilities, and net assets of the internal service funds are included in governmental activities in the citywide statements of net assets because services provided by these funds predominately benefit governmental activities.

***B. Reconciliation of Change in Fund Balances on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Change in Net Assets on the Citywide Statement of Activities*****1) Sales and use tax**

The sales and use tax audit revenue, recorded in the Citywide Statement of Activities, does not provide current financial resources and, therefore, is not reported as revenue in the governmental fund financial statements.

**2) Charges for services**

Interfund charges for services, earned primarily in the General Fund and the internal service funds, are eliminated for citywide financial statement reporting.

**3) Miscellaneous revenues**

Street infrastructure, contributed to the City by developers and recorded as revenue in the Citywide Statement of Activities, is not a current financial resource and, therefore, is not recorded as revenue in the governmental fund financial statements.

**2. RECONCILIATION OF CITYWIDE AND FUND FINANCIAL STATEMENTS (continued)*****B. Reconciliation of Change in Fund Balances on the Governmental Statement of Revenues, Expenditures and Changes in Fund Balances to the Change in Net Assets on the Citywide Statement of Activities (continued)*****4) Restricted investment earnings and investment earnings**

Certain governmental funds have been established for restricted purposes. Investment earnings recorded in these funds are reclassified to restricted investment earnings for citywide reporting, where the purpose of the fund is not apparent.

**5) Current expenditures**

Certain expenditures in the Citywide Statement of Activities do not require the use of current financial resources and, therefore, are not recorded in the governmental fund financial statements. These expenses include depreciation of (\$13,376,032), arbitrage rebate of (\$2,691,000), change in net pension asset/obligation of \$1,783,540, and certain accrued compensated absences of \$347,081. Additionally, internal service charge expenditures of \$12,882,963, recorded in the governmental fund financial statements, are eliminated here.

**6) Debt service**

The repayment of principal of \$6,679,071 on long-term debt, recorded in the governmental fund financial statements, consumes the current financial resources of the governmental funds, but does not affect the Citywide Statement of Activities. The accrual adjustment of (\$112,427) for debt service interest is made for citywide reporting only.

**7) Capital outlay**

Governmental funds report capital outlay as expenditures. However, in the citywide financial statements, the expenditures are capitalized.

**8) Transfers out**

Transfers of capital assets from the internal service funds to the governmental fund fixed assets are recorded in the governmental fund financial statements, but are eliminated for citywide reporting.

**9) Proceeds from debt issues**

The proceeds from issuance of \$15,380,000 in certificates of participation are recorded in the governmental fund financial statements as they provide current financial resources to the governmental funds but have no effect on net assets. In addition, the debt premium of \$41,826 is recognized immediately in the governmental funds but is deferred and amortized in the Citywide Statement of Activities.

**2. RECONCILIATION OF CITYWIDE AND FUND FINANCIAL STATEMENTS (continued)*****B. Reconciliation of Change in Fund Balances on the Governmental Statement of Revenues, Expenditures and Changes in Fund Balances to the Change in Net Assets on the Citywide Statement of Activities (continued)*****10) Proceeds / gain (loss) from the disposal of capital assets**

Proceeds from the disposal of capital assets are recorded in the governmental fund financial statements, while on the Citywide Statement of Activities, the loss from disposal of capital assets also includes the write-off of the carrying value on the related capital assets.

**11) Internal service funds - total change in net assets**

The decrease in net assets of internal service fund activity is reported with governmental activities in the Citywide Statements of Activities because services provided by these funds predominately benefit governmental activities.

***C. Reconciliation of Net Assets and Change in Net Assets on Proprietary Funds Financial Statements to Citywide Financial Statements.*****1) Internal balances**

The internal balances between the governmental activities and the business-type activities result from the allocation of the internal service funds' profit or loss attributable to the business-type activity functions of water, sewer and golf.

**2) Interfund loan**

The current and long-term portions of the interfund loan between the Sewer Fund and the Golf Fund are eliminated. Additionally, the interest income and interest expense on the loan is also eliminated.

**3) Accrued compensated absences**

The funded portion of accrued compensated absences is reclassified from current liabilities to due within one year.

**4) Operating expenses**

Internal service fund charges for service expense and depreciation expense attributable to business-type activity functions are eliminated for citywide reporting.

**5) Loss on equity in joint venture**

The loss on equity in joint venture is reclassified to expense for citywide reporting.

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 3. DEPOSITS AND INVESTMENTS

Classifications of Cash and Investments per Citywide and Fiduciary Statements of Net Assets  
December 31, 2002

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Totals
Cash and cash equivalents	\$ 6,077,998	\$ 6,785,638	\$ 2,973,863	\$ 9,296,365	\$ 25,133,864
Investments	102,904,037	118,982,991	-	189,049,077	410,936,105
Restricted assets	<u>109,822,663</u>	<u>11,858,123</u>	<u>127,484</u>	<u>-</u>	<u>121,808,270</u>
Total cash and investments	<u>\$ 218,804,698</u>	<u>\$ 137,626,752</u>	<u>\$ 3,101,347</u>	<u>\$ 198,345,442</u>	<u>\$ 557,878,239</u>

Summary of Deposits and Investments by Fund and Type  
December 31, 2002

Fund	Petty Cash	Deposits	Investments	Equity in City Pool	Totals
<b>Governmental Activities</b>					
<b>General Fund</b>					
Cash and equivalents	\$ 24,624	\$ 191,818	\$ -	\$ 3,081,820	\$ 3,298,262
Investments	-	-	-	18,388,521	18,388,521
Restricted assets	-	-	-	5,841,571	5,841,571
<b>City Capital Projects Fund</b>					
Cash and equivalents	-	-	-	188,743	188,743
Investments	-	-	-	47,930,229	47,930,229
Restricted assets	-	-	42,881,531	3,857,753	46,739,284
<b>ACLC Capital Projects Fund</b>					
Restricted assets	-	-	22,208,463	-	22,208,463
<b>Other Governmental Funds</b>					
Cash and equivalents	3,297	2,998	-	5,289,421	5,295,716
Investments	-	-	-	37,969,123	37,969,123
Restricted assets	-	-	9,504,314	7,532,544	17,036,858
<b>Internal Service Funds</b>					
Cash and equivalents	300	-	-	1,262,728	1,263,028
Investments	-	-	-	12,644,900	12,644,900
<b>Governmental activities Adjustments</b>					
Cash and equivalents	-	-	-	(3,967,751)	(3,967,751)
Investments	-	-	-	(14,028,736)	(14,028,736)
Restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,996,487</u>	<u>17,996,487</u>
Total Governmental Activities	<u>28,221</u>	<u>194,816</u>	<u>74,594,308</u>	<u>143,987,353</u>	<u>218,804,698</u>

(continued)

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 3. DEPOSITS AND INVESTMENTS (continued)

Summary of Deposits and Investments by Fund and Type  
December 31, 2002 (continued)

Fund	Petty Cash	Deposits	Investments	Equity in City Pool	Totals
<b>Business-type Activities</b>					
<b>Water Fund</b>					
Cash and equivalents	\$ 1,420	\$ -	\$ -	\$ 4,638,610	\$ 4,640,030
Investments	-	-	-	82,655,226	82,655,226
Restricted assets	-	-	672,952	1,250,000	1,922,952
<b>Sewer Fund</b>					
Cash and equivalents	50	-	-	1,890,482	1,890,532
Investments	-	-	-	34,748,920	34,748,920
Restricted assets	-	-	7,388,790	1,250,000	8,638,790
<b>Golf Fund</b>					
Cash and equivalents	12,760	-	-	242,316	255,076
Investments	-	-	-	1,578,845	1,578,845
Restricted assets	-	-	696,381	600,000	1,296,381
Total Business-type Activities	<u>14,230</u>	<u>-</u>	<u>8,758,123</u>	<u>128,854,399</u>	<u>137,626,752</u>
<b>Component Unit</b>					
<b>Fitzsimons Redevelopment Authority</b>					
Cash and equivalents	-	1,027,530	1,946,333	-	2,973,863
Restricted assets	-	-	127,484	-	127,484
Total Component Unit	<u>-</u>	<u>1,027,530</u>	<u>2,073,817</u>	<u>-</u>	<u>3,101,347</u>
<b>Fiduciary Funds</b>					
<b>Pension Trust Funds</b>					
Cash and equivalents	-	11,060	2,913,527	87,747	3,012,334
Investments	-	-	188,192,171	856,906	189,049,077
<b>Agency Fund</b>					
Cash and equivalents	-	-	-	6,284,031	6,284,031
Total Fiduciary Funds	<u>-</u>	<u>11,060</u>	<u>191,105,698</u>	<u>7,228,684</u>	<u>198,345,442</u>
<b>Total Deposits and Investments</b>					
Total All Funds	<u>\$ 42,451</u>	1,233,406	276,531,946	280,070,436	<u>\$ 557,878,239</u>
City Pool Deposits		<u>3,095,463</u>		(3,095,463)	
City Pool Investments			<u>276,974,973</u>	<u>(276,974,973)</u>	
Total Deposits and Investments		<u>\$ 4,328,869</u>	<u>\$ 553,506,919</u>	<u>\$ -</u>	
					(concluded)



**3. DEPOSITS AND INVESTMENTS (continued)*****A. Deposits*****Summary of Deposits  
December 31 2002**

	<b>Risk Category</b>	<b>Carrying Amount</b>	<b>Bank Balance</b>
<b>CITY POOL DEPOSITS</b>			
	1	\$ 100,000	\$ 100,000
	2	<u>2,995,463</u>	<u>5,137,297</u>
Total City Pool		<u>3,095,463</u>	<u>5,237,297</u>
<b>NON-POOLED DEPOSITS</b>			
<b>Governmental Activities</b>			
<b>General Fund</b>			
	1	100,000	100,000
	2	<u>91,818</u>	<u>91,818</u>
Total General Fund		<u>191,818</u>	<u>191,818</u>
<b>Designated Revenues Fund</b>			
	1	<u>2,998</u>	<u>2,998</u>
Total governmental activities		<u>194,816</u>	<u>194,816</u>
<b>Component Unit</b>			
<b>FRA</b>			
	1	<u>1,027,530</u>	<u>1,027,530</u>
<b>Fiduciary Funds</b>			
<b>GERP</b>			
	1	<u>11,060</u>	<u>11,060</u>
<b>TOTAL DEPOSITS</b>		<u>\$ 4,328,869</u>	<u>\$ 6,470,703</u>

The carrying amount and the bank balance differ due to outstanding reconciling items such as outstanding checks and deposits in transit.

Deposits are categorized to give an indication of custodial credit risk assumed by the City at the end of the year.

*Category 1* – Deposits are insured or are collateralized with securities that are held by the City or the City's agent in the City's name.

**3. DEPOSITS AND INVESTMENTS (continued)****A. Deposits (continued)**

*Category 2* – Deposits are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name or in the name of all public deposits of which the City's deposits are a part. This category includes deposits collateralized in accordance with the Colorado Public Deposit Protection Act (PDPA) that requires local governments to place funds in state regulated public depositories. The depository must collateralize amounts on deposit in excess of federal insurance levels with securities allowed by the PDPA. PDPA allows the institution to create a single institution collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured public deposits.

*Category 3* – Deposits are uncollateralized; or are collateralized with securities held by the pledging financial institution, its trust department, or agent but not in the City's name and not meeting the requirements of the PDPA.

**B. Investments**

The City's investments are carried at fair value, except cash equivalents (investments with a maturity of three months or less at the date of purchase), which are carried at amortized cost. City investments are categorized below to give an indication of the level of risk at year-end.

**Investments  
December 31, 2002**

Security	Category	Carrying / Fair Value
<b>CITY POOL INVESTMENTS</b>		
U.S. Government and agency securities	1	\$ 118,239,828
Commercial paper	1	36,431,476
Corporate notes	1	97,777,588
COLOTRUST	uncategorized	<u>24,526,081</u>
Total City Pool		<u>276,974,973</u>

(continued)

## 3. DEPOSITS AND INVESTMENTS (continued)

*B. Investments (continued)*Investments  
December 31, 2002 (continued)

Security	Category	Carrying / Fair Value
<b>NON-POOLED INVESTMENTS</b>		
<b>Governmental Activities</b>		
<b>City Capital Projects Fund</b>		
Repurchase agreements	1	\$ 42,195,118
COLOTRUST	uncategorized	<u>686,413</u>
Total City Capital Projects Fund		<u>42,881,531</u>
<b>ACLC Capital Projects Fund</b>		
Repurchase agreements	1	22,195,818
Money market funds	uncategorized	<u>12,645</u>
Total ACLC Capital Projects Fund		<u>22,208,463</u>
<b>Other Governmental Funds</b>		
<i>City Debt Service</i>		
Repurchase agreements	1	451,320
<i>ACLC Debt Service</i>		
U.S. government securities	1	6,190,152
Money market funds	uncategorized	879,744
<i>AURA Debt Service</i>		
Money market funds	uncategorized	<u>1,983,098</u>
Total other governmental funds		<u>9,504,314</u>
Total governmental activities		<u>74,594,308</u>
<b>Business-type Activities</b>		
<b>Water Fund</b>		
COLOTRUST	uncategorized	672,952
<b>Sewer Fund</b>		
U.S. government securities - held by and in the name of Urban Drainage and Flood Control District	3	104,185
COLOTRUST	uncategorized	<u>7,284,605</u>
Total Sewer Fund		<u>7,388,790</u>
<b>Golf Fund</b>		
U.S. government securities	1	<u>696,381</u>
Total business-type activities		<u>8,758,123</u>

(continued)

**3. DEPOSITS AND INVESTMENTS (continued)****B. Investments (continued)**

<b>Investments</b>		
<b>December 31, 2002 (continued)</b>		
<b>Security</b>	<b>Category</b>	<b>Carrying / Fair Value</b>
<b>NON-POOLED INVESTMENTS</b>		
<b>Component Unit</b>		
<b>Fitzsimons Redevelopment Authority</b>		
Mutual funds	uncategorized	<u>\$ 2,073,817</u>
<b>Fiduciary Funds</b>		
<b>General Employees' Retirement Plan (GERP)</b>		
Equity securities	1	83,098,667
U.S. government and agency securities	1	22,485,419
Corporate bonds	1	65,900,112
Money market funds	uncategorized	2,908,526
Real estate funds	uncategorized	<u>16,707,974</u>
Total GERP		<u>191,100,698</u>
<b>Elected Officials' and Executive Personnel Defined Benefit Plan (EOEP)</b>		
Money market funds	uncategorized	<u>5,000</u>
Total Fiduciary Funds		<u>191,105,698</u>
<b>TOTAL ALL INVESTMENTS</b>		
Total Investments		<u>\$ 553,506,919</u>

(concluded)

*Category 1* – Investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.

*Category 2* – Uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.

*Category 3* – Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

*Uncategorized* - Investments in local government investment pools, money market funds, or real estate funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

**3. DEPOSITS AND INVESTMENTS (continued)*****B. Investments (continued)***

The change in the fair value of investments net of the prior year's fair value adjustment has been reported on the operating statement of each applicable fund as a component of investment income. The net increase in the fair value of investments during 2002 was \$1,411,910. This amount represents the growth in value during 2002 of the investment portfolio outstanding at year-end and takes into account all changes in fair value (including purchases and sales) that occurred during the year. The cumulative unrealized gain on investments held at year-end was \$6,260,772. This amount represents the difference between the original cost and fair value. It is generally City practice to hold investments to maturity.

***C. City Pool Investment Policies***

The City Charter authorizes the Finance Director to keep and supervise all accounts and have custody of all public monies of the City. Investments eligible for purchase by the City are restricted by the Colorado Revised Statutes and by the City's Investment Policy.

The criteria for selection of investments in order of priority are: 1) safety, 2) liquidity, 3) financial management goals and 4) yield. Government and agency securities as well as repurchase agreements backed by government and agency securities are the highest quality investments available.

**City Pool Acceptable Investments**

<b>Security</b>	<b>Minimum Rating &amp; Requirements</b>
Securities of the U.S. Government or its agencies	
Certificates of deposit of commercial banks or savings and loans	Insured or collateralized
Negotiable certificates of deposit	Insured or collateralized
Commercial paper	Standard & Poor's A1 or A1+, Moody's P1
Bankers acceptances of certain banks	Insured or collateralized
Corporate notes	Standard & Poor's A1 or A1+, Moody's P1
Money market funds	According to statute and City policy
Repurchase agreements	Written and collateralized by authorized securities
Local government investment pools	Standard & Poor's AAAm

During 2002, the City invested in repurchase agreements, U.S. Government and agency securities, commercial paper rated A1/P1 or better, corporate notes rated A1, A+ or better, and COLOTRUST.

COLOTRUST is a local government investment pool, which was established under the Colorado Revised Statutes and is exempt from registration with the Securities and Exchange Commission. COLOTRUST operates two money market funds where each share has a value of \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes, note strips and repurchase agreements collateralized by U.S. Treasury securities, U.S. Government agency securities, and commercial paper rated A1+/P1.

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 3. DEPOSITS AND INVESTMENTS (continued)

*C. City Pool Investment Policies (continued)*

A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Both COLOTRUST funds have Standard & Poor's ratings of AAAm and are guaranteed by MBIA, Inc.

Investments in the City Pool are subject to market risk, which represents the exposure to changes in the market such as a change in interest rates or a change in price or principal value of a security. Additionally, the City is exposed to credit risk associated with its investment portfolio. Credit risk is the exposure to the default of counterparties to investment transactions or of issuers of portfolio securities.

## 4. RECEIVABLES

Classifications of Receivables per Citywide and Fiduciary Statements of Net Assets  
December 31, 2002

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Totals
Receivables (net of allowance)	\$ 41,360,076	\$ 7,724,821	\$ 371,735	\$ 2,532,912	\$ 51,989,544
Restricted assets	25,833,749	-	-	-	25,833,749
Notes receivable	<u>3,489,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,489,379</u>
Total receivables	<u>\$ 70,683,204</u>	<u>\$ 7,724,821</u>	<u>\$ 371,735</u>	<u>\$ 2,532,912</u>	<u>\$ 81,312,672</u>

Receivables by Fund and Type  
December 31, 2002

Fund	Taxes	Accounts	Interest	Due from Other Govern- ments	Other	Notes	Total Receivables	Collection not expected within one year
<b>Governmental Activities</b>								
<b>General Fund</b>								
Receivables (net)	\$ 36,005,350	\$ 172,158	\$ 838,628	\$ 1,343,169	\$ 635,197	\$ -	\$ 38,994,502	\$ -
Restricted assets	-	-	-	-	8,803	-	8,803	-
<b>Capital Projects Fund</b>								
Receivables (net)	-	-	531,683	-	54,939	-	586,622	-
Restricted assets	-	944,117	175,257	321,254	-	-	1,440,628	-
Notes receivable	-	-	-	-	-	1,150,000	1,150,000	1,150,000
<b>ACLC Capital Projects</b>								
Restricted assets	-	-	168,231	-	-	-	168,231	-
<b>Other Governmental Funds</b>								
Receivables (net)	-	48,237	1,130,449	1,804,067	853,996	-	3,836,749	-
Restricted assets	6,228,148	-	82,523	-	657,830	-	6,968,501	-
Notes receivable	-	-	-	-	-	9,742,467	9,742,467	9,742,467

(continued)

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 4. RECEIVABLES (continued)

Receivables by Fund and Type  
December 31, 2002 (continued)

Fund	Taxes	Accounts	Interest	Due from Other Govern- ments	Other	Notes	Total Receivables	Collection not expected within one year
<b>Governmental Activities (continued)</b>								
<b>Internal Service</b>								
Receivables (net)	\$ -	\$ 7,058	\$ 118,810	\$ -	\$ 1,800	\$ -	\$ 127,668	\$ -
<b>Governmental activities adjustments</b>								
Receivables (net)	-	-	(62,209)	(1,804,067)	(319,189)	-	(2,185,465)	-
Restricted assets	-	-	62,209	1,804,067	7,978,222	7,403,088	17,247,586	-
Notes receivable	-	-	-	-	-	(7,403,088)	(7,403,088)	-
Total governmental activities	<u>42,233,498</u>	<u>1,171,570</u>	<u>3,045,581</u>	<u>3,468,490</u>	<u>9,871,598</u>	<u>10,892,467</u>	<u>70,683,204</u>	<u>10,892,467</u>
<b>Business-type Activities</b>								
<b>Water Fund</b>								
Receivables (net)	-	2,959,706	873,109	4,209	33,208	-	3,870,232	-
<b>Sewer Fund</b>								
Receivables (net)	-	2,802,078	361,235	-	679,657	-	3,842,970	-
<b>Golf Fund</b>								
Receivables (net)	-	-	11,619	-	-	-	11,619	-
Total business-type	<u>-</u>	<u>5,761,784</u>	<u>1,245,963</u>	<u>4,209</u>	<u>712,865</u>	<u>-</u>	<u>7,724,821</u>	<u>-</u>
<b>Component Unit</b>								
<b>FRA</b>								
Receivables (net)	-	-	-	-	371,735	-	371,735	-
Total component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>371,735</u>	<u>-</u>	<u>371,735</u>	<u>-</u>
<b>Fiduciary Funds</b>								
<b>GERP</b>								
Receivables (net)	-	-	1,179,414	349,236	1,004,262	-	2,532,912	-
Total fiduciary funds	<u>-</u>	<u>-</u>	<u>1,179,414</u>	<u>349,236</u>	<u>1,004,262</u>	<u>-</u>	<u>2,532,912</u>	<u>-</u>
<b>Total</b>								
Total all funds	<u>\$ 42,233,498</u>	<u>\$ 6,933,354</u>	<u>\$ 5,470,958</u>	<u>\$ 3,821,935</u>	<u>\$ 11,960,460</u>	<u>\$ 10,892,467</u>	<u>\$ 81,312,672</u>	<u>\$ 10,892,467</u>

(concluded)

**4. RECEIVABLES (continued)*****A. Taxes*****1) Property Taxes**

Property taxes are levied on December 15 and attach as a lien on property the following January 1. These taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. Each county bills and collects property taxes for all taxing entities within the county. Property tax collected by Arapahoe, Adams and Douglas counties for the City are remitted in the subsequent month. Property taxes are reported as a receivable and as deferred revenue when levied in both the funds and for the citywide reporting. Revenue is recognized when collected in the following year. Collection begins on January 1 of the following year. Two percent of outstanding receivables is recorded as an allowance for uncollectable taxes and is deducted from the deferred revenue and the receivable for reporting purposes. Total allowance at December 31, 2002 is \$429,029.

**2) Sales, Use and Lodgers Taxes**

Sales, use and lodgers taxes are recognized as revenue when earned. Sales taxes collected and use taxes incurred by businesses are due to the City by the 20th day of the following month. Amounts calculated as owed during sales and use tax compliance audits are recorded as receivables and deferred revenues in the General Fund. Tax audit revenue is recognized in subsequent periods when payment is received. For citywide reporting, revenue is recognized when earned.

**3) Franchise Taxes**

Franchise taxes such as telephone, cable television, gas and electric, due to the City but not received at year-end, are recorded as receivables.

***B. Accounts*****1) City Services**

Amounts billed for weed cutting, trash removal, demolition, tree trimming and removal, overtime inspection fees and reimbursement for property damages are recorded as receivables and the revenue is recognized when services have been performed.

**2) Utility Billings**

Utility charges are billed monthly and are due and payable within 25 days from the billing date. These charges include water usage, sewer usage and storm drainage fees. Utility charges are recorded as revenue when earned. Collections are recorded as reductions in the receivable. Estimates of uncollectable utility charges, based upon a percentage of aged outstanding receivables, are established in allowance accounts, which are deducted from the utility receivables for reporting purposes. Total allowance at December 31, 2002 is \$210,969.



**4. RECEIVABLES (continued)*****C. Interest***

Amount includes interest earned but not received on investments and notes receivable. The receivable is reduced as interest is received.

***D. Due from Other Governments***

Due from other governments consists of county road and bridge taxes, state highway users taxes, lottery proceeds, cigarette taxes and federal and state grants, which the City has earned but not yet received. These amounts were collected by the county or State and remitted to the City within the first two months of the following year.

***E. Other***

Other receivables include liens for uncollected weed cutting, billings from wastewater service agreements, E-911 surcharges, special improvement district receivables and the net pension asset. Amounts due from other funds are included as other receivables in the fund presentations. Due from other funds are eliminated through the governmental activities adjustments for the citywide statement of net assets.

***F. Notes***

Notes receivable are supported by contracts, which outline the repayment of borrowed funds.

**Notes Receivable  
December 31, 2002**

<b>Fund</b>	<b>Economic Development</b>	<b>Community Services</b>	<b>E-470</b>	<b>FRA</b>	<b>Total Notes Receivable</b>
Capital Projects	\$ —	\$ —	\$ —	\$ 1,150,000	\$ 1,150,000
Gifts and Grants	377,244	—	—	—	377,244
Community Maintenance	—	—	2,339,380	—	2,339,380
Community Development	—	7,025,843	—	—	7,025,843
<b>Totals</b>	<b>\$ 377,244</b>	<b>\$ 7,025,843</b>	<b>\$ 2,339,380</b>	<b>\$ 1,150,000</b>	<b>\$ 10,892,467</b>

**4. RECEIVABLES (continued)**

*F. Notes (continued)*

**1) Economic Development**

The City has a participation interest in loans made by Aurora Economic Development Council to various commercial and industrial enterprises. These loans are incentives for the relocation or expansion of these enterprises within the boundaries of the City.

**2) Community Services**

To assist in the redevelopment of low-income areas, the City makes loans from federal funds to assist in the renovation of housing and businesses.

**3) E-470 Public Highway Authority (E-470)**

In 1994, the City entered into an intergovernmental agreement with E-470 and various member governments to assist in financing the remainder of the east corridor of the Colorado 470 loop highway. In accordance with this agreement, the City loaned E-470 \$584,845 annually over a four-year period. As security for the loan, the City and other participating governments have been granted a non-exclusive, subordinate lien on the vehicle registration fees and toll revenues of the highway. Payment of principal and interest will commence, at the discretion of E-470, when E-470 revenues exceed authorized expenditures and other indebtedness.

**4) FRA**

The City entered into an agreement to assist FRA with required matching funds in conjunction with two grants it received from the U.S. Department of Commerce, Economic Development Administration (EDA) for the purpose of designing and construction a bioscience incubation facility at Fitzsimons. The loan of \$1,150,000 plus interest is repayable in ten equal yearly installments beginning June 1, 2005.

**5. RESTRICTED, RESERVED AND DESIGNATED*****A. Restricted and Reserved***

Restricted assets are those legally segregated for a specific future use. All restricted assets of the City are expendable.

**Restricted Assets by Classification  
December 31, 2002**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Component Unit</b>	<b>Totals</b>
Cash and investments	\$ 109,822,663	\$ 11,858,123	\$ 127,484	\$ 121,808,270
Receivables	<u>25,833,749</u>	<u>-</u>	<u>-</u>	<u>25,833,749</u>
Total restricted assets per citywide statement of net assets	<u>\$ 135,656,412</u>	<u>\$ 11,858,123</u>	<u>\$ 127,484</u>	<u>\$ 147,642,019</u>

**Payable from Restricted Assets  
December 31, 2002**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Component Unit</b>	<b>Totals</b>
Payables - current and other	\$12,100,096	\$ -	\$ -	12,100,096
Unearned Revenues	16,524,100	-	-	16,524,100
Due beyond one year payable from restricted assets	<u>63,740,061</u>	<u>7,980,986</u>	<u>-</u>	<u>71,721,047</u>
Total payable from restricted asset per per citywide statement of net assets	<u>\$ 92,364,257</u>	<u>\$ 7,980,986</u>	<u>\$ -</u>	<u>\$100,345,243</u>

## EXHIBIT XV

## CITY OF AURORA, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2002

## 5. RESTRICTED, RESERVED AND DESIGNATED (continued)

## A. Restricted and Reserved (continued)

Restricted Balances by Purpose  
December 31, 2002

	Construction	Arbitrage	Debt Service	Other	Total Restricted Assets	Payable from Restricted Assets	Reserved Fund Balance/ Restricted Net Assets
<b>Governmental Activities</b>							
<b>General Fund</b>							
Police - 2/1000 sales taxes	\$ -	\$ -	\$ -	\$ 5,756,572	\$ 5,756,572	\$ -	\$ 5,756,572
Sales taxes due to AURA	-	-	-	57,830	57,830	(57,830)	-
1994 ACLC COP's	-	25,000	-	-	25,000	-	25,000
1998 GO bond Alameda I-225	-	2,169	-	-	2,169	-	2,169
Due from ACLC Capital Projects	8,803	-	-	-	8,803	-	8,803
Total General Fund	8,803	27,169	-	5,814,402	5,850,374	(57,830)	5,792,544
<b>City Capital Projects Fund</b>							
2000 GO bonds FMP	41,974,193	396,182	-	-	42,370,375	(2,166,995)	40,203,380
1999 General Fund - Sports Park	686,413	-	-	-	686,413	-	686,413
Adams County road and bridge	1,455,283	-	-	-	1,455,283	-	1,455,283
TIP Grants	-	-	-	3,667,841	3,667,841	(66,731)	3,601,110
Total City Capital Projects	44,115,889	396,182	-	3,667,841	48,179,912	(2,233,726)	45,946,186
<b>ACLC Capital Projects Fund</b>							
2000 COP's	9,450,705	667,119	-	-	10,117,824	(5,763,634)	4,354,190
2002 COP's	12,249,440	-	-	9,430	12,258,870	(2,000)	12,256,870
Total ACLC Capital Projects	21,700,145	667,119	-	9,430	22,376,694	(5,765,634)	16,611,060
<b>Other Governmental Funds</b>							
<i>Gifts and Grants</i>							
Police - seizure funds	-	-	-	1,557,370	1,557,370	(412,070)	1,145,300
<i>Designated Revenues</i>							
Agreements	-	-	-	5,032,359	5,032,359	(281,961)	4,750,398
Due from AURA - AMC Urban Renewal	-	-	-	600,000	600,000	-	600,000
<i>City Debt Service</i>							
Dedicated property taxes	-	812,649	6,743,115	-	7,555,764	(6,161,628)	1,394,136
<i>AURA Debt Service</i>							
1996 refunding bond reserve	-	-	358,000	-	358,000	-	358,000
Urban renewal	-	-	-	1,750,963	1,750,963	(600,000)	1,150,963
<i>ACLC Debt Service</i>							
1994 COP's	-	-	6,362,997	-	6,362,997	-	6,362,997
2000 COP's	-	787,881	-	-	787,881	-	787,881
2002 COP's	-	-	25	-	25	-	25
Total Other Governmental Funds	-	1,600,530	13,464,137	8,940,692	24,005,359	(7,455,659)	16,549,700
Total Governmental Funds	65,824,837	2,691,000	13,464,137	18,432,365	100,412,339	(15,512,849)	84,899,490

(continued)

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 5. RESTRICTED, RESERVED AND DESIGNATED (continued)

## A. Restricted and Reserved (continued)

Restricted Balances by Purpose  
December 31, 2002 (continued)

	Construction	Arbitrage	Debt Service	Other	Total Restricted Assets	Payable from Restricted Assets	Reserved Fund Balance/ Restricted Net Assets
<b>Governmental Activities (continued)</b>							
<b>Governmental Activities Adjustments</b>							
Gifts and Grants	\$ -	\$ -	\$ -	\$ 4,069,358	\$ 4,069,358	\$ (3,247,591)	\$ 821,767
Community Development	-	-	-	7,720,782	7,720,782	(7,720,782)	-
Enhanced E-911	-	-	-	4,067,698	4,067,698	(71,609)	3,996,089
Conservation Trust	-	-	-	4,600,119	4,600,119	(43,698)	4,556,421
Parks Development	-	-	-	992,761	992,761	(3,300)	989,461
TABOR Reserve	-	-	-	6,134,321	6,134,321	-	6,134,321
Eliminate internal balances							
AURA to General Fund	-	-	-	(57,830)	(57,830)	57,830	-
ACLIC Capital to General Fund	(8,803)	-	-	-	(8,803)	8,803	-
AURA to Designated Revenues	-	-	-	(600,000)	(600,000)	600,000	-
Pension benefit-net pension asset	-	-	-	8,325,667	8,325,667	-	8,325,667
Arbitrage	-	-	-	-	-	(2,691,000)	(2,691,000)
Bonds payable - construction	-	-	-	-	-	(56,437,552)	(56,437,552)
Bonds payable - debt service	-	-	-	-	-	(7,302,509)	(7,302,509)
Total Governmental Activities Adjustments	(8,803)	-	-	35,252,876	35,244,073	(76,851,408)	(41,607,335)
<b>Total Governmental Activities</b>	<b>65,816,034</b>	<b>2,691,000</b>	<b>13,464,137</b>	<b>53,685,241</b>	<b>135,656,412</b>	<b>(92,364,257)</b>	<b>43,292,155</b>
<b>Business-type Activities</b>							
<b>Water Fund</b>							
1999 water revenue bond -							
Operation & maintenance reserve	-	-	-	1,250,000	1,250,000	-	1,250,000
Pueblo Water Board-agreements	-	-	-	672,952	672,952	-	672,952
Total Water Fund	-	-	-	1,922,952	1,922,952	-	1,922,952
<b>Sewer Fund</b>							
1999 sewer revenue bond -							
Operation & maintenance reserve	-	-	-	1,250,000	1,250,000	-	1,250,000
1999 water revenue bond-proceeds	7,284,605	-	-	-	7,284,605	(7,284,605)	-
Urban Drainage Projects	104,185	-	-	-	104,185	-	104,185
Total Sewer Fund	7,388,790	-	-	1,250,000	8,638,790	(7,284,605)	1,354,185
<b>Golf Fund</b>							
1995 Golf Course revenue bond -							
debt service reserve	-	-	696,381	-	696,381	(696,381)	-
repair and replacement reserve	-	-	-	600,000	600,000	-	600,000
Total Golf Fund	-	-	696,381	600,000	1,296,381	(696,381)	600,000
<b>Total Business-type Activities</b>	<b>7,388,790</b>	<b>-</b>	<b>696,381</b>	<b>3,772,952</b>	<b>11,858,123</b>	<b>(7,980,986)</b>	<b>3,877,137</b>
<b>Component Unit</b>							
<b>Fitzimons Redevelopment Authority</b>	<b>127,484</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127,484</b>	<b>-</b>	<b>127,484</b>
<b>Total all Funds</b>							
Total restricted balances	\$ 73,332,308	\$ 2,691,000	\$ 14,160,518	\$ 57,458,193	\$ 147,642,019	\$ (100,345,243)	\$ 47,296,776

(concluded)

**5. RESTRICTED, RESERVED AND DESIGNATED (continued)**

***A. Restricted and Reserved (continued)***

**1) Restricted for Construction**

***a) General Fund***

The amount shown as restricted for construction in the General Fund represents the amount due from the ACLC Capital Projects Fund for construction costs relating to the new Aurora Municipal Center which were paid by the General Fund. Once these funds are received from the trustee, the restriction will be removed and the funds will become available for other uses.

***b) City Capital Projects Fund***

In 2000, the City issued general obligation bonds to finance a program of improvements outlined in the Facilities Master Plan (FMP) including: libraries, parks and open space and public safety facilities. The City Capital Projects Fund has unexpended bond proceeds and accumulated earnings on those proceeds that are restricted for the completion of these projects.

The 1999, General Fund bonds were issued to finance a recreation and youth sports complex known as Sports Park. The City Capital Projects Fund has unexpended bond proceeds and accumulated earnings on those proceeds, which are restricted for the completion of the project.

Adams County Road and Bridge tax is a 0.5% portion of a sales tax collected in Aurora for Adams County and redistributed back to the City with the purpose of constructing roads and bridges located in the Adams County part of Aurora. It is held in the City Capital Projects Fund as restricted cash and investments.

***c) ACLC Capital Projects Fund***

In 2000, ACLC issued certificates of participation (COPs) to finance a new municipal office building designed to house all City departments except police, courts and certain decentralized operations. The ACLC Capital Projects Fund has unexpended COPs proceeds and accumulated earnings on those proceeds, which are restricted for the completion of the project.

In 2002, ACLC issued COPs to finance the acquisition and construction of equipment including communications equipment and vehicles for the use of the police and fire departments. The ACLC Capital Projects Fund has unexpended COPs proceeds and accumulated earnings on those proceeds that are restricted for the completion of the project.

**5. RESTRICTED, RESERVED AND DESIGNATED (continued)**

***A. Restricted and Reserved (continued)***

1) Restricted for Construction (continued)

*d) Governmental Activities Adjustments*

The amount due from ACLC Capital Projects Fund to the General Fund for Aurora Municipal Center construction costs is eliminated for citywide presentation.

*e) Sewer Fund*

The 1999 sewer revenue bonds were issued pursuant to an agreement with the Colorado Water Resources & Power Development Authority (CWR&PDA) to upgrade the wastewater facility and to add reuse storage and piping. The Sewer Fund has unexpended revenue bond proceeds that are restricted for the completion of the project.

Urban Drainage Projects restrictions are City funds held in trust by the Urban Drainage and Flood Control District to fund construction of storm drain infrastructure in the City. City funds not needed to complete the project will be returned to the City or transferred to other drainage projects as directed by the City.

*f) Fitzsimons Redevelopment Authority*

Fitzsimons Redevelopment Authority's restricted cash consists of amounts received as a grant reimbursement from the federal government that was being held as retainage under construction contracts until final approval for release of funds was obtained.

2) Restricted for Arbitrage

Federal tax law provides that, with the exception of certain "temporary periods", governments may not invest the proceeds of tax-exempt debt at a higher yield. Arbitrage occurs if a government earns more than the yield allowed by law during the "temporary period". With certain exceptions, arbitrage must be rebated to the Federal government.

*a) General Fund*

Arbitrage amounts anticipated to be paid by the General Fund which were incurred on the 1994 ACLC Certificates of Participation and the 1998 General Obligation bonds for the Alameda / I225 Interchange are restricted in the General Fund.

*b) City Capital Projects Fund*

Arbitrage amounts anticipated to be paid with proceeds from 2000 General Obligation FMP bonds are restricted in the City Capital Projects Fund.

**5. RESTRICTED, RESERVED AND DESIGNATED (continued)**

***A. Restricted and Reserved (continued)***

2) Restricted for Arbitrage (continued)

*c) ACLC Capital Projects Fund*

Arbitrage amounts anticipated to be paid with proceeds from the 2000 Certificates of Participation are restricted in the ACLC Capital Projects Fund.

*d) City Debt Service Fund*

Arbitrage amounts anticipated to be paid with funds held in the City Debt Service Fund included \$478,818 for the 2000 GO Bonds (FMP), \$178,831 for the 1998 Alameda / I225 bonds and \$155,000 for the 1999 General Fund Sports Park bonds. These amounts are reported as restricted in the City Debt Service Fund.

*e) ACLC Debt Service Fund*

Arbitrage amounts anticipated to be paid on the 2000 Certificates of Participation with funds held by the trustee are shown as restricted in the ACLC Debt Service Fund.

3) Restricted for Debt Service

*a) City Debt Service Fund*

Property taxes assessed for the repayment of general obligation debt are restricted in the City Debt Service Fund for the payment of debt service.

*b) AURA Debt Service Fund*

The 1996 AURA Tax Increment Revenue Refunding Bonds require the City to maintain a debt service reserve.

*c) ACLC Debt Service Fund*

Debt service reserves and amounts set aside for the defeasance of the 1994 COPs are restricted as they are only available for the retirement of the COPs.

*d) Golf Fund*

The 1995 Golf Course Revenue Bonds require a debt service reserve account. This reserve is held in the Golf Fund as a restricted investment.



**5. RESTRICTED, RESERVED AND DESIGNATED (continued)**

**A. *Restricted and Reserved (continued)***

**4) Other Restrictions**

*a) General Fund*

In 1993, Aurora voters approved a 0.25% sales and use tax increase to fund an increase in police services. This increase provides two police officers for each 1,000 people living in the City. The amount restricted for police in the General Fund represents the cumulative amount collected but not yet used to provide police services.

Sales taxes collected by the General Fund within the urban renewal area which are due to AURA are shown as restricted for urban renewal projects.

*b) City Capital Projects Fund*

Assets relating to transportation improvement program (TIP) grants and the City's matching portion required by the various grant agreements are shown as restricted as gifts and grants in the City Capital Projects Fund.

*c) ACLC Capital Projects Fund*

Assets relating to the 2002 Certificates of Participation cost of issuance are shown as restricted.

*d) Gifts and Grants Fund*

The City receives funds from forfeiture actions in state and federal courts ("seizure funds"). A State law restricts use of seizure funds to specific activities of the City Police Department. The restricted cash and cash equivalents are held in the Gifts and Grants special revenue fund.

*e) Designated Revenues Fund*

Amounts remitted to the City as settlement of a judgment against another jurisdiction for noise violations at Denver International Airport are restricted.

Amounts set aside for the development of the Fletcher Plaza Enhancement Area (FPEA) are restricted.

Amounts approved by AURA to be paid to the Designated Revenues Fund to fund future "lease payments" to ACLC to cover the 2000 COPs principal and interest payments are reported in the Designated Revenue Fund as restricted for urban renewal.

**5. RESTRICTED, RESERVED AND DESIGNATED (continued)**

***A. Restricted and Reserved (continued)***

**4) Other Restrictions (continued)**

*f) AURA Debt Service Fund*

Amounts not needed for the payment of outstanding AURA obligations may be used for approved urban renewal projects.

*g) Governmental Activities Adjustments*

Amounts reserved by the nature of the fund on the fund financial statements (i.e. no reservation is presented) are restricted net assets for citywide reporting. These amounts include funds contained within the Gifts and Grants and the Community Development Funds that are restricted for gifts and grants as specified by the grantor. Revenues collected by the Enhanced E-911 Fund that are restricted for construction, acquisition and operation of emergency communication equipment. Lottery funds collected by the Conservation Trust Fund and revenues collected by the Parks Development Fund are restricted for parks and recreation programs. Amounts in the TABOR Reserve Fund report emergency reserves as required by the TABOR amendment.

Restricted amounts due to and due from other funds are eliminated through the governmental activities adjustments.

The net pension asset is reported only on the citywide financial statements and is reserved for pension benefits.

*h) Water Fund*

The 1999 Water Revenue Bonds require the City to maintain an operations and maintenance reserve, which is held in the Water Fund as restricted investments.

In 2002, the City paid cash to The Pueblo Board of Water Works for a water lease. The Pueblo Board of Water Works holds the money in the escrow account under the City's name until the actual lease of water occurs.

**5. RESTRICTED, RESERVED AND DESIGNATED (continued)****A. Restricted and Reserved (continued)****4) Other Restrictions (continued)***i) Sewer Fund*

The 1999 Sewer Revenue Bonds require the City to maintain an operations and maintenance reserve, which is held in the Sewer Fund as restricted investments.

*j) Golf Fund*

The 1995 Golf Course Revenue Bonds require the City to establish and maintain a repair and replacement reserve for the repair and replacement of golf course capital items. This reserve is held in the Golf Fund as a restricted investment.

**B. Reserved for Encumbrances**

Fund balance shown as “reserved for encumbrances” represents encumbered amounts on unperformed purchase orders.

**Reserved for Encumbrances  
December 31, 2002**

<b>Operating encumbrances</b>	
<b>General Fund</b>	\$ 1,164,157
<b>Other Governmental Funds</b>	
Gifts and Grants	111,335
Abatement	11,346
Enhanced E-911	33,842
Recreation Services	<u>17,483</u>
Total operating encumbrances	<u>1,338,163</u>
<b>Capital projects encumbrances (unrestricted funds)</b>	
<b>City Capital Projects Fund</b>	3,242,142
<b>Other Governmental Funds</b>	
Gifts and Grants	1,246,722
Community Development	25,030
Enhanced E-911	1,827,991
Conservation Trust	<u>118,742</u>
Total capital projects encumbrances	<u>6,460,627</u>
<b>Total Reserve for Encumbrances</b>	
Total reserve for encumbrances	<u>\$ 7,798,790</u>

**5. RESTRICTED, RESERVED AND DESIGNATED (continued)****C. Designated Fund Balances**

Designations of fund balances represent the City's intent to use assets for specific future purposes.

**Designations by Fund and Type  
December 31, 2002**

<b>Fund</b>	<b>One-time Expend- itures</b>	<b>Payment of Long-term Liabilities</b>	<b>Subsequent year Budgets</b>	<b>Project- length Appro- priations</b>	<b>Future Operations</b>	<b>Total</b>
<b>General Fund</b>	\$ 5,630,883	\$ 13,707,404	\$ 2,048,760	\$ -	\$ 3,439,025	\$ 24,826,072
<b>City Capital Projects Fund</b>	-	-	-	21,137,247	-	21,137,247
<b>Other governmental</b>						
Abatement	-	-	75,453	-	-	75,453
Community Maintenance	-	-	110,400	-	-	110,400
Enhanced E-911	-	-	-	81,811	-	81,811
Conservation Trust	-	-	266,813	2,750,590	-	3,017,403
Parks Development	-	-	20,000	441,095	-	461,095
Recreation Services	-	-	10,060	-	-	10,060
<b>Total designations</b>	<u>\$ 5,630,883</u>	<u>\$ 13,707,404</u>	<u>\$ 2,531,486</u>	<u>\$ 24,410,743</u>	<u>\$ 3,439,025</u>	<u>\$ 49,719,541</u>

- 1) *One-time Expenditures*  
City management has designated certain one-time revenues to be used for approved one-time expenditures.
- 2) *Payment of Long-term Liabilities*  
Amounts equal to the sales, use and lodger tax accruals have been designated for the payment of future liabilities.
- 3) *Subsequent Year Budgets*  
This amount represents fund balances budgeted as funding sources (as adopted in the 2003 budget) for subsequent year appropriations.
- 4) *Project-length Appropriations*  
Budgets for capital projects are adopted on a project length basis. At year-end, the unspent appropriation will carry forward to the subsequent year.
- 5) *Future Operations*  
City management has designated certain amounts to be used for future operations.

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 6. CAPITAL ASSETS

Summary of Changes in Capital Assets  
For the Year Ended December 31, 2002

	Balance January 1	Additions	Disposals	Transfers	Balance December 31	Accumulated Depreciation	Capital assets net of Accumulated Depreciation
<b>Governmental Activities</b>							
<i>Capital assets not depreciated</i>							
Land	\$ 170,426,804	\$ 11,549,761	\$ -	\$ -	\$ 181,976,565	\$ -	\$ 181,976,565
Construction in progress	23,870,678	83,634,984	(915,760)	(31,666,740)	74,923,162	-	74,923,162
Total capital assets not depreciated	194,297,482	95,184,745	(915,760)	(31,666,740)	256,899,727	-	256,899,727
<i>Capital assets being depreciated</i>							
Building and improvements	65,766,248	-	(171,638)	16,188,024	81,782,634	(18,910,346)	62,872,288
Infrastructure	2,033,712,087	25,443,452	(25,551)	15,517,527	2,074,647,515	(33,239,720)	2,041,407,795
Machinery and equipment	55,477,600	9,238,350	(5,379,161)	(7,218)	59,329,571	(33,787,359)	25,542,212
Total capital assets being depreciated	2,154,955,935	34,681,802	(5,576,350)	31,698,333	2,215,759,720	(85,937,425)	2,129,822,295
<i>Accumulated depreciation</i>							
Building and improvements	(17,279,482)	(1,717,404)	86,540	-	(18,910,346)		
Infrastructure	(27,702,760)	(5,498,774)	624	(38,810)	(33,239,720)		
Machinery and equipment	(32,723,728)	(6,159,853)	5,086,567	9,655	(33,787,359)		
Total accumulated depreciation	(77,705,970)	(13,376,031)	5,173,731	(29,155)	(85,937,425)		
Total governmental activities	<u>\$2,271,547,447</u>	<u>\$ 116,490,516</u>	<u>\$ (1,318,379)</u>	<u>\$ 2,438</u>	<u>\$2,386,722,022</u>		<u>\$2,386,722,022</u>
<b>Business-type Activities</b>							
<i>Capital assets not depreciated</i>							
Land and water rights	\$ 157,661,774	\$ 1,511,003	\$ -	\$ -	\$ 159,172,777	\$ -	\$ 159,172,777
Construction in progress	29,162,399	24,498,829	(266,914)	(7,942,264)	45,452,050	-	45,452,050
Total capital assets not depreciated	186,824,173	26,009,832	(266,914)	(7,942,264)	204,624,827	-	204,624,827
<i>Capital assets being depreciated</i>							
Building and improvements	57,090,747	15,000	-	49,730	57,155,477	(14,958,423)	42,197,054
Infrastructure	498,098,338	29,848,029	(69,226)	7,853,723	535,730,864	(105,178,345)	430,552,519
Machinery and equipment	33,231,113	2,304,591	(1,117,991)	7,218	34,424,931	(16,687,867)	17,737,064
Total capital assets being depreciated	588,420,198	32,167,620	(1,187,217)	7,910,671	627,311,272	(136,824,635)	490,486,637
<i>Accumulated depreciation</i>							
Building and improvements	(12,389,221)	(2,569,202)	-	-	(14,958,423)		
Infrastructure	(98,142,487)	(7,082,934)	8,266	38,810	(105,178,345)		
Machinery and equipment	(15,371,493)	(2,324,060)	1,017,341	(9,655)	(16,687,867)		
Total accumulated depreciation	(125,903,201)	(11,976,196)	1,025,607	29,155	(136,824,635)		
Total business-type activities	<u>\$ 649,341,170</u>	<u>\$ 46,201,256</u>	<u>\$ (428,524)</u>	<u>\$ (2,438)</u>	<u>\$ 695,111,464</u>		<u>\$ 695,111,464</u>

(continued)

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 6. CAPITAL ASSETS (continued)

Summary of Changes in Capital Assets  
For the Year Ended December 31, 2002 (continued)

Component Unit	Balance January 1	Additions	Disposals	Transfers	Balance December 31	Accumulated Depreciation	Capital assets net of Accumulated Depreciation
<b>Capital assets not depreciated</b>							
Land	\$ 2,204,907	\$ 265,325	\$ (248,952)	\$ -	\$ 2,221,280	\$ -	\$ 2,221,280
Construction in progress	6,101	133,258	-	-	139,359	-	139,359
Total capital assets not depreciated	2,211,008	398,583	(248,952)	-	2,360,639	-	2,360,639
<b>Capital assets being depreciated</b>							
Building and improvements	9,329,001	109,291	-	-	9,438,292	(1,086,649)	8,351,643
Machinery and equipment	295,950	17,265	-	-	313,215	(218,411)	94,804
Total capital assets being depreciated	9,624,951	126,556	-	-	9,751,507	(1,305,060)	8,446,447
<b>Accumulated depreciation</b>							
Building and improvements	(639,202)	(447,447)	-	-	(1,086,649)		
Machinery and equipment	(138,697)	(79,714)	-	-	(218,411)		
Total accumulated depreciation	(777,899)	(527,161)	-	-	(1,305,060)		
Total component unit	\$ 11,058,060	\$ (2,022)	\$ (248,952)	\$ -	\$ 10,807,086		\$ 10,807,086
<b>Fiduciary Funds</b>							
<b>Capital assets being depreciated</b>							
Machinery and equipment	\$ 43,695	\$ 1,622	\$ -	\$ -	\$ 45,317	\$ (41,841)	\$ 3,476
Total capital assets being depreciated	43,695	1,622	-	-	45,317	(41,841)	3,476
<b>Accumulated depreciation</b>							
Machinery and equipment	(40,489)	(1,352)	-	-	(41,841)		
Total accumulated depreciation	(40,489)	(1,352)	-	-	(41,841)		
Total fiduciary fund	\$ 3,206	\$ 270	\$ -	\$ -	\$ 3,476		\$ 3,476

(concluded)

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 6. CAPITAL ASSETS (continued)

## 2002 Depreciation Expense by Function

Function	Depreciation
<b>Governmental Activities</b>	
General government	\$ 523,564
Judicial	32,621
Police	2,508,396
Fire	896,119
Other public safety	195,655
Public works	6,183,637
Economic development	149,999
Community services	165,149
Culture and recreation	1,765,384
Unallocated*	<u>943,937</u>
Depreciation expense governmental activities	13,364,461
Depreciation of internal service fund capital assets allocated to other functions	<u>11,571</u>
Total depreciation expense governmental activities	<u>13,376,032</u>
<b>Business-type Activities</b>	
Water	7,710,528
Sewer	3,280,654
Golf	<u>996,584</u>
Depreciation business-type activities	11,987,766
Depreciation of internal service fund capital assets allocated to other functions	<u>(11,571)</u>
Total depreciation business-type activities	<u>11,976,195</u>
<b>Component Unit</b>	
FRA	<u>529,221</u>
<b>Fiduciary Funds</b>	
GERP	<u>1,352</u>
<b>Total All Funds</b>	
Total depreciation expense all funds	<u>\$ 25,882,800</u>

\* Unallocated depreciation is only depreciation on multi-use City office buildings such as the Aurora Municipal Building. Depreciation of all other facilities is included in the function that uses that particular building.

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

6. CAPITAL ASSETS (continued)

**Interest Expensed and Capitalized on Construction Projects in 2002**

<b>Fund</b>	<b>Capitalized</b>	<b>Expensed</b>	<b>Totals</b>
Water Fund	\$ 162,806	\$ 3,847,047	\$ 4,009,853
Sewer Fund	632,459	-	632,459
Golf Fund	<u>-</u>	<u>685,294</u>	<u>685,294</u>
Total Enterprise Funds	<u>\$ 795,265</u>	<u>\$ 4,532,341</u>	<u>\$ 5,327,606</u>

7. JOINT VENTURE

The Aurora – Colorado Springs Joint Water Authority (ACSJWA) was formed between the City of Aurora and the City of Colorado Springs. ACSJWA is reported in the Water Fund using the equity interest method. ACSJWA charges both cities transmission service fees to cover annual debt service requirements and to pay current expenses incurred in the operation and maintenance of the project.

**2002 Changes in City's Equity Interest in ACSJWA**

<b>Investment at January 1</b>	<b>Transmission Service Fees</b>	<b>City's Share of Change in Net Assets</b>	<b>City Contributions</b>	<b>Investment at December 31</b>
\$ 2,378,507	\$ 351,516	\$ 292,951	\$ (351,516)	\$ 2,671,458



**EXHIBIT XV**

**CITY OF AURORA, COLORADO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

**8. PAYABLES**

**Classifications of Payables per the Citywide Statement of Net Assets  
December 31, 2002**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Component Unit</b>	<b>Fiduciary Funds</b>	<b>Totals</b>
Accounts payable and other current liabilities (Accounts payable and other)	\$ 9,378,095	\$ 13,279,611	\$ 488,147	\$ 7,702,014	\$ 30,847,867
Payable from restricted assets (excluding unearned revenues of \$16,524,100)	12,100,096	-	-	-	12,100,096
Total payables	<u>\$ 21,478,191</u>	<u>\$ 13,279,611</u>	<u>\$ 488,147</u>	<u>\$ 7,702,014</u>	<u>\$ 42,947,963</u>

**Payables by Fund and Type  
December 31, 2002**

	<b>Vendors</b>	<b>Salaries &amp; Benefits</b>	<b>Accrued Interest</b>	<b>Deposits &amp; Refunds</b>	<b>Other</b>	<b>Total Payables ( All due within one year)</b>
<b>Governmental Activities</b>						
<b>General Fund</b>						
Accounts payable and other	\$ 2,500,481	\$ 1,641,140	\$ -	\$ 298,331	\$ 97,496	\$ 4,537,448
Payable from restricted assets	-	-	-	-	57,830	57,830
Total General Fund	<u>2,500,481</u>	<u>1,641,140</u>	<u>-</u>	<u>298,331</u>	<u>155,326</u>	<u>4,595,278</u>
<b>City Capital Projects Fund</b>						
Accounts payable and other	3,499,349	867	-	-	-	3,500,216
Payable from restricted assets	<u>2,233,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,233,726</u>
Total City Capital Projects Fund	<u>5,733,075</u>	<u>867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,733,942</u>
<b>ACLC Capital Projects Fund</b>						
Payable from restricted assets	<u>5,756,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,803</u>	<u>5,765,634</u>
<b>Other Governmental Funds</b>						
Accounts payable and other	481,260	70,629	-	271,247	328,036	1,151,172
Payable from restricted assets	<u>694,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>1,294,033</u>
Total other governmental funds	<u>1,175,293</u>	<u>70,629</u>	<u>-</u>	<u>271,247</u>	<u>928,036</u>	<u>2,445,205</u>
<b>Internal Service Funds</b>						
Accounts payable and other	<u>245,444</u>	<u>24,542</u>	<u>2,066</u>	<u>-</u>	<u>-</u>	<u>272,052</u>
<b>Governmental Activities Adjustments</b>						
Accounts payable and other	(724,508)	(529,855)	1,171,570	-	-	(82,793)
Payable from restricted assets	<u>3,415,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(666,634)</u>	<u>2,748,873</u>
Total governmental activities adjustments	<u>2,690,999</u>	<u>(529,855)</u>	<u>1,171,570</u>	<u>-</u>	<u>(666,634)</u>	<u>2,666,080</u>
Total Governmental Activities	<u>18,102,123</u>	<u>1,207,323</u>	<u>1,173,636</u>	<u>569,578</u>	<u>425,531</u>	<u>21,478,191</u>

(continued)

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 8. PAYABLES (continued)

Payables by Type Fund and Type December 31, 2002 (continued)						
	Vendors	Salaries & Benefits	Accrued Interest	Deposits & Refunds	Other	Total Payables ( All due within one year)
<b>Business-type Activities</b>						
<b>Water</b>						
Accounts payable and other	\$ 7,974,756	\$ 91,094	\$ 743,937	\$ 104,750	\$ -	\$ 8,914,537
<b>Sewer</b>						
Accounts payable and other	3,822,754	51,357	315,103	63,524	-	4,252,738
<b>Golf</b>						
Accounts payable and other	65,111	42,903	64,370	-	3,210	175,594
<b>Business-type Activities adjustments</b>						
Reclass compensated absences	-	(63,258)	-	-	-	(63,258)
Total Business-type Activities	<u>11,862,621</u>	<u>122,096</u>	<u>1,123,410</u>	<u>168,274</u>	<u>3,210</u>	<u>13,279,611</u>
<b>Component Unit</b>						
<b>Fitzsimons Redevelopment Authority</b>						
Accounts payable and other	<u>244,308</u>	<u>56,189</u>	<u>-</u>	<u>187,650</u>	<u>-</u>	<u>488,147</u>
<b>Fiduciary Funds</b>						
<b>General Employees' Retirement Plan</b>						
Accounts payable and other	1,417,983	-	-	-	-	1,417,983
<b>Payroll Clearing Agency Fund</b>						
Accounts payable and other	<u>47,627</u>	<u>6,236,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,284,031</u>
Total Fiduciary Funds	<u>1,465,610</u>	<u>6,236,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,702,014</u>
<b>Total Reporting Entity</b>						
Total Reporting Entity	<u>\$31,674,662</u>	<u>\$ 7,622,012</u>	<u>\$ 2,297,046</u>	<u>\$ 925,502</u>	<u>\$ 428,741</u>	<u>\$ 42,947,963</u>

(concluded)

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 9. NON-CURRENT LIABILITIES

Non-Current Liabilities per the Citywide Statement of Net Assets  
December 31, 2002

Description	Governmental Activities	Business-type Activities	Component Unit
Due in one year	\$ 11,664,118	\$ 11,239,278	\$ 218,341
Due beyond one year	134,976,828	96,207,357	3,593,854
Due beyond one year - payable from restricted assets	<u>63,740,061</u>	<u>7,980,986</u>	<u>—</u>
Total non-current liabilities	<u>\$ 210,381,007</u>	<u>\$ 115,427,621</u>	<u>\$ 3,812,195</u>

## Summary of Changes in Non-Current Long-Term Liabilities During 2002

Description	Balance January 1	Additions	Reductions	Balance December 31	Due within One year
<b>Governmental Activities</b>					
General obligation bonds	\$ 59,480,000	\$ —	\$ (3,370,000)	\$ 56,110,000	\$ 3,540,000
Revenue bonds	19,020,000	—	(1,215,000)	17,805,000	1,275,000
Certificates of participation	<u>96,070,000</u>	<u>15,380,000</u>	<u>(1,575,000)</u>	<u>109,875,000</u>	<u>2,445,000</u>
Total bonds and COPs payable	174,570,000	15,380,000	(6,160,000)	183,790,000	7,260,000
Capitalized leases	1,291,114	176,310	(535,220)	932,204	329,893
Accrued compensated absences	17,924,854	1,065,349	(1,696,715)	17,293,488	1,703,703
Accrued claims payable	8,629,866	2,066,570	(2,370,521)	8,325,915	2,370,522
Net pension obligation	164,289	—	(163,229)	1,060	—
Unamortized debt premium	<u>—</u>	<u>38,340</u>	<u>—</u>	<u>38,340</u>	<u>—</u>
Total Governmental Activities	<u>\$ 202,580,123</u>	<u>\$ 18,726,569</u>	<u>\$ (10,925,685)</u>	<u>\$ 210,381,007</u>	<u>\$ 11,664,118</u>

(continued)

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 9. NON-CURRENT LIABILITIES (continued)

## Summary of Changes in Non-Current Long-Term Liabilities During 2002 (continued)

Description	Balance January 1	Additions	Reductions	Balance December 31	Due within One year
<b>Business-type Activities</b>					
General obligation bonds	\$ 85,615,000	\$ —	\$ (10,430,000)	\$ 75,185,000	\$ 8,195,000
Revenue bonds	42,309,735	—	(4,021,973)	38,287,762	2,626,866
Notes payable	402,489	—	(50,311)	352,178	50,311
Less: Unamortized bond discounts	(1,899,115)	—	577,244	(1,321,871)	—
Deferred amount on refunding	(50,133)	—	10,026	(40,107)	—
Unamortized bond premiums	<u>449,351</u>	<u>—</u>	<u>(36,331)</u>	<u>413,020</u>	<u>—</u>
Total bonds and notes payable	126,827,327		(13,951,345)	112,875,982	10,872,177
Capitalized leases	540,553	147,176	(184,366)	503,363	167,116
Accrued compensated absences	<u>1,840,717</u>	<u>342,822</u>	<u>(135,263)</u>	<u>2,048,276</u>	<u>199,985</u>
Total Business-type Activities	<u>\$ 129,208,597</u>	<u>\$ 489,998</u>	<u>\$ (14,270,974)</u>	<u>\$ 115,427,621</u>	<u>\$ 11,239,278</u>
<b>Component Unit</b>					
Notes payable	\$ 3,205,080	\$ —	\$ —	\$ 3,205,080	\$ 205,080
Interest payable	396,985	196,869	—	593,854	—
Capitalized leases	<u>50,830</u>	<u>—</u>	<u>(37,569)</u>	<u>13,261</u>	<u>13,261</u>
Total Component Unit	<u>\$ 3,652,895</u>	<u>\$ 196,869</u>	<u>\$ (37,569)</u>	<u>\$ 3,812,195</u>	<u>\$ 218,341</u>

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 9. NON-CURRENT LIABILITIES (continued)

**Debt Service Requirements by Type of Debt as of December 31, 2002**

Year	Governmental Activities					
	General Obligation		Revenue		Certificates of Participation	
	4.50-5.55%		4.75-5.125%		3.00-6.25%	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 3,540,000	\$ 2,646,015	\$ 1,275,000	\$ 876,372	\$ 2,445,000	\$ 5,977,152
2004	3,710,000	2,482,440	1,340,000	812,263	3,760,000	5,827,297
2005	3,900,000	2,310,625	1,415,000	743,722	3,940,000	5,649,697
2006	4,090,000	2,129,808	1,485,000	671,080	4,125,000	5,459,360
2007	4,295,000	1,939,803	1,915,000	593,829	4,415,000	5,251,248
2008-2012	23,370,000	6,561,574	7,030,000	1,768,870	23,315,000	22,252,485
2013-2017	13,205,000	1,325,080	3,345,000	173,406	13,950,000	17,623,850
2018-2022	—	—	—	—	16,210,000	13,657,276
2023-2027	—	—	—	—	21,605,000	8,255,450
2028-2030	—	—	—	—	16,110,000	1,803,725
Total	<u>\$ 56,110,000</u>	<u>\$ 19,395,345</u>	<u>\$ 17,805,000</u>	<u>\$ 5,639,542</u>	<u>\$ 109,875,000</u>	<u>\$ 91,757,540</u>

Year	Business-type Activities					
	General Obligation Water		Water Revenue		Water Notes	
	4.625-6.90%		4.50-5.00%		5.00%	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 8,195,000	\$ 3,309,784	\$ 885,504	\$ 495,735	\$ 50,311	\$ 17,609
2004	8,750,000	3,063,009	906,971	471,317	50,311	15,093
2005	6,990,000	2,730,916	933,804	444,194	50,311	12,578
2006	7,335,000	2,404,962	960,638	416,269	50,311	10,062
2007	6,380,000	2,062,281	982,104	394,253	50,311	7,547
2008-2012	31,995,000	5,890,237	5,323,756	1,564,039	100,623	7,547
2013-2015	5,540,000	398,288	2,490,144	265,584	—	—
Total	<u>\$ 75,185,000</u>	<u>\$ 19,859,477</u>	<u>\$ 12,482,921</u>	<u>\$ 4,051,391</u>	<u>\$ 352,178</u>	<u>\$ 70,436</u>

Year	Business-type Activities				Component Unit	
	Sewer Revenue		Golf Revenue		FRA	
	4.25-5.25%		5.70-6.20%		5.50-6.25%	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 1,426,362	\$ 756,247	\$ 315,000	\$ 347,628	\$ 205,080	\$ 39,312
2004	1,458,659	725,225	335,000	329,672	—	—
2005	1,496,336	683,337	350,000	310,577	115,000	62,840
2006	1,539,396	640,368	370,000	290,628	115,000	62,840
2007	1,577,072	603,312	390,000	269,167	115,000	62,840
2008-2012	8,585,084	2,324,795	2,310,000	978,480	760,000	685,155
2013-2017	3,896,932	457,903	1,755,000	221,960	1,155,000	1,980,460
2018-2022	—	—	—	—	740,000	1,483,824
Total	<u>\$ 19,979,841</u>	<u>\$ 6,191,187</u>	<u>\$ 5,825,000</u>	<u>\$ 2,748,112</u>	<u>\$ 3,205,080</u>	<u>\$ 4,377,271</u>

**9. NON-CURRENT LIABILITIES (continued)*****A. General Obligation Bonds***

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds pledge the full faith and credit of the City for the repayment of the debt. General obligation bonds have been issued for both governmental and business-type activities.

**1) Governmental Activities**

As of December 31, 2002, there were three outstanding general obligation bonds. The outstanding balances for each issue were: 1995 Public Safety \$2,835,000, 1998 Alameda and I-225 Interchange \$7,910,000 and 2000 Facility Master Plan \$45,365,000.

**2) Business-type Activities**

The general obligation water bonds are payable from earnings of the Water Fund. As of December 31, 2002, there were three outstanding issues: 1989 Refunding \$6,020,000, 1993 Refunding \$66,665,000 and 1996 Refunding \$2,500,000. Unamortized discounts on the bonds totaled \$1,056,053 and the deferred amount on the 1996 Refunding was \$40,107.

***B. Revenue Bonds***

Revenue bonds pledge income derived from the acquired or constructed assets to pay debt service.

**1) Governmental Activities**

The City issued Sports Park General Fund bonds, payable from General Fund revenue, to finance the creation of a youth sports complex. As of December 31, 2002, the amount of Sports Park bonds outstanding was \$15,855,000.

Revenue bonds were issued by AURA to finance improvements in the Aurora City Center Urban Renewal Area. The bonds are payable from incremental sales and property taxes collected within the urban renewal area. As of December 31, 2002, the amount of revenue bonds outstanding was \$1,950,000.

**2) Business-type Activities**

The City issued a Governmental Agency revenue bond, pursuant to a loan agreement between the Colorado Water Resources and Power Development Authority and the Water Fund for the refurbishment of the Griswold Water Plant. The bond payments are payable from the revenues of the Water Fund. Unamortized underwriter's discount on the bond at December 31, 2002 totaled \$73,912. Unamortized premium on the bond totaled \$325,798 as of December 31, 2002.

**9. NON-CURRENT LIABILITIES (continued)**

***B. Revenue Bonds (continued)***

**2) Business-type Activities (continued)**

The City issued a Governmental Agency revenue bond, pursuant to an agreement between the Colorado Water Resources and Power Development Authority and the Sewer Fund to upgrade the wastewater facility and to add reuse storage and piping. The bond payments are payable from the revenues of the Sewer Fund. Unamortized underwriter's discount on the bond at December 31, 2002 totaled \$120,267. Unamortized premium on the bond totaled \$87,222 as of December 31, 2002.

The golf course revenue bonds are payable from revenues of the Golf Fund. In the bond ordinance, the city covenants to maintain and enforce a schedule of rates, fees and charges for the golf system sufficient that the income is at least equal to the sum of operations and maintenance expenses plus 150% of the combined annual debt service requirements of the bonds and any outstanding parity bonds. Unamortized discounts on the bonds at December 31, 2002 totaled \$71,639.

***C. Certificates of Participation***

**Governmental Activities**

Certificates of Participation (COPs) represent participation in a capital lease financing. The COPs are payable from the City's lease payments to ACLC, which are assigned to the trustee for the COPS debt service. There are three outstanding COPs issues. The 1994 Series were issued to acquire land and buildings previously owned by the Aurora Colorado Municipal Building Corporation. The 2000 Series were issued to finance the construction of a City administrative office building. The 2002 Series were issued to finance the acquisition of public safety vehicles and the construction of public safety communications equipment. The amounts outstanding at December 31, 2002 were: 1994 Series \$18,120,000, 2000 Series \$76,375,000 and 2002 Series \$15,380,000. Unamortized premium on the 2002 COPs totaled \$38,340 at December 31, 2002.

**9. NON-CURRENT LIABILITIES (continued)**

***D. Notes Payable***

**1) Business-type Activities**

The City issued utility enterprise water resources revenue notes to acquire certain water rights. The water rights notes are paid from the revenues of the Water Fund.

**2) Component Unit**

The FRA entered into an agreement with the United States Army for the conveyance of 332 acres of land along with the associated improvements and selected items of equipment at Fitzsimons. The purchase price for the conveyance is \$1,850,000, which is payable pursuant to a Promissory Note executed by the FRA for the full amount of the purchase price. The promissory note bears interest at 6.25% and is payable in ten equal annual installments of \$555,956 beginning December 31, 2012 through December 31, 2021.

The FRA entered into a loan agreement with the City of Aurora whereby the FRA could draw up to \$1,150,000. The FRA was permitted to draw on the funds to provide partial matching funds for two grants the FRA received from the U.S. Department of Commerce Economic Development Administration, for the purpose of designing and constructing a bioscience incubator facility at Fitzsimons. The current balance of the loan including interest is \$1,295,383. The loan is payable in ten equal installments of principal and interest beginning June 1, 2005.

The Fitzsimons Redevelopment Authority has entered into a note obligation with the City to enable the FRA to operate the eighteen-hole Fitzsimons Golf Course and to purchase necessary equipment and to make improvements to the clubhouse. The note was to be payable in three equal installments of \$68,360 plus accrued interest beginning December 1, 2000 and ending December 1, 2002. The note payable is payable solely from the revenues of the Golf Course after payment of all expenses incurred with respect to the operations and maintenance of the Golf Course. There were insufficient net revenues from the Golf Course to make the December 1, 2000, 2001 and 2002 payments. The balance of the loan as of December 31, 2002 is \$205,080.



## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 10. INTERFUND TRANSACTIONS

Interfund Receivables and Payables  
December 31, 2002

Reporting fund Fund due from / due to	Purpose	Receivable Due From	Payable Due to
<b>Reported in Restricted Assets</b>			
<b>General Fund</b>			
ACLC Capital Projects	Reimburse City for municipal building expense	\$ 8,803	\$ -
AURA Debt Service	Urban renewal - January accrued sales tax	-	57,830
<b>ACLC Capital Projects</b>			
General Fund	Reimburse City for municipal building expense	-	8,803
<b>Other Governmental Funds</b>			
<i>Designated Revenues</i>			
AURA Debt Service	Urban renewal - ACLC future lease funding	600,000	-
<i>AURA Debt Service</i>			
General Fund	Urban renewal - January accrued sales tax	57,830	-
Designated Revenues	Urban renewal - ACLC future lease funding	-	600,000
Total reported in restricted assets		\$ 666,633	\$ 666,633
<b>Reported in Interfund Loan</b>			
<b>Sewer Fund</b>			
Golf	Debt service on Murphy Creek Golf Course loan (due within one year)	\$ 256,000	\$ -
Golf	Murphy Creek Golf Course loan (not expected to be paid within one year)	5,632,000	-
<b>Golf Fund</b>			
Sewer	Debt service on Murphy Creek Golf Course loan (due within one year)	-	256,000
Sewer	Murphy Creek Golf Course loan (not expected to be paid within one year)	-	5,632,000
Total reported in interfund loan		\$ 5,888,000	\$ 5,888,000

**9. NON-CURRENT LIABILITIES (continued)*****E. Capitalized Leases*****Capitalized Leases****December 31, 2002**

Year	Governmental Activities				Business-type Activities		Component Unit	
	General Fund Revenues		Print Shop		Golf		FRA	
	4.50-5.00%		3.87%		5.243-6.95%		8.90%	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 296,650	\$ 36,523	\$ 33,243	\$ 5,880	\$ 167,116	\$ 24,275	\$13,261	\$ 247
2004	329,241	22,628	34,542	4,581	219,665	12,088	—	—
2005	71,532	4,809	35,892	3,231	70,156	4,765	—	—
2006	74,620	1,723	37,294	1,829	46,426	1,556	—	—
2007	—	—	19,190	371	—	—	—	—
Total	<u>\$ 772,043</u>	<u>\$ 65,683</u>	<u>\$ 160,161</u>	<u>\$ 15,892</u>	<u>\$ 503,363</u>	<u>\$ 42,684</u>	<u>\$ 13,261</u>	<u>\$ 247</u>

**1) Governmental Activities**

The City has entered into a lease for four fire trucks, one milling machine lease and one imaging equipment lease that have been capitalized for financial statement purposes. The City has the option to purchase the equipment at the end of the lease period.

**2) Business-type Activities**

The City has entered into golf cart leases that have been capitalized for financial statement purposes. The City has the option to purchase the equipment at the end of the lease period.

**3) Component unit**

The FRA has entered into a capital lease to acquire and install data and phone equipment.

***F. Legal Debt Limit***

The City's legal debt limit is 3% of the assessed valuation of taxable property. After certain deductions allowed by law, the legal debt margin as of December 31, 2002 is \$65,614,991. In 1992, Colorado voters approved an amendment to the state constitution (TABOR), which requires multiple-fiscal year debt and certain other financial obligations to be authorized by voters. Consequently, the computation of the City's legal debt margin has reduced significance.

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 10. INTERFUND TRANSACTIONS (continued)

2002 Interfund Transfers			
Reporting Fund Fund transfer from / to	Purpose	Transfer In	Transfer Out
<b>Governmental Activities</b>			
<b>General Fund</b>			
Abatement	Tree program	\$ -	\$ 65,787
Community Development	HOAP loans & Home program match	-	212,000
Conservation Trust	Sports Park	95,000	-
Recreation Services	Recreation programs	985,600	5,354,450
Designated Revenues	Visitor promotion	-	302,900
	ACLC lease funding	-	1,875,614
	Arapahoe Crossing tax incentive	-	1,026,190
	Hampden Town Center IGA	-	364,358
	Heritage Eagle Bend tax incentive	-	5,884
	Aurora City Place tax incentive	-	197,911
	Pioneer Hills tax incentive	-	24,797
TABOR reserve	Increase TABOR reserve to required amount	-	30,800
City Debt Service	GO debt service requirements	-	1,761,100
Surplus and Deficiency	SID-related salary costs	41,500	-
City Capital Projects	Capital improvement projects	-	20,236,633
AURA Debt Service	Reimburse City for urban renewal related costs	267,400	-
ACLC Debt Service	Facilities lease payments	-	2,574,257
	Vehicle lease payments	-	16,842
Fleet Management	Proceeds from City vehicle sale	-	230,000
Total General Fund		1,389,500	34,279,523
<b>City Capital Projects</b>			
General Fund	Capital improvement projects	20,236,633	-
Community Maintenance	Capital improvement projects	1,100,000	-
Recreation	Building repair and maintenance	73,000	-
Designated Revenues	TV equipment upgrade	1,500,000	-
	Art in public places fees	-	283,372
Surplus and Deficiency	Sand Creek Parkway	1,044,100	-
	SID 1-02 Highpoint fence	180,000	-
	Public improvement projects	350,000	-
Building Repair	Close-out Building Repair Fund	2,698,236	-
Total City Capital Projects		27,181,969	283,372
<b>ACLC Capital Projects</b>			
Enhanced E-911	Purchase communications equipment	190,138	-
			(continued)

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 10. INTERFUND TRANSACTIONS (continued)

## 2002 Interfund Transfers (continued)

Reporting Fund Fund transfer from / to	Purpose	Transfer In	Transfer Out
<b>Governmental Activities (continued)</b>			
<b>Other Governmental Funds</b>			
<i>Abatement</i>			
General Fund	Tree program	\$ 65,787	\$ -
<i>Community Maintenance</i>			
City Capital Projects	Capital improvement projects	-	1,100,000
<i>Community Development</i>			
General Fund	HOAP loans & Home program match	212,000	-
<i>Enhanced E-911</i>			
ACLCL Capital Projects	Purchase communications equipment	-	190,138
ACLCL Debt Service	Communications equipment lease payments	-	206,719
<i>Conservation Trust</i>			
General Fund	Sports Park	-	95,000
<i>Recreation Services</i>			
General Fund	Recreation programs	5,354,450	985,600
City Capital Projects	Building repair and maintenance	-	73,000
<i>Designated Revenues</i>			
General Fund	Visitor promotion	302,900	-
	ACLCL lease funding	1,875,614	-
	Arapahoe Crossing tax incentive	1,026,190	-
	Hampden Town Center IGA	364,358	-
	Heritage Eagle Bend tax incentive	5,884	-
	Aurora City Place tax incentive	197,911	-
	Pioneer Hills tax incentive	24,797	-
City Capital Projects	Art in public places fees	283,372	-
	TV equipment upgrade	-	1,500,000
AURA Debt Service	ACLCL future lease funding	600,000	-
<i>TABOR Reserve</i>			
General Fund	Increase TABOR reserve to required amount	30,800	-
<i>City Debt Service</i>			
General Fund	GO debt service requirements	1,761,100	-
<i>Surplus &amp; Deficiency</i>			
General Fund	SID-related salary costs	-	41,500
City Capital Projects	Sand Creek Parkway	-	1,044,100
	SID 1-02 Highpoint fence	-	180,000
	Public improvement projects	-	350,000
<i>AURA Debt Service</i>			
General Fund	Reimburse City for urban renewal related costs	-	267,400
Designated Revenues	ACLCL future lease funding	-	600,000
<i>ACLCL Debt Service</i>			
General Fund	Facilities lease payments	2,574,257	-
	Vehicle lease payments	16,842	-
Enhanced E-911	Communication equipment lease payments	206,719	-
Total Other Governmental Funds		14,902,981	6,633,457
			(continued)

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 10. INTERFUND TRANSACTIONS (continued)

## 2002 Interfund Transfers (continued)

Reporting Fund Fund transfer from / to	Purpose	Transfer In	Transfer Out
<b>Governmental Activities (continued)</b>			
<b>Internal Service Funds</b>			
<i>Fleet Management</i>			
General Fund	Proceeds from City vehicle sale	\$ 230,000	\$ -
Governmental Activities-capital assets	Capital asset transfers	32,429	-
<i>Print Shop</i>			
Governmental Activities-capital assets	Capital asset transfers	13,302	-
<i>Building Repair</i>			
City Capital Projects	Close-out Building Repair Fund	-	2,698,236
Total Internal Service Funds		275,731	2,698,236
<b>Governmental Activities Adjustments</b>			
<i>Governmental Eliminations</i>			
Fleet Management	Capital asset transfers	-	32,429
Print Shop	Capital asset transfers	-	13,302
Water	Capital asset transfers	-	(2,438)
Total governmental activities adjustments		-	43,293
Total Governmental Activities		\$ 43,940,319	\$ 43,937,881
<b>Business-type Activities</b>			
<b>Water</b>			
Development Subfund	Capital asset transfers	\$ -	\$ 2,529,927
Operations Subfund	Capital asset transfers	2,529,927	-
Sewer	Capital asset transfers	-	9,007
Governmental Activities-capital assets	Capital asset transfers	-	2,438
Total Water		2,529,927	2,541,372
<b>Sewer</b>			
Development Subfund	Capital asset transfers	-	1,050,948
Operations Subfund	Capital asset transfers	1,050,948	-
Water	Capital asset transfers	9,007	-
Total Sewer		1,059,955	1,050,948
Total Business-type Activities		\$ 3,589,882	\$ 3,592,320
<b>Totals</b>			
Total All Funds		\$ 47,530,201	\$ 47,530,201
			(concluded)

## EXHIBIT XV

## CITY OF AURORA, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2002

## 11. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

*A. Continuing Appropriations*

The City Charter stipulates that appropriations for capital projects do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned. As of December 31, 2002, the City had various commitments for the acquisition and construction of projects.

## Summary of Construction Commitments - Project Inception to December 31, 2002

Number of Projects	Type	Project Appropriations/ Committed Funds	Expended to December 31	Unexpended Balance
<b>Governmental Activities</b>				
<b>City Capital Projects Fund</b>				
3	Non-departmental	\$ 3,114,143	\$ 4,114,143	\$ (1,000,000)
1	Finance	248,766	162,216	86,550
13	Information Technology	11,838,961	9,800,310	2,038,651
9	Internal Services	4,495,740	3,162,216	1,333,524
9	Library and Recreation Services	21,600,162	7,490,474	14,109,688
14	Operations Group Management	6,405,734	880,557	5,525,177
43	Public Works	107,994,450	99,018,222	8,976,228
5	Police	11,283,343	4,811,272	6,472,071
9	Fire	11,332,661	4,597,865	6,734,796
33	Parks and Open Space	50,992,488	35,485,162	15,507,326
2	Development Services	3,250,000	103,450	3,146,550
	Total City Capital Projects Fund	232,556,448	169,625,887	62,930,561
<b>ACLC Capital Projects Fund</b>				
1	Information Technology	14,173,679	1,926,248	12,247,431
1	Internal Services	1,339,928	1,339,928	-
1	Operations Group Management	72,595,054	68,907,984	3,687,070
	Total ACLC Capital Projects Fund	88,108,661	72,174,160	15,934,501
<b>Other Governmental Funds</b>				
<i>Gifts and Grants Fund</i>				
1	Public Works	11,956,113	507,276	11,448,837
20	Parks and Open Space	4,166,447	1,842,314	2,324,133
	Total Gifts and Grants Fund	16,122,560	2,349,590	13,772,970

(continued)

## EXHIBIT XV

## CITY OF AURORA, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2002

## 11. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (continued)

## A. Continuing Appropriations (continued)

## Summary of Construction Commitments - Project Inception to December 31, 2002 (continued)

Number of Projects	Type	Project Appropriations/ Committed Funds	Expended to December 31	Unexpended Balance
<b>Governmental Activities (continued)</b>				
<i>Community Development Fund</i>				
1	MLK Jr. municipal services building	\$ 1,249,324	\$ 1,209,798	\$ 39,526
8	Community Development admin	4,844,578	3,711,438	1,133,140
2	Public service	402,084	402,084	-
5	Public facility	955,799	945,889	9,910
2	Other	180,404	66,323	114,081
1	HOAP loans	2,322,146	1,503,470	818,676
5	Single family rehabilitation	4,086,738	3,499,307	587,431
1	Multi-family rehabilitation	985,166	708,913	276,253
2	Commercial rehabilitation	63,570	50,522	13,048
1	Commercial renovation	2,613,375	1,937,476	675,899
1	AHC	409,479	196,469	213,010
	Total Community Development Fund	18,112,663	14,231,689	3,880,974
<i>Enhanced E-911 Fund</i>				
2	Information Technology	2,501,659	591,857	1,909,802
<i>Conservation Trust Fund</i>				
15	Parks and Open Space	11,774,461	8,905,129	2,869,332
<i>Parks Development Fund</i>				
4	Parks and Open Space	654,104	213,008	441,096
	Total other governmental funds	49,165,447	26,291,273	22,874,174
	Total Governmental Activities	\$ 369,830,556	\$ 268,091,320	\$ 101,739,236
<b>Business-type Activities</b>				
<b>Water Fund</b>				
1	South maintenance facility	\$ 197,800	\$ -	\$ 197,800
1	Water system security	250,000	28,782	221,218
2	Front range airport area	915,500	798,740	116,760
6	Fitzsimons	5,402,167	537,241	4,864,926
1	Reuse water/sewer city	100,000	32,237	67,763
29	Others/benefits entire city	67,781,959	37,734,383	30,047,576
16	Mountain/raw water	26,887,801	22,487,892	4,399,909
7	E-470	2,001,323	645,223	1,356,100
5	Eastern Hills	2,992,000	277,543	2,714,457
5	Southeast Aurora Reservoir	1,431,000	33	1,430,967
11	Cherry Creek Area Inc Kings	7,010,835	3,382,577	3,628,258
	Total Water Fund	114,970,385	65,924,651	49,045,734

(continued)

## EXHIBIT XV

## CITY OF AURORA, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2002

## 11. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (continued)

## A. Continuing Appropriations (continued)

## Summary of Construction Commitments - Project Inception to December 31, 2002 (continued)

Number of Projects	Type	Project Appropriations/ Committed Funds	Expended to December 31	Unexpended Balance
<b>Business-type Activities (continued)</b>				
<b>Sewer Fund</b>				
1	STM central facility WW Building	\$ 2,118,540	\$ 10,540	\$ 2,108,000
1	Front range airport area	200,000	-	200,000
2	Fitzsimons	1,400,000	387,111	1,012,889
4	Reuse water/sewer city	23,045,170	18,662,255	4,382,915
27	Others/benefits entire city	27,348,638	18,149,045	9,199,593
1	E-470	805,957	577,306	228,651
2	Eastern Hills	400,000	56,269	343,731
9	Southeast Aurora Reservoir	20,526,188	9,486,955	11,039,233
4	Cherry Creek Area Inc Kings	1,064,785	744,272	320,513
	Total Sewer Fund	76,909,278	48,073,753	28,835,525
<b>Golf Fund</b>				
14	Parks and Open Space	11,546,137	11,239,920	306,217
Total Business-type Activities		\$ 203,425,800	\$ 125,238,324	\$ 78,187,476

(concluded)



**12. DEFERRED COMPENSATION PLANS**

The City offers its employees the opportunity to participate in one of four deferred compensation plans. All of the plans are created in accordance with Internal Revenue Code Section 457. The plans allow employees to defer a portion of their salary until future years. The deferred amounts are not available to the employees until termination, retirement, death or unforeseeable emergency. The plans available to employees are administered by: Nationwide Retirement Solutions, International City Management Association (ICMA), Lincoln National Life Insurance Company, and the Fire and Police Pension Association (FPPA). The amounts under the deferred compensation plan are held in trust for the benefit of the City's employees. The City's fiduciary responsibility is one of "due care" in selecting the third-party administration.

**13. PENSION PLANS**

The City provides seven pension plans as follows:

General Employees' Retirement Plan (GERP)

Fire Pension Plan (Old Hire-Fire)

Police Pension Plan (Old Hire-Police)

Fire Department Money Purchase Pension Plan (New Hire-Fire)

Police Department Money Purchase Pension Plan (New Hire-Police)

Executive Retirement Plan – Money Purchase Pension Plan (ERP)

Elected Officials' and Executive Personnel Defined Benefit Plan (EOEP)

**Covered and Total payroll for 2002**

<b>Plan Name</b>	<b>Covered Payroll</b>
GERP	\$ 64,542,714
Old Hire - Fire	1,699,104
Old Hire - Police	1,750,111
New Hire - Fire	14,323,109
New Hire - Police	28,091,704
ERP	3,727,754
EOEP	-
Total covered payroll	<u>\$ 114,134,496</u>
Total payroll	<u>\$ 130,319,963</u>

**11. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (continued)*****B. Fitzsimons Golf Course Operations***

The FRA has retained the City under contract to manage the operation, maintenance and repair of the Fitzsimons Golf Course. The agreement is for the period from October 30, 1998 through December 31, 2003. The FRA compensates the City for such services with a management fee payable solely from revenues of the golf course. In return, beginning in 1999 the City pays the FRA a minimum of \$150,000 per year as the FRA's share of the proceeds from the operations of the golf course. In addition, the City pays the FRA 70% of net income from the golf course, as defined in the management agreement, in excess of \$150,000 on an annual basis.

***C. Tax Incentives Agreements***

The City enters into tax incentive agreements to encourage retail development within its borders. At December 31, 2002, the City has entered into such incentive agreements with the developers of the Arapahoe Crossings, Heritage at Eagle Bend, Aurora City Place and Pioneer Hills retail centers.

<b>Retail Development</b>	<b>Tax Incentive Payments Inception to December 31, 2002</b>	<b>Approximate Incentive Commitment</b>	
Arapahoe Crossings	\$ 3,785,458	\$ 6,690,000	(1)
Heritage at Eagle Bend	6,748	5,415,000	(1)
Aurora City Place	-	13,000,000	(2)
Pioneer Hills	-	5,700,000	(2)

(1) Maximum payment

(2) Present value of maximum payment

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

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## 13. PENSION PLANS (continued)

**Contributions for 2002**

<b>Plan Name</b>	<b>Employees</b>	<b>City</b>	<b>Totals</b>
GERP	\$3,601,763	\$3,572,245	\$7,174,008
Old Hire - Fire	-	-	-
Old Hire - Police	-	-	-
New Hire - Fire	1,432,318	1,432,318	2,864,636
New Hire - Police	2,809,178	2,809,178	5,618,356
ERP	372,775	372,775	745,550
EOEP	<u>-</u>	<u>439,061</u>	<u>439,061</u>
Totals	<u>\$8,216,034</u>	<u>\$8,625,577</u>	<u>\$16,841,611</u>

**Contributions Required and Made in 2002 as a Percent of Current Year Covered Payroll**

<b>Plan Name</b>	<b>Employees</b>	<b>City</b>	<b>Totals</b>
GERP	5.5%	5.5%	11.0%
Old Hire – Fire	-	-	-
Old Hire – Police	-	-	-
New Hire – Fire	10.0%	10.0%	20.0%
New Hire – Police	10.0%	10.0%	20.0%
ERP	10.0%	10.0%	20.0%
EOEP	-	-	-

**13. PENSION PLANS (continued)****Three Year Trend Information - (unaudited)**

	<b>Year- ended December 31</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net pension Obligation (Asset)</b>
GERP	2000	\$ 1,366,802	222.85%	\$ (4,913,413)
	2001	1,606,197	206.28%	(6,397,238)
	2002	1,951,150	183.08%	(8,018,333)
Old Hire – Fire	2000	21,308	—	(330,886)
	2001	22,768	—	(308,118)
	2002	784	—	(307,334)
Old Hire – Police	2000	202	—	176,802
	2001	(12,513)	—	1,060
	2002	(975)	—	85

**A. General Employees' Retirement Plan****1) Description of Plan**

The Aurora General Employees' Retirement Plan (GERP) is a single employer defined benefit pension plan covering all full-time and part-time City employees except police officers, firefighters, elected officials, temporary employees and executives who have elected to participate in the Executive Retirement Plan. GERP was established by City Council resolution and is administered by the GERP Board. The GERP is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA); however, it has been qualified as a tax-exempt plan under Sections 401(a) and 501(a) of the Internal Revenue Code. Employee contributions are required as a condition of employment and are matched, dollar for dollar, by the City.

**2) Plan Benefits**

The GERP provides retirement, death and disability, and medical supplement benefits. Employees with less than five years of credited service at date of termination receive a refund of their contributions, including interest, plus their vested City contribution, which is a 25% match of the employee's contributions and interest for less than one year of credited service, increasing by 5% for each year of credited service completed. Employees with at least five years of credited service at date of termination may choose a refund or a deferred vested benefit. If termination occurs before age 65, an employee with between 5 and 10 years of credited service is eligible for a deferred vested benefit, in which monthly payments will begin at age 65. If termination occurs after an employee has obtained 10 years of credited service, monthly payments may begin anytime between the ages of 50 and 65. Benefits may be reduced when a participant retires before age 65, depending on the participant's age and length of service.

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 13. PENSION PLANS (continued)

**The City's Annual Pension Cost for 2002 and Related Information (unaudited)**

	<b>GERP</b>	<b>Old Hire Fire</b>	<b>Old Hire Police</b>
Annual required contribution (ARC)	\$ 2,039,756	\$ -	\$ -
Interest on net pension obligation (NPO)	(529,640)	(27,909)	85
Adjustment to ARC	<u>441,034</u>	<u>28,693</u>	<u>(1,060)</u>
Annual pension cost	1,951,150	784	(975)
Contributions made	<u>3,572,245</u>	<u>-</u>	<u>-</u>
Increase (decrease) in NPO (NPA)	(1,621,095)	784	(975)
NPO/(NPA) - beginning of year	<u>(6,397,238)</u>	<u>(308,118)</u>	<u>1,060</u>
NPO/(NPA) - end of year	<u>\$ (8,018,333)</u>	<u>\$ (307,334)</u>	<u>\$ 85</u>
Actuarial valuation date	1/1/02	1/1/02	1/1/02
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percent of pay, open	Level percent of pay, closed	Level percent of pay, closed
Remaining amortization period	20 years	20 years	20 years
Asset valuation method	5-year smoothed market	3-year moving average	3-year moving average
Actuarial assumptions:			
Investment rate of return	8.0%	8.0%	8.0%
Projected salary increases	4.6 – 7.5%	4.5%	4.5%
Includes inflation at	4.0%	4.0%	4.0%
Cost of living adjustment	4.0%	4.0%	4.0%

**13. PENSION PLANS (continued)*****A. General Employees' Retirement Plan (continued)*****2) Plan Benefits (continued)**

Normal retirement benefits are the greater of 1.75 percent of final average monthly compensation, multiplied by years of credited service, including fractional years, or the annuitized value of the contribution refund described above, including the City of Aurora's matching contribution. Final average monthly compensation is the average pay an employee received (excluding overtime) during the employee's highest paid 36 consecutive months with the City, out of the employee's last 10 years of employment.

Optional benefits are available in lieu of the straight life annuity in order to provide survivorship benefits. Disability retirement benefits are calculated in the same manner as a normal retirement benefit, using the monthly earnings as of the date of the disability. Participants receiving disability benefits earn credited service during the period of time they are on disability.

Death benefits paid to a beneficiary depend upon when the employee's death occurs. A one-time lump sum benefit of \$6,250 is provided to a beneficiary when a participant dies after retirement. This payment is separate from, and in addition to, any other benefits received.

The medical supplement is provided for all participants who have five or more years of credited service and is prorated for service less than 20 years. Both medical supplement and normal retirement benefit are subject to annual cost of living increase.

**3) Funding Policies**

City Code establishes contribution requirements for the employees and the employer. Actuarial studies are considered in establishing funding policies. However, contributions are not actuarially determined. As determined by the actuarial study, current contribution rates are considered sufficient to accumulate assets to pay all benefits when due. All 2002 contributions were for normal costs. No unfunded accrued actuarial liability existed at December 31, 2002.

***B. Fire and Police Pension Plans - Old Hire*****1) Description of Plans**

The Old Hire Plans are agent multiple-employer defined benefit plans covering all full-time police officers or fire fighters hired before April 8, 1978 who elected not to participate in the "New Hire" plan. The Old Hire plans are a part of the statewide multiple employer public employee retirement system and are administered by the Fire and Police Pension Association of Colorado (FPPA). The FPPA follows the Colorado Revised Statutes for plan contribution requirements and benefits. Both plans are included in the FPPA's annual report. This report can be obtained at Fire & Police Pension Association, 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111-2721 or telephone (303) 770-3772.

**13. PENSION PLANS (continued)**

***B. Fire and Police Pension Plans - Old Hire (continued)***

**2) Plan Benefits**

*a) Old Hire - Fire*

For a firefighter hired on or before January 1, 1976, normal retirement date is the date on which he has attained 50 years of age and completed 20 years of service. The normal retirement date of a firefighter hired after January 1, 1976 is the date on which he has attained 50 years of age and completed 25 years of service.

Any firefighter who elects to retire on or after his normal retirement date is eligible for a monthly pension equal to one half of monthly salary plus an additional 4% of monthly salary for each year in excess of the service and age requirement for normal retirement to a maximum of six additional years.

A severance benefit of 49% of base monthly salary is paid to firefighters terminating with 20 or more years of service, but prior to normal retirement. The benefit is payable immediately upon termination. The benefit for firefighters who terminate with less than 20 years of service is 2% of base monthly salary for each year of service not to exceed 40% of the current basic monthly salary, payable at the firefighter's normal retirement date.

An optional benefit adopted by the City increases benefits in proportion to pay increases received by active employees (rank escalator). This plan also provides benefits to surviving spouses and dependent children of retired firefighters. These benefits range from 50% to 66% of the firefighter's benefit.

*b) Old Hire - Police*

A police officer's normal retirement date is the date upon completion of 20 years of service regardless of age. Any police officer who elects to retire on or after his normal retirement date is eligible for a monthly pension equal to 2.25% for each year of service, up to a maximum of 20 years of service, multiplied by the highest current salary paid for the rank or grade at the time of retirement.

For service beyond 20 years but before January 1, 1990 the monthly normal retirement pension is increased by 2% of base salary, multiplied by years of service. For service beyond 20 years and after January 1, 1990, the monthly pension is increased by 4% of base salary, multiplied by years of service. Benefits are capped at 74% of a member's base salary.

Any police officer that has completed five years of service, but is not eligible for normal retirement, is eligible for a monthly vested pension computed the same way as for normal retirement, based on 2.25% of base salary multiplied by years of service. The benefit is payable beginning at the police officer's normal retirement date.

**13. PENSION PLANS (continued)*****B. Fire and Police Pension Plans - Old Hire (continued)*****2) Plan Benefits (continued)*****b) Old Hire - Police (continued)***

An optional benefit adopted by the City increases benefits in proportion to pay increases received by active employees (rank escalator). The Old Hire Plan also provides benefits to surviving spouses and dependent children of retired officers. These benefits for members who retired after 5/1/91 range from 75% to 100% of the officer's benefit.

***c) Old Hire - Deferred Retirement Option Plan***

Effective January 1, 1997, Old Hire Fire and Police participants may make a one-time irrevocable decision to elect a Deferred Retirement Option Plan (DROP). The option allows an employee to elect to have retirement or severance benefits put into an escrow account for up to five years while the employee continues to work. Upon the employee's election to participate in the DROP plan, that employee's retirement benefits are frozen for percentages of retirement benefit and rank escalation to the eligible amounts at that time. The employee must terminate employment with the department within five years, at which time the employee has a number of options by which to draw down the escrow.

Funds in DROP are derived from three sources: 1) the employee's service retirement benefits; 2) the employee's pension contributions (elective); and 3) earnings on DROP accounts.

**3) Funding Policies**

The Old Hire funding policies provide for actuarially determined contributions calculated by the "entry age normal actuarial cost method." Under this method, the normal cost is computed as a percentage of pay which, if paid from the earliest time each member would have been eligible to join the plans if they then existed (entry age) until his retirement or termination and based upon the benefit formula applicable to new members, would accumulate with interest at the rate assumed in the valuation to an amount sufficient to pay all such benefits under the plans. The normal cost for the plans is determined by summing the normal costs for all members. The latest actuarial studies for both plans were dated January 1, 2002.

***C. Police and Fire Pension Plans - New Hire***

The City has two separate single-employer defined contribution money purchase plans for full time fire and police hired on or after April 8, 1978. The New Hire Plans were established by City Ordinance and are administered by a committee established by each of the two agreements.



**13. PENSION PLANS (continued)*****C. Police and Fire Pension Plans - New Hire (continued)***

The New Hire Plans are qualified as tax-exempt defined contribution plans under Sections 401(a) and 501(a) of the Internal Revenue Code, and meet the requirements of the Employee Retirement Income Security Act of 1974, and applicable laws of the State of Colorado.

The City establishes contribution requirements for the employer and the employees. Employee contributions and earnings on those contributions are non-forfeitable. City contributions and earnings on those contributions are distributable to the employee based on the schedule of vesting ranging from 25% to 100% over a period of 5 to 20 years. If a participant terminates service because of death, the entire amount credited to the participant from the employer is considered vested. Forfeited non-vested employer contributions may be used to reduce employer contributions but may not be used to otherwise increase any participant's plan benefit. Benefits may be distributed upon retirement, termination or death.

***D. Executive Retirement Plan***

In 1996, the City adopted a resolution establishing a new defined contribution money purchase plan for City executive personnel. The plan is administered by ICMA Retirement Corporation. The plan is qualified as a tax-exempt defined contribution plan under section 401 of the Internal Revenue Code. Contributions for the employer and the employee were established by resolution.

Contributions by employees and earnings on those contributions are non-forfeitable. Contributions by the City and earnings on those contributions are distributable to the employee based on the schedule of vesting ranging from 33.3% to 100% over a period of 1 to 3 years. Benefits may be distributed upon retirement, termination or death. Employees may make voluntary, unmatched after-tax contributions subject to IRS and plan limitations.

***E. Elected Officials' and Executive Personnel Defined Benefit Plan***

The City has a non-contributory single employer defined benefit pension plan that became effective January 1, 2001. The plan provides base and supplemental retirement benefits to members of the City Council and a standard retirement benefit to executive personnel who are also members of the Executive Retirement Plan (ERP).

With respect to elected officials in office before January 1, 2001, normal retirement age means the latter of age 60 or the date on which the elected official has accrued six years of service. With respect to elected officials in office after January 1, 2001, normal retirement age means the latter of age 56 or the date on which the elected official has accrued six years of service. Base benefits are paid at the rate of \$22 per month for each year of qualifying service prior to November 11, 1991, \$28 per month for service from November 11, 1991 through November 11, 1999 and \$55 for service after that date.

**13. PENSION PLANS (continued)*****E. Elected Officials' and Executive Personnel Defined Benefit Plan (continued)***

The supplemental benefit is equal to \$175 per month subject to a cost of living adjustment. With respect to executive personnel, normal retirement age means the latter of age 50 or the date on which the executive has accrued three years of service. For eligible executive personnel, the standard retirement benefit is equal to \$175 per month subject to a cost of living adjustment.

If the executive participant has accrued fewer than six years of service, the participant's standard retirement benefit shall be equal to the following percentages of the full monthly benefit: less than 3 years = 0%; 3 years = 50%; 4 years = 67%; 5 years = 83% and 6 years = 100%.

Management's estimate of the required annual contribution for 2002 was \$440,000. This amount was funded through the City's annual operating budget. Benefits paid to eleven eligible retirees or surviving spouses during 2002 totaled \$18,649.

***F. Post-Retirement Benefits Other than Pensions***

The City does not provide post-retirement benefits other than pension payments for retired employees or City officials.

**14. BUDGETS**

The following schedules report the City's original and final budget appropriations with a comparison to the budgetary expenditures. The following funds had expenditures and other financing uses in excess of revised appropriations, which may be a violation of the City's Charter. Appropriation amendments for the variances will be requested in the following year and are subject to City Council approval by ordinance.

**Appropriation Violations for 2002**

<b>Fund or Department</b>	<b>Final Appropriations</b>	<b>Budgetary basis Expenditures</b>	<b>Variance</b>
City Debt Service	\$ 7,990,800	\$ 8,803,405	\$ ( 812,605)
Surplus and Deficiency	1,615,600	1,617,545	( 1,945)
City Capital Projects	34,106,682	35,502,864	(1,396,182)
General Fund - non-departmental	32,141,561	32,870,775	( 729,214)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

14. BUDGETS (continued)

Appropriations Compared to Budgetary Expenditures for 2002

Fund	Appropriations		Non-GAAP Budgetary Expenditures	Variance with Final Budget
	Original	Final		
General	\$ 218,875,600	\$ 204,099,498	\$ 199,969,157	\$ 4,130,341
Gifts and Grants	6,753,900	8,077,996	5,518,382	2,559,614
Abatement	208,700	208,700	155,082	53,618
Community Maintenance	1,100,000	1,100,000	1,100,000	-
Community Development	3,963,800	4,925,611	4,888,511	37,100
Enhanced E-911	2,476,000	3,031,770	2,774,818	256,952
Conservation Trust	2,233,600	2,279,600	2,197,136	82,464
Emergency Contingency	-	-	-	-
Parks Development	310,000	331,600	331,600	-
Recreation	9,903,700	9,764,174	9,344,867	419,307
Designated Revenues	6,902,800	12,956,033	7,312,492	5,643,541
Policy Reserve	-	-	-	-
TABOR Reserve	-	-	-	-
City Debt Service	7,990,800	7,990,800	8,803,405	(812,605)
Surplus and Deficiency	1,085,600	1,615,600	1,617,545	(1,945)
City Capital Projects	38,954,300	34,106,682	35,502,864	(1,396,182)
Water	54,429,900	70,188,810	67,391,190	2,797,620
Sewer	41,855,900	39,489,505	36,871,461	2,618,044
Golf	10,712,300	10,247,049	9,070,852	1,176,197
Fleet Management	5,123,200	5,123,200	4,729,020	394,180
Print Shop	1,243,000	1,303,000	1,132,958	170,042
Risk Management	4,996,000	5,346,000	3,952,264	1,393,736
Building Repair	2,493,500	275,379	275,379	-
Totals	<u>\$ 421,612,600</u>	<u>\$ 422,461,007</u>	<u>\$ 402,938,983</u>	<u>\$ 19,522,024</u>

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

14. BUDGETS (continued)

Summary of Changes in Funds Available for 2002

Fund	Funds Available January 1	Sources	Uses	Funds Available December 31	Reservations	Designations	Net Funds Available December 31
General	\$ 17,077,618	\$ 205,952,297	\$ (199,969,157)	\$ 23,060,758	\$ (5,765,375)	\$ (11,118,668)	\$ 6,176,715
Gifts and Grants	2,567,902	6,507,505	(5,518,382)	3,557,025	(3,037,300)	(1,945,024)	(1,425,299)
Abatement	274,783	185,384	(155,082)	305,085	-	(75,453)	229,632
Community Maintenance	1,734,554	77,108	(1,100,000)	711,662	-	(110,400)	601,262
Community Development	867,607	4,643,448	(4,888,511)	622,544	-	-	622,544
Enhanced E-911	2,254,286	2,485,516	(2,774,818)	1,964,984	-	-	1,964,984
Conservation Trust	913,994	2,882,833	(2,197,136)	1,599,691	-	(266,813)	1,332,878
Emergency Contingency	687,816	32,164	-	719,980	-	-	719,980
Parks Development	402,755	454,860	(331,600)	526,015	-	(20,000)	506,015
Recreation	157,294	9,579,528	(9,344,867)	391,955	-	(10,060)	381,895
Designated Revenues	7,654,256	9,586,491	(7,312,492)	9,928,255	(5,236,955)	-	4,691,300
Policy Reserve	16,547,041	765,604	-	17,312,645	-	-	17,312,645
TABOR Reserve	5,689,636	294,118	-	5,983,754	-	-	5,983,754
City Debt Service	450,587	8,913,144	(8,803,405)	560,326	(560,326)	-	-
Surplus and Deficiency	1,961,529	302,198	(1,617,545)	646,182	-	-	646,182
City Capital Projects	26,941,511	34,887,898	(35,502,864)	26,326,545	(6,724,671)	-	19,601,874
Water	32,583,571	66,129,434	(67,391,190)	31,321,815	(672,952)	-	30,648,863
Sewer	15,299,901	35,093,211	(36,871,461)	13,521,651	(104,185)	-	13,417,466
Golf	725,987	9,568,891	(9,070,852)	1,224,026	-	-	1,224,026
Fleet Management	712,221	4,852,872	(4,729,020)	836,073	-	-	836,073
Print Shop	477,922	1,100,471	(1,132,958)	445,435	-	-	445,435
Risk Management	2,052,120	5,705,694	(3,952,264)	3,805,550	-	-	3,805,550
Building Repair	215,085	60,294	(275,379)	-	-	-	-
Totals	\$ 138,249,976	\$ 410,060,963	\$ (402,938,983)	\$ 145,371,956	\$ (22,101,764)	\$ (13,546,418)	\$ 109,723,774

## EXHIBIT XV

## CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 14. BUDGETS (continued)

## Reconciliation of Funds Available to Fund Balance / Net Assets for 2002

Fund	Funds Available December 31	Investment Fair Market Adjustments	Capital Assets net of Depreciation	Restricted assets not Available for Appropriation (2)	Other non-current Assets (1)	Operating Encumbrances December 31	Continuing Appropriations (Carryforwards)	Long-term Debt (3)	Deferred Revenues	Fund Balance / Net Assets
General	\$ 23,060,758	\$ 628,440	\$ -	\$ 27,169	\$ 13,707,404	\$ 1,164,157	\$ -	\$ -	\$ -	\$ 38,587,928
Gifts and Grants	3,557,025	-	-	1,145,300	-	111,335	13,712,970	-	(16,559,563)	1,967,067
Abatement	305,085	-	-	-	-	11,346	-	-	-	316,431
Community Maintenance	711,662	16,403	-	-	-	-	-	-	-	728,065
Community Development	622,544	-	-	-	-	-	3,880,973	-	(4,503,517)	-
Enhanced E-911	1,964,984	87,461	-	-	-	33,842	1,909,802	-	-	3,996,089
Conservation Trust	1,599,691	87,398	-	-	-	-	2,869,332	-	-	4,556,421
Emergency Contingency	719,980	16,590	-	-	-	-	-	-	-	736,570
Parks Development	526,015	22,351	-	-	-	-	441,095	-	-	989,461
Recreation	391,955	-	-	-	-	17,483	-	-	-	409,438
Designated Revenues	9,928,255	224,005	-	-	-	-	-	-	-	10,152,260
Policy Reserve	17,312,645	435,613	-	-	-	-	-	-	-	17,748,258
TABOR Reserve	5,983,754	150,567	-	-	-	-	-	-	-	6,134,321
City Debt Service	560,326	21,161	-	812,649	-	-	-	-	-	1,394,136
Surplus and Deficiency	646,182	14,337	-	-	-	-	-	-	-	660,519
City Capital Projects	26,326,545	1,215,497	-	396,181	-	-	63,930,560	-	(1,322,602)	90,546,181
Water	31,321,815	2,080,712	458,162,572	1,250,000	2,893,340	586,431	49,045,735	(88,276,723)	(110,790)	456,953,092
Sewer	13,521,651	892,575	203,058,709	1,354,185	5,949,329	264,539	28,835,525	(20,465,613)	-	233,410,900
Golf	1,224,026	84,302	33,890,183	1,266,045	504,873	34,210	306,217	(12,510,028)	-	24,799,828
Fleet Management	836,073	22,914	598,543	-	267,020	-	-	(214,396)	-	1,510,154
Print Shop	445,435	11,645	230,015	-	38,094	30,705	-	(193,829)	-	562,065
Risk Management	3,805,550	278,972	-	-	-	6,336	-	(60,950)	-	4,029,908
Building Repair	-	-	-	-	-	-	-	-	-	-
Totals	\$ 145,371,956	\$ 6,290,943	\$ 695,940,022	\$ 6,251,529	\$ 23,360,060	\$ 2,260,384	\$ 164,932,209	\$ (121,721,539)	\$ (22,496,472)	\$ 900,189,092

(1) Includes: inventories, deferred charges, equity in joint ventures, sales-use-lodgers tax accruals, and long-term interfund receivables.

(2) Includes: seizures, bond reserves and amounts held for arbitrage.

(3) Includes current and non-current portions of debt.

**15. OPERATING LEASES**

The City is committed under various leases for buildings, office and storage space, and equipment. All leases are cancelable and must be re-appropriated annually. These leases are considered for accounting purposes to be operating leases. Payment on these leases during 2002 totaled \$710,147.

**Future Minimum Payments on Operating Leases**

<b>Year</b>	<b>Minimum Lease Payments</b>
2003	\$ 626,057
2004	218,022
2005	189,678
2006	141,025
2007	<u>116,681</u>
Total	<u>\$ 1,291,463</u>

**16. RISK MANAGEMENT**

The City is exposed to various risks and losses related to torts, theft, damage or destruction of assets, errors and omissions, natural disasters, property damage, worker's compensation, auto liability, and unemployment. In addition, the City is party to various pending or threatened lawsuits, under which it may be required to pay certain amounts upon final disposition of these matters.

The City retains risk up to the levels where it has been determined that commercial insurance is more cost beneficial. The insurance companies guarantee payments of claims in excess of stated deductibles, with variable limits depending upon the specific line of coverage. The Colorado Governmental Immunity Act establishes limits for claims made against governmental entities. These limits are \$150,000 per injury up to a maximum of \$600,000 per occurrence. There were no significant reductions in insurance coverage from the prior year. There have been no claim settlements in excess of insurance coverage in the last three years.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Amounts estimated to be paid on known cases are reported as case reserves. Case reserves are estimated through in-house methods. Total self-insurance reserves are actuarially determined and include estimated costs for incurred but not reported claims (IBNR). The total liability has been recorded using the discounted method with an expected 3.0% interest return over the life of the liabilities. The City reports and covers all claim settlements and judgments out of the Risk Management Internal Service Fund.

**16. RISK MANAGEMENT (continued)****Summary of the Accrued Claims Liability  
December 31, 2002**

<b>Self Insured Program</b>	<b>Case Reserves</b>	<b>IBNR</b>	<b>Total</b>	<b>Discounted</b>
Worker's compensation	\$ 1,893,768	\$ 3,887,959	\$ 5,781,727	\$ 5,273,627
Multi-line liability	<u>1,422,210</u>	<u>1,849,340</u>	<u>3,271,550</u>	<u>3,052,288</u>
Totals	<u>\$ 3,315,978</u>	<u>\$ 5,737,299</u>	<u>\$ 9,053,277</u>	<u>\$ 8,325,915</u>

**Reconciliation of Claims Liability  
December 31, 2002**

<b>Year</b>	<b>Current Year</b>				<b>Balance December 31</b>
	<b>Balance January 1</b>	<b>Accrued Claims</b>	<b>Claim Payments</b>	<b>Recoveries</b>	
2001	\$ 8,019,606	\$ 3,521,189	\$ (3,186,605)	\$ 275,676	\$ 8,629,866
2002	8,629,866	1,902,341	(2,370,521)	164,229	8,325,915

**17. CONTINGENT LIABILITIES**

The City is a party to various lawsuits, which may require expenditures of funds upon decision of the courts or in connection with out-of-court settlements. The City Attorney's Office reports several possible contingent liabilities based on damages alleged in various cases. However, it is the opinion of the City Attorney that the City's liability in these cases will be far less than the amounts demanded and/or will be covered by insurance. Accordingly, management of the City considers the amount of liabilities established in the Risk Management Fund to be sufficient to cover any liabilities that may result from the eventual outcome of these matters.

Proceeds of refunded debt were placed in irrevocable refunding escrow accounts. The funds deposited in these accounts are invested in U.S. Treasury obligations that, together with interest earned thereon, are expected to provide amounts sufficient to pay all principal and interest on the following bond issues as they become due. Should these funds be insufficient to pay the maturing bonds and interest, the City would be liable for the deficiency. The likelihood of the earnings and principal maturities of the U.S. Treasury obligations not being sufficient to pay the refunded bond issues is remote. Accordingly, the escrow accounts and the refunded bonds are not included in the City's financial statements.

**17. CONTINGENT LIABILITIES (continued)**

**Outstanding Principal of Defeased Debt Issues**  
**December 31, 2002**

<b>Issue Description</b>	<b>Date of Issue</b>	<b>Series</b>	<b>Balance</b>
Aurora Colorado Municipal Building Corporation (ACMBC)			
Refunding revenue bonds	4/1/78	—	\$ 5,320,000
Water Fund			
General obligation water bonds	11/1/64	1964	1,380,000
General obligation water bonds	9/1/65	1965	<u>1,255,000</u>
Total defeased debt outstanding			<u>\$ 7,955,000</u>

**18. CONDUIT DEBT OBLIGATIONS**

From time to time, the City has issued revenue bonds to provide financial assistance to private sector and non-profit entities for the acquisition and construction of industrial, commercial and residential properties deemed to be in the public interest. The bonds are payable solely from payments received on the underlying funding source. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2002, there were thirteen series of revenue bonds outstanding, which included one Educational Development Bond payable from lease payments, three Industrial Development Bonds payable from loan payments, six Multi-Family Mortgage Bonds, payable from rental and mortgage payments, and three Single Family Mortgage Bonds payable from mortgage payments. The total aggregate principal amount payable is \$52,815,819.

**19. TAXPAYER BILL OF RIGHTS (TABOR)**

In November 1992, Colorado voters approved a State constitutional amendment, TABOR, the general purpose of which is to restrain government growth (as measured by revenues and expenditures) without a vote of the local citizens. The key mechanisms for restraining growth without a vote are: 1) the prohibition of revenue and expenditure growth other than for inflation and a component for new construction growth, 2) the prohibition of new taxes or higher tax rates, 3) the prohibition of new debt, and 4) the refunding of any revenues collected in excess of the revenue limitations.



**19. TAXPAYER BILL OF RIGHTS (TABOR) (continued)**

In 2002, property tax revenues (not general revenues) were collected in excess of the limits imposed under the TABOR Amendment by \$2 million. Taxpayers were given a “temporary tax credit” for these excess collections in the form of a reduction in the 2003 tax levy, which reduced the amount they are required to pay. The amount collected in excess of the 2002 limit was recognized as deferred revenue in 2002 and will be recognized as revenue in 2003. Property tax collections to be received from the counties in 2003 are anticipated to exceed the TABOR limit for that year by approximately \$100,000. The 2003 anticipated over collection of \$100,000, in addition to the recognition of the \$2 million in deferred property tax over collection from 2002, will cause 2003 revenues to exceed the TABOR limit by approximately \$2.1 million. A “temporary tax credit” will be used to refund this amount to the taxpayers in the year 2004, unless voters approve the City retaining the funds in the November 2003 election.

TABOR also requires emergency reserves of at least 3% of fiscal year spending (excluding bonded debt service). The amount recorded in the TABOR Reserve Fund, a Special Revenue fund created exclusively for this reserve, was \$6,134,321 as of December 31, 2002. Local governments are not allowed to use these emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The City’s management believes the City is in compliance with the provisions of TABOR.

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## REQUIRED SUPPLEMENTARY INFORMATION

**EXHIBIT XVI****CITY OF AURORA, COLORADO****DEFINED BENEFIT PENSION PLANS  
SCHEDULE OF FUNDING PROGRESS  
DECEMBER 31, 2002**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded (Excess) AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Projected Covered Payroll</b>	<b>UAAL as a Percent of Covered Payroll</b>
<b><u>Old Hire - Fire Plan</u></b>						
01/01/98	\$ 87,662,579	\$ 84,712,424	\$ (2,950,155)	103.48%	\$ 2,319,010	(127.22) %
01/01/00	101,412,976	86,783,408	(14,629,568)	116.86%	1,749,537	(836.20) %
01/01/02	102,091,395	93,169,516	(8,921,879)	109.58%	1,600,811	(557.33) %
<b><u>Old Hire - Police Plan</u></b>						
01/01/98	\$ 90,238,856	\$ 100,953,672	\$ 10,714,816	89.39%	\$ 3,090,475	346.70 %
01/01/00	109,237,539	107,064,518	(2,173,021)	102.03%	2,099,441	(103.50) %
01/01/02	109,285,846	114,157,050	4,871,204	95.73%	1,642,177	296.63 %
<b><u>GERP</u></b>						
01/01/00	\$ 185,264,480	\$ 155,169,044	\$ (30,095,436)	119.40%	\$ 51,180,528	(58.80) %
01/01/01	203,862,059	172,005,869	(31,856,190)	118.52%	56,182,226	(56.70) %
01/01/02	217,476,110	184,999,951	(32,476,159)	117.55%	61,208,881	(53.06) %

EXHIBIT XVII

CITY OF AURORA, COLORADO

GENERAL FUND  
SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2002

SOURCES	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
Taxes				
Property	\$ 19,561,500	\$ 19,561,500	\$ 19,956,489	\$ 394,989
Sales	115,181,700	115,181,700	101,446,505	(13,735,195)
Use	27,665,600	27,665,600	28,484,582	818,982
Lodgers	4,213,000	4,213,000	3,216,942	(996,058)
Franchise	9,354,900	9,354,900	8,777,935	(576,965)
Other	8,265,600	8,265,600	8,255,320	(10,280)
Total taxes	184,242,300	184,242,300	170,137,773	(14,104,527)
Intergovernmental	11,009,000	11,009,000	10,577,025	(431,975)
Licenses and permits	9,061,900	9,061,900	9,394,758	332,858
Charges for services	7,882,800	7,902,335	7,828,923	(73,412)
Fines and forfeitures	3,739,800	3,739,800	4,117,734	377,934
Investment income	1,600,000	1,600,000	1,696,989	96,989
Other revenues	636,000	636,000	494,293	(141,707)
Proceeds from sales of assets	250,000	250,000	315,302	65,302
Transfers in	1,322,100	1,322,100	1,389,500	67,400
TOTAL SOURCES	219,743,900	219,763,435	205,952,297	(13,811,138)
USES				
<i>Municipal Court</i>				
Judicial	1,834,700	1,766,803	1,589,980	176,823
Court Administration	2,443,600	2,370,655	2,341,961	28,694
Public Defender	457,700	463,699	451,366	12,333
Total municipal court	4,736,000	4,601,157	4,383,307	217,850
<i>City Attorney</i>	4,317,600	4,101,712	3,926,905	174,807
<i>General Management</i>				
City Council	938,100	914,449	787,673	126,776
Boards and Commissions	138,200	139,080	101,373	37,707
Civil Service	556,700	531,949	514,173	17,776
General Management	962,300	959,697	959,697	-
Communications	1,230,700	1,176,166	1,107,951	68,215
Management Support	1,270,400	1,249,066	1,249,066	-
Development Services	6,800,900	6,850,188	5,600,627	1,249,561
Total general management	11,897,300	11,820,596	10,320,560	1,500,035
<i>Administrative Services</i>				
Human Resources	1,635,800	1,575,507	1,421,624	153,883
Finance	3,977,400	3,998,742	3,817,376	181,366
Information Technology	6,510,000	6,389,700	6,339,326	50,374
Internal Services	9,745,900	9,181,918	9,179,323	2,595
Total administrative services	21,869,100	21,145,867	20,757,649	388,218

	<b>Budgets</b>		<b>Budgetary</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>with Final</b>
<i>Operations Group</i>				
Public Works	\$ 17,957,000	\$ 17,470,707	\$ 17,313,592	\$ 157,115
Parks and Open Space	12,077,200	11,655,720	11,430,829	224,891
Planning	3,545,000	3,457,810	3,027,901	429,909
Total operations group	33,579,200	32,584,238	31,772,322	811,916
<i>Community services</i>				
Library and Recreation Services	10,559,300	10,134,743	9,997,273	137,470
Police	56,135,000	55,791,547	55,119,028	672,519
Fire	27,692,900	27,769,138	26,961,703	807,435
Neighborhood Services	4,297,300	4,008,940	3,859,635	149,305
Total community services	98,684,500	97,704,368	95,937,639	1,766,729
<i>Non-departmental</i>	43,791,900	32,141,561	32,870,775	(729,214)
TOTAL USES	218,875,600	204,099,498	199,969,157	4,130,341
CHANGE IN FUNDS AVAILABLE	868,300	15,663,937	5,983,140	(9,680,797)
FUNDS AVAILABLE - January 1	13,393,000	13,393,000	17,077,618	3,684,618
FUNDS AVAILABLE - December 31	\$ 14,261,300	\$ 29,056,937	23,060,758	\$ (5,996,179)
Less				
Reservations			(5,765,374)	
Designations			(11,118,668)	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - DECEMBER 31			\$ 6,176,716	
<b>RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE</b>				
Funds available - December 31			\$ 23,060,758	
Add				
Adjustment of investments to fair value			628,440	
Sales, use and lodgers tax accrual			13,707,404	
Current year encumbrances			1,164,157	
Assets not available for appropriation			27,169	
FUND BALANCE - DECEMBER 31			\$ 38,587,928	





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## COMBINING AND INDIVIDUAL FUND STATEMENTS



**OTHER GOVERNMENTAL  
FUNDS**

## EXHIBIT A-1

## CITY OF AURORA, COLORADO

OTHER GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2002

	<b>Total Non-major Special Revenue</b>	<b>Total Non-major Debt Service</b>	<b>Total Other Governmental</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,237,958	\$ 57,758	\$ 5,295,716
Investments	37,390,744	578,379	37,969,123
Receivables (net of allowance)	3,698,066	138,683	3,836,749
Restricted assets	7,189,729	16,815,630	24,005,359
Notes receivable	9,742,467	—	9,742,467
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 63,258,964</u>	<u>\$ 17,590,450</u>	<u>\$ 80,849,414</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Liabilities</i>			
Accounts payable			
and other current liabilities	\$ 1,151,172	\$ —	\$ 1,151,172
Deferred revenues	13,679,380	114,301	13,793,681
Payable from restricted assets	694,031	6,761,628	7,455,659
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>15,524,583</u>	<u>6,875,929</u>	<u>22,400,512</u>
<i>Fund balances</i>			
<i>Reserved</i>			
Encumbrances	3,392,491	—	3,392,491
Police	1,145,300	—	1,145,300
Debt service	—	7,302,509	7,302,509
Arbitrage	—	1,600,530	1,600,530
Agreements	4,750,398	—	4,750,398
Urban renewal	600,000	1,150,963	1,750,963
<i>Unreserved</i>			
Designated	3,756,222	—	3,756,222
Undesignated	34,089,970	660,519	34,750,489
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>47,734,381</u>	<u>10,714,521</u>	<u>58,448,902</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u>\$ 63,258,964</u>	<u>\$ 17,590,450</u>	<u>\$ 80,849,414</u>

**EXHIBIT A-2****CITY OF AURORA, COLORADO**
**OTHER GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Total Non-major Special Revenue</b>	<b>Total Non-major Debt Service</b>	<b>Total Other Governmental</b>
<b>REVENUES</b>			
Taxes			
Sales	\$ —	\$ 685,410	\$ 685,410
Property	—	6,776,366	6,776,366
Charges for services	6,587,098	—	6,587,098
Fines and forfeitures	741,184	—	741,184
Special assessments	—	192,493	192,493
Intergovernmental revenues	11,148,002	—	11,148,002
Surcharges	2,693,191	—	2,693,191
Miscellaneous revenues	3,728,521	—	3,728,521
Investment income	2,283,727	2,408,085	4,691,812
Total revenues	27,181,723	10,062,354	37,244,077
<b>EXPENDITURES</b>			
Current			
General government	386,940	61,809	448,749
Judicial	96,250	—	96,250
Police	3,289,212	—	3,289,212
Fire	454,987	—	454,987
Other public safety	893,600	4,968	898,568
Public works	476,400	—	476,400
Economic development	3,308,629	7,324	3,315,953
Community services	2,803,399	—	2,803,399
Culture and recreation	10,450,532	—	10,450,532
Debt service			
Principal	—	6,160,000	6,160,000
Interest	—	9,447,352	9,447,352
Capital outlay	5,944,061	—	5,944,061
Total expenditures	28,104,010	15,681,453	43,785,463
Deficiency of revenues under expenditures	(922,287)	(5,619,099)	(6,541,386)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	10,344,063	4,558,918	14,902,981
Transfers out	(4,150,457)	(2,483,000)	(6,633,457)
Proceeds from sale of assets	2,322	2,350,000	2,352,322
Total other financing sources	6,195,928	4,425,918	10,621,846
INCREASE (DECREASE) IN FUND BALANCES	5,273,641	(1,193,181)	4,080,460
FUND BALANCES - January 1	42,460,740	11,907,702	54,368,442
FUND BALANCES - December 31	\$ 47,734,381	\$ 10,714,521	\$ 58,448,902

## **NON-MAJOR SPECIAL REVENUE FUNDS**

Special revenue funds account for revenues from specific sources that are required legally or by management decision to be used for particular activities.

### ***Gifts and Grants Fund***

The Gifts and Grants Fund accounts for various gifts and grants where the size or length of time of the funding source does not warrant establishing a separate fund.

### ***Abatement Fund***

The Abatement Fund accounts for costs related to weed cutting, trash removal, building demolition, tree trimming, and tree removal on properties that have not been maintained in accordance with City ordinances. Revenues are from fees collected from property owners and county collected liens on the properties.

### ***Community Maintenance Fund***

The Community Maintenance Fund accounts for fees from multi-family mortgage revenue bonds, surplus revenues from single-family mortgage revenue bonds and interest earnings thereon. Expenditures are made for neighborhood and commercial revitalization, housing rehabilitation, economic development and protection of the public health, safety and welfare.

### ***Community Development Fund***

The Community Development Fund accounts for revenues and expenditures from grants and other monies received from the United States Department of Housing and Urban Development.

### ***Enhanced E-911 Fund***

The Enhanced E-911 Fund accounts for revenues derived from special telephone surcharges. Monies are used to purchase and maintain enhanced E-911 equipment and related activities.

### ***Conservation Trust Fund***

The Conservation Trust Fund accounts for lottery proceeds that are received from the State of Colorado. These monies are used for the development and renovation of qualifying parks and recreation facilities and infrastructure.

## **NON-MAJOR SPECIAL REVENUE FUNDS (Continued)**

### ***Emergency Contingency Fund***

The Emergency Contingency Fund provides funding for expenditures that could not have been readily foreseen at the time of budget preparation. All expenditures require approval of the City Council. Revenues are primarily from interest earnings.

### ***Parks Development Fund***

The Parks Development Fund accounts for annexation fees, payments from developers, and County open space taxes that are required to be used for the creation of City parks.

### ***Recreation Services Fund***

The Recreation Services Fund accounts for recreational services provided to citizens. Funding for these services are from user fees and General Fund transfers.

### ***Designated Revenues Fund***

The Designated Revenues Fund accounts for revenues other than gifts or grants that are required by law, contract or City policy to be spent for a specific purpose where the size or length of time of the funding source does not warrant establishing a separate fund.

### ***Policy Reserve Fund***

The Policy Reserve Fund accounts for funds available maintained per City policy in an amount currently equal to 10 % or greater of the General Fund's adjusted budgetary operating expenditures for the year.

### ***TABOR Reserve Fund***

The TABOR Reserve Fund accounts for emergency reserves of at least 3 % of fiscal year Spending (excluding bonded debt service) as required under the taxpayer bill of rights (TABOR), a State constitutional amendment approved in 1992.



EXHIBIT B-1

CITY OF AURORA, COLORADO

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2002

	<b>Gifts and Grants</b>	<b>Abatement</b>	<b>Community Maintenance</b>	<b>Community Development</b>	<b>Enhanced E-911</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,877,557	\$ 218,804	\$ 66,105	\$ 297,420	\$ 352,359
Investments	—	—	661,960	—	3,528,478
Receivables (net of allowance)	814,558	180,892	887,569	397,519	186,861
Restricted assets	1,557,370	—	—	—	—
Notes receivable	377,244	—	2,339,380	7,025,843	—
Total assets	<u>\$ 5,626,729</u>	<u>\$ 399,696</u>	<u>\$ 3,955,014</u>	<u>\$ 7,720,782</u>	<u>\$ 4,067,698</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<i>Liabilities</i>					
Accounts payable					
and other current liabilities	\$ 212,289	\$ 2,533	\$ —	\$ 384,386	\$ 71,609
Deferred revenues	3,035,303	80,732	3,226,949	7,336,396	—
Payable from restricted assets	412,070	—	—	—	—
Total liabilities	<u>3,659,662</u>	<u>83,265</u>	<u>3,226,949</u>	<u>7,720,782</u>	<u>71,609</u>
<i>Fund balances</i>					
<i>Reserved</i>					
Encumbrances	1,358,057	11,346	—	25,030	1,861,833
Police	1,145,300	—	—	—	—
Agreements	—	—	—	—	—
Urban renewal	—	—	—	—	—
<i>Unreserved</i>					
Designated	—	75,453	110,400	—	81,811
Undesignated	(536,290)	229,632	617,665	(25,030)	2,052,445
Total fund balances	<u>1,967,067</u>	<u>316,431</u>	<u>728,065</u>	<u>—</u>	<u>3,996,089</u>
Total liabilities and fund balances	<u>\$ 5,626,729</u>	<u>\$ 399,696</u>	<u>\$ 3,955,014</u>	<u>\$ 7,720,782</u>	<u>\$ 4,067,698</u>

<b>Conservation Trust</b>	<b>Emergency Contingency</b>	<b>Parks Development</b>	<b>Recreation Services</b>	<b>Designated Revenues</b>	<b>Policy Reserve</b>	<b>TABOR Reserve</b>	<b>Total Non-major Special Revenue</b>
\$ 350,276	\$ 66,877	\$ 90,140	\$ 611,697	\$ 306,723	\$ —	\$ —	\$ 5,237,958
3,525,525	669,693	902,621	—	4,462,768	17,567,587	6,072,112	37,390,744
724,318	—	—	30,551	232,918	180,671	62,209	3,698,066
—	—	—	—	5,632,359	—	—	7,189,729
—	—	—	—	—	—	—	9,742,467
<u>\$ 4,600,119</u>	<u>\$ 736,570</u>	<u>\$ 992,761</u>	<u>\$ 642,248</u>	<u>\$ 10,634,768</u>	<u>\$ 17,748,258</u>	<u>\$ 6,134,321</u>	<u>\$ 63,258,964</u>
\$ 43,698	\$ —	\$ 3,300	\$ 232,810	\$ 200,547	\$ —	\$ —	\$ 1,151,172
—	—	—	—	—	—	—	13,679,380
—	—	—	—	281,961	—	—	694,031
<u>43,698</u>	<u>—</u>	<u>3,300</u>	<u>232,810</u>	<u>482,508</u>	<u>—</u>	<u>—</u>	<u>15,524,583</u>
118,742	—	—	17,483	—	—	—	3,392,491
—	—	—	—	—	—	—	1,145,300
—	—	—	—	4,750,398	—	—	4,750,398
—	—	—	—	600,000	—	—	600,000
3,017,403	—	461,095	10,060	—	—	—	3,756,222
<u>1,420,276</u>	<u>736,570</u>	<u>528,366</u>	<u>381,895</u>	<u>4,801,862</u>	<u>17,748,258</u>	<u>6,134,321</u>	<u>34,089,970</u>
<u>4,556,421</u>	<u>736,570</u>	<u>989,461</u>	<u>409,438</u>	<u>10,152,260</u>	<u>17,748,258</u>	<u>6,134,321</u>	<u>47,734,381</u>
<u>\$ 4,600,119</u>	<u>\$ 736,570</u>	<u>\$ 992,761</u>	<u>\$ 642,248</u>	<u>\$ 10,634,768</u>	<u>\$ 17,748,258</u>	<u>\$ 6,134,321</u>	<u>\$ 63,258,964</u>



**EXHIBIT B-2**

**CITY OF AURORA, COLORADO**

**NON-MAJOR SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Gifts and Grants</u>	<u>Abatement</u>	<u>Community Maintenance</u>	<u>Community Development</u>	<u>Enhanced E-911</u>
<b>REVENUES</b>					
Charges for services	\$ 110,138	\$ 108,449	\$ —	\$ 1,359,487	\$ —
Fines and forfeitures	—	—	—	—	—
Intergovernmental revenues	5,677,814	—	—	2,561,171	—
Surcharges	—	—	—	—	2,338,845
Miscellaneous revenues	890,323	—	—	—	—
Investment income	63,960	11,148	55,480	—	175,986
	<u>6,742,235</u>	<u>119,597</u>	<u>55,480</u>	<u>3,920,658</u>	<u>2,514,831</u>
Total revenues					
	<u>6,742,235</u>	<u>119,597</u>	<u>55,480</u>	<u>3,920,658</u>	<u>2,514,831</u>
<b>EXPENDITURES</b>					
<i>Current</i>					
General government	—	—	—	—	—
Judicial	11,386	—	—	—	—
Police	2,614,250	—	—	—	—
Fire	416,680	—	—	—	—
Other public safety	—	—	—	—	893,600
Public works	476,400	—	—	—	—
Economic development	849,875	—	—	923,451	—
Community services	82,528	143,736	—	2,512,100	—
Culture and recreation	958,901	—	—	—	—
Capital outlay	1,590,608	—	—	697,107	—
	<u>7,000,628</u>	<u>143,736</u>	<u>—</u>	<u>4,132,658</u>	<u>893,600</u>
Total expenditures					
	<u>7,000,628</u>	<u>143,736</u>	<u>—</u>	<u>4,132,658</u>	<u>893,600</u>
Excess (deficiency) of revenues over (under) expenditures	(258,393)	(24,139)	55,480	(212,000)	1,621,231
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	—	65,787	—	212,000	—
Transfers out	—	—	(1,100,000)	—	(396,857)
Proceeds from sale of assets	2,322	—	—	—	—
	<u>2,322</u>	<u>65,787</u>	<u>(1,100,000)</u>	<u>212,000</u>	<u>(396,857)</u>
Total other financing sources (uses)					
	<u>2,322</u>	<u>65,787</u>	<u>(1,100,000)</u>	<u>212,000</u>	<u>(396,857)</u>
INCREASE (DECREASE) IN FUND BALANCES	(256,071)	41,648	(1,044,520)	—	1,224,374
FUND BALANCES - January 1	2,223,138	274,783	1,772,585	—	2,771,715
FUND BALANCES - December 31	<u>\$ 1,967,067</u>	<u>\$ 316,431</u>	<u>\$ 728,065</u>	<u>\$ —</u>	<u>\$ 3,996,089</u>

<u>Conservation Trust</u>	<u>Emergency Contingency</u>	<u>Parks Development</u>	<u>Recreation Services</u>	<u>Designated Revenues</u>	<u>Policy Reserve</u>	<u>TABOR Reserve</u>	<u>Total Non-Major Special Revenue</u>
\$ —	\$ —	\$ 12,600	\$ 4,170,810	\$ 825,614	\$ —	\$ —	\$ 6,587,098
—	—	—	—	741,184	—	—	741,184
2,734,160	—	174,857	—	—	—	—	11,148,002
—	—	—	—	354,346	—	—	2,693,191
—	—	230,300	54,269	2,553,629	—	—	3,728,521
162,548	33,394	47,401	—	654,696	802,356	276,758	2,283,727
<u>2,896,708</u>	<u>33,394</u>	<u>465,158</u>	<u>4,225,079</u>	<u>5,129,469</u>	<u>802,356</u>	<u>276,758</u>	<u>27,181,723</u>
—	—	—	—	386,940	—	—	386,940
—	—	—	—	84,864	—	—	96,250
—	—	—	—	674,962	—	—	3,289,212
—	—	—	—	38,307	—	—	454,987
—	—	—	—	—	—	—	893,600
—	—	—	—	—	—	—	476,400
—	—	—	—	1,535,303	—	—	3,308,629
—	—	—	—	65,035	—	—	2,803,399
525,796	—	2,880	8,285,875	677,080	—	—	10,450,532
1,302,896	—	—	3,450	2,350,000	—	—	5,944,061
<u>1,828,692</u>	<u>—</u>	<u>2,880</u>	<u>8,289,325</u>	<u>5,812,491</u>	<u>—</u>	<u>—</u>	<u>28,104,010</u>
1,068,016	33,394	462,278	(4,064,246)	(683,022)	802,356	276,758	(922,287)
—	—	—	5,354,450	4,681,026	—	30,800	10,344,063
(95,000)	—	—	(1,058,600)	(1,500,000)	—	—	(4,150,457)
—	—	—	—	—	—	—	2,322
<u>(95,000)</u>	<u>—</u>	<u>—</u>	<u>4,295,850</u>	<u>3,181,026</u>	<u>—</u>	<u>30,800</u>	<u>6,195,928</u>
973,016	33,394	462,278	231,604	2,498,004	802,356	307,558	5,273,641
<u>3,583,405</u>	<u>703,176</u>	<u>527,183</u>	<u>177,834</u>	<u>7,654,256</u>	<u>16,945,902</u>	<u>5,826,763</u>	<u>42,460,740</u>
<u>\$ 4,556,421</u>	<u>\$ 736,570</u>	<u>\$ 989,461</u>	<u>\$ 409,438</u>	<u>\$ 10,152,260</u>	<u>\$ 17,748,258</u>	<u>\$ 6,134,321</u>	<u>\$ 47,734,381</u>



## **NON-MAJOR DEBT SERVICE FUNDS**

Debt service funds account for the accumulation of resources to pay principal, interest and agency fees on governmental long-term debt.

### ***City Debt Service Fund***

The City Debt Service Fund accounts for the payment of principal and interest on general obligation bonds and General Fund revenue bonds. Revenues are from General Fund transfers and property taxes assessed for the repayment of debt.

### ***Surplus and Deficiency Fund***

The Surplus and Deficiency Fund accounts for special assessments from property owners where the associated bonded debt has been defeased. These monies are used to repay other special assessment bonds if sufficient funds from special assessments are not available in the City Debt Service Fund to make regularly scheduled debt service payments and to pay City administrative costs associated with special improvement districts. After all special assessment debt secured by this fund is paid, the City may also transfer monies to the City Capital Projects Fund or other improvement districts to finance, acquire, or construct other public improvements.

### ***Aurora Urban Renewal Authority Debt Service Fund***

The City created the Aurora Urban Renewal Authority (AURA) to redevelop and support areas within the City that are considered blighted. This fund accounts for the payment of principal, interest, and agency fees for the AURA tax increment revenue bonds. Monies in excess of those needed for the repayment of the revenue bonds may be used to pay other obligations of AURA.

### ***Aurora Capital Leasing Corporation Debt Service Fund***

The Aurora Capital Leasing Corporation (ACLC) is a non-profit corporation established to finance City capital projects, primarily buildings. This fund accounts for the principal and interest payments on certificates of participation issued by ACLC. Revenues are from lease payments (operating transfers) from the General Fund.

EXHIBIT C-1

CITY OF AURORA, COLORADO

NON-MAJOR DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2002

	City	Surplus and Deficiency	AURA	ACLC	Total Non-major Debt Service
<b>ASSETS</b>					
Cash and cash equivalents	\$ —	\$ 57,758	\$ —	\$ —	\$ 57,758
Investments	—	578,379	—	—	578,379
Receivables (net of allowance)	—	138,683	—	—	138,683
Restricted assets	7,555,764	—	2,108,963	7,150,903	16,815,630
Total assets	<u>\$ 7,555,764</u>	<u>\$ 774,820</u>	<u>\$ 2,108,963</u>	<u>\$ 7,150,903</u>	<u>\$ 17,590,450</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<i>Liabilities</i>					
Deferred revenues	\$ —	\$ 114,301	\$ —	\$ —	\$ 114,301
Payable from restricted assets	6,161,628	—	600,000	—	6,761,628
Total liabilities	6,161,628	114,301	600,000	—	6,875,929
<i>Fund balances</i>					
<i>Reserved</i>					
Debt service	581,487	—	358,000	6,363,022	7,302,509
Arbitrage	812,649	—	—	787,881	1,600,530
Urban renewal	—	—	1,150,963	—	1,150,963
<i>Unreserved</i>					
Undesignated	—	660,519	—	—	660,519
Total fund balances	1,394,136	660,519	1,508,963	7,150,903	10,714,521
Total liabilities and fund balances	<u>\$ 7,555,764</u>	<u>\$ 774,820</u>	<u>\$ 2,108,963</u>	<u>\$ 7,150,903</u>	<u>\$ 17,590,450</u>

## EXHIBIT C-2

## CITY OF AURORA, COLORADO

## NON-MAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	City	Surplus and Deficiency	AURA	ACLC	Total Non-major Debt Service
<b>REVENUES</b>					
<i>Taxes</i>					
Sales	\$ —	\$ —	\$ 685,410	\$ —	\$ 685,410
Property	6,165,910	—	610,456	—	6,776,366
Total taxes	6,165,910	—	1,295,866	—	7,461,776
Special assessments	—	192,493	—	—	192,493
Investment income	993,066	81,491	22,578	1,310,950	2,408,085
Total revenues	7,158,976	273,984	1,318,444	1,310,950	10,062,354
<b>EXPENDITURES</b>					
<i>Current</i>					
General government	56,826	1,945	—	3,038	61,809
Other public safety	4,968	—	—	—	4,968
Economic development	—	—	7,324	—	7,324
<i>Debt service</i>					
Principal	4,315,000	—	270,000	1,575,000	6,160,000
Interest and fiscal charges	3,613,961	—	124,252	5,709,139	9,447,352
Total expenditures	7,990,755	1,945	401,576	7,287,177	15,681,453
Excess (deficiency) of revenues over (under) expenditures	(831,779)	272,039	916,868	(5,976,227)	(5,619,099)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,761,100	—	—	2,797,818	4,558,918
Transfers out	—	(1,615,600)	(867,400)	-	(2,483,000)
Proceeds from sale of assets	—	—	—	2,350,000	2,350,000
Total other financing sources (uses)	1,761,100	(1,615,600)	(867,400)	5,147,818	4,425,918
INCREASE (DECREASE) IN FUND BALANCES	929,321	(1,343,561)	49,468	(828,409)	(1,193,181)
FUND BALANCES - January 1	464,815	2,004,080	1,459,495	7,979,312	11,907,702
FUND BALANCES - December 31	\$ 1,394,136	\$ 660,519	\$ 1,508,963	\$ 7,150,903	\$ 10,714,521

## **INTERNAL SERVICE FUNDS**

Internal Service Funds account for centralized acquisition of supplies and services. Revenues are from user charges to funds and departments, which are calculated on a cost-reimbursement basis.

### ***Fleet Management Fund***

The Fleet Management Fund accounts for centralized maintenance of City owned vehicles. Operations are funded by charges to user departments.

### ***Print Shop Fund***

The Print Shop Fund accounts for centralized printing and copying for departments of the City.

### ***Risk Management Fund***

The Risk Management Fund accounts for centralized costs of risk retention, risk administration and excess insurance coverage for claims and judgments made against the City. Revenues are from charges to departments.

### ***Building Repair Fund***

The Building Repair Fund provided centralized repairs for City-owned facilities. This fund was closed to the City Capital Projects Fund in 2002.

**EXHIBIT D-1****CITY OF AURORA, COLORADO**
**INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF NET ASSETS  
 DECEMBER 31, 2002**

	<b>Fleet Management</b>	<b>Print Shop</b>	<b>Risk Management</b>	<b>Total Internal Service</b>
<b>ASSETS</b>				
<i>Current assets</i>				
Cash and cash equivalents	\$ 92,362	\$ 47,211	\$ 1,123,455	\$ 1,263,028
Investments	924,886	469,764	11,250,250	12,644,900
Receivables (net of allowance)	6,974	1,883	118,811	127,668
Inventories	267,020	38,094	—	305,114
Total current assets	1,291,242	556,952	12,492,516	14,340,710
<i>Capital assets, (net of accumulated depreciation)</i>				
Infrastructure	558,173	—	—	558,173
Machinery and equipment	40,370	230,016	—	270,386
Total capital assets	598,543	230,016	—	828,559
Total assets	1,889,785	786,968	12,492,516	15,169,269
<b>LIABILITIES</b>				
<i>Current liabilities</i>				
Accounts payable and other current liabilities	165,235	31,073	75,744	272,052
Current portion long-term liabilities	15,159	38,507	2,372,229	2,425,895
Total current liabilities	180,394	69,580	2,447,973	2,697,947
<i>Non-current liabilities</i>				
Due beyond 1 year	199,237	155,323	6,014,635	6,369,195
Total non-current liabilities	199,237	155,323	6,014,635	6,369,195
Total liabilities	379,631	224,903	8,462,608	9,067,142
<b>NET ASSETS</b>				
Invested in capital assets net of related debt	598,543	69,853	—	668,396
Unrestricted	911,611	492,212	4,029,908	5,433,731
Total net assets	\$ 1,510,154	\$ 562,065	\$ 4,029,908	\$ 6,102,127





**EXHIBIT D-2**
**CITY OF AURORA, COLORADO**
**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Fleet Management</b>	<b>Print Shop</b>	<b>Risk Management</b>	<b>Building Repair</b>	<b>Total Internal Service</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,588,167	\$ 1,079,420	\$ 5,052,783	\$ —	\$ 10,720,370
<b>OPERATING EXPENSES</b>					
Cost of sales and service	4,558,269	964,387	1,859,835	—	7,382,491
Claims losses	—	—	2,066,570	—	2,066,570
Administrative expenses	49,867	35,045	32,332	—	117,244
Depreciation	50,750	42,552	546	—	93,848
Total operating expenses	4,658,886	1,041,984	3,959,283	—	9,660,153
Operating income (loss)	(70,719)	37,436	1,093,500	—	1,060,217
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment income	34,824	21,098	527,576	—	583,498
Miscellaneous non-operating revenues	4,714	—	166,878	—	171,592
Interest expense	-	(6,456)	-	-	(6,456)
Loss on disposal of capital assets	(1)	-	-	-	(1)
Net nonoperating revenues	39,537	14,642	694,454	—	748,633
Income (loss) before transfers	(31,182)	52,078	1,787,954	-	1,808,850
Transfers in	262,429	13,302	-	-	275,731
Transfers out	-	-	-	(2,698,236)	(2,698,236)
INCREASE (DECREASE) IN NET ASSETS	231,247	65,380	1,787,954	(2,698,236)	(613,655)
TOTAL NET ASSETS - January 1	1,278,907	496,685	2,241,954	2,698,236	6,715,782
TOTAL NET ASSETS - December 31	\$ 1,510,154	\$ 562,065	\$ 4,029,908	\$ —	\$ 6,102,127

**EXHIBIT D-3****CITY OF AURORA, COLORADO**
**INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Fleet Management</b>	<b>Print Shop</b>	<b>Risk Management</b>	<b>Building Repair</b>	<b>Total Internal Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<i>Cash received from:</i>					
Customers and others	\$ 17,921	\$ 5,956	\$ 166,878	\$ —	\$ 190,755
Quasi-external transactions with other funds	4,572,768	1,073,420	5,052,783	—	10,698,971
<i>Cash payments to:</i>					
Employees	(1,914,598)	(358,055)	(523,392)	-	(2,796,045)
Suppliers of goods and services	(2,746,024)	(675,916)	(3,714,492)	(73,556)	(7,209,988)
Net cash provided by (used in) operating activities	(69,933)	45,405	981,777	(73,556)	883,693
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Cash transfers in	230,000	—	—	—	230,000
Cash transfers out	—	—	—	(2,698,236)	(2,698,236)
Net cash provided by (used in) noncapital financing activities	230,000	—	—	(2,698,236)	(2,468,236)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
<i>Payments for:</i>					
Capital assets	(5,322)	(59,919)	-	-	(65,241)
Principal on capital debt	-	(16,150)	-	-	(16,150)
Interest on capital debt	-	(4,390)	-	-	(4,390)
Net cash used in capital and related financing activities	(5,322)	(80,459)	-	-	(85,781)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Increase in equity in pool investments	(160,258)	-	(1,230,795)	-	(1,391,053)
Decrease in equity in pool investments	—	17,668	—	2,473,532	2,491,200
Interest received	29,990	21,051	480,982	71,872	603,895
Net cash provided by (used in) investing activities	(130,268)	38,719	(749,813)	2,545,404	1,704,042

	<u>Fleet Management</u>	<u>Print Shop</u>	<u>Risk Management</u>	<u>Building Repair</u>	<u>Total Internal Service</u>
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	24,477	3,665	231,964	(226,388)	33,718
TOTAL CASH AND CASH EQUIVALENTS, January 1	<u>67,885</u>	<u>43,546</u>	<u>891,491</u>	<u>226,388</u>	<u>1,229,310</u>
TOTAL CASH AND CASH EQUIVALENTS, December 31	<u>\$ 92,362</u>	<u>\$ 47,211</u>	<u>\$ 1,123,455</u>	<u>\$ —</u>	<u>\$ 1,263,028</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating income (loss)	<u>\$ (70,719)</u>	<u>\$ 37,436</u>	<u>\$ 1,093,500</u>	<u>\$ —</u>	<u>\$ 1,060,217</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	50,750	42,552	546	—	93,848
Miscellaneous nonoperating revenues	4,714	—	166,878	—	171,592
<i>Changes in operating assets and liabilities</i>					
Receivables	(2,193)	(44)	-	-	(2,237)
Inventories	(112,976)	(4,451)	-	-	(117,427)
Accounts payable other current liabilities	<u>60,491</u>	<u>(30,088)</u>	<u>(279,147)</u>	<u>(73,556)</u>	<u>(322,300)</u>
Total adjustments	<u>786</u>	<u>7,969</u>	<u>(111,723)</u>	<u>(73,556)</u>	<u>(176,524)</u>
Net cash provided by (used in) operations	<u>\$ (69,933)</u>	<u>\$ 45,405</u>	<u>\$ 981,777</u>	<u>\$ (73,556)</u>	<u>\$ 883,693</u>
<b>NONCASH INVESTING, CAPITAL AND AND FINANCING ACTIVITIES</b>					
Borrowing under capital lease	\$ —	\$ 176,312	\$ —	\$ —	\$ 176,312
Acquisition of capital assets by lease	—	(176,312)	-	-	(176,312)
Transfer of capital assets from other funds	32,429	13,302	—	—	45,731
Increase in fair value of investments	4,834	47	41,543	—	46,424
Decrease in fair value of investments	—	—	—	(60,294)	(60,294)



## **PENSION TRUST FUNDS**

Pension trust funds account for the activities and accumulation of resources to pay retirement benefits for elected officials, council appointees and employees.

### ***General Employees' Retirement Plan Fund (GERP)***

The GERP Fund (component unit) accounts for the accumulation of resources and the payment of retirement benefits to qualified City employees.

### ***Elected Officials' and Executive Personnel Defined Benefit Plan Fund (EOEP)***

The EOEP Fund (component unit) accounts for the accumulation of resources and the payment of retirement benefits to qualified elected officials and executive personnel of the City.

**EXHIBIT E-1****CITY OF AURORA, COLORADO****PENSION TRUST FUNDS****COMBINING STATEMENT OF FIDUCIARY NET ASSETS****DECEMBER 31, 2002**

	<u>GERP</u>	<u>EOEP</u>	<u>Total Pension Trust</u>
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 2,919,586	\$ 92,748	\$ 3,012,334
Investments	188,192,171	856,906	189,049,077
Receivables (net of allowance)	<u>2,532,912</u>	<u>—</u>	<u>2,532,912</u>
Total current assets	193,644,669	949,654	194,594,323
<i>Capital assets (net of accumulated depreciation)</i>			
Machinery and equipment	<u>3,476</u>	<u>—</u>	<u>3,476</u>
Total assets	<u>193,648,145</u>	<u>949,654</u>	<u>194,597,799</u>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts payable and other current liabilities	<u>1,417,983</u>	<u>—</u>	<u>1,417,983</u>
Total liabilities	<u>1,417,983</u>	<u>—</u>	<u>1,417,983</u>
<b>NET ASSETS</b>			
Invested in capital assets net of related debt	3,476	—	3,476
Held in trust for pension benefits	<u>192,226,686</u>	<u>949,654</u>	<u>193,176,340</u>
Total net assets	<u>\$ 192,230,162</u>	<u>\$ 949,654</u>	<u>\$ 193,179,816</u>

**EXHIBIT E-2**

**CITY OF AURORA, COLORADO**

**PENSION TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>GERP</b>	<b>EOEP</b>	<b>Total Pension Trust</b>
<b>ADDITIONS</b>			
<i>Contributions</i>			
City	\$ 3,572,245	\$ 439,061	\$ 4,011,306
Plan members	3,601,763	—	3,601,763
Total contributions	7,174,008	439,061	7,613,069
<i>Investment activity</i>			
Investment income	(6,014,195)	23,303	(5,990,892)
Investment expense	(864,866)	-	(864,866)
Net investment income (loss)	(6,879,061)	23,303	(6,855,758)
Other income	11,594	—	11,594
Total additions	306,541	462,364	768,905
<b>DEDUCTIONS</b>			
Benefits	5,744,500	18,649	5,763,149
Administrative expenses	339,115	10,014	349,129
Total deductions	6,083,615	28,663	6,112,278
INCREASE (DECREASE) IN NET ASSETS	(5,777,074)	433,701	(5,343,373)
NET ASSETS - January 1	198,007,236	515,953	198,523,189
NET ASSETS - December 31	\$ 192,230,162	\$ 949,654	\$ 193,179,816



## **AGENCY FUND**

### ***Payroll Clearing Fund***

The City has one agency fund, the Payroll Clearing Fund, which provides for the consolidation of all payroll liabilities after the recording of related payroll expenditures/expenses into the appropriate funds.

**EXHIBIT F-1****CITY OF AURORA, COLORADO****AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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	<b>Payroll Clearing Fund</b>			<b>Balance December 31</b>
	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,031,106	\$ 160,339,814	\$ (160,086,889)	\$ 6,284,031
Total assets	<u>\$ 6,031,106</u>	<u>\$ 160,339,814</u>	<u>\$ (160,086,889)</u>	<u>\$ 6,284,031</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	\$ 6,031,106	\$ 325,551,869	\$ (325,298,944)	\$ 6,284,031
Total liabilities	<u>\$ 6,031,106</u>	<u>\$ 325,551,869</u>	<u>\$ (325,298,944)</u>	<u>\$ 6,284,031</u>





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## OTHER SCHEDULES

## **OTHER SCHEDULES**

### **(unaudited)**

#### ***Schedule of Pooled Investments***

This schedule lists the investments held by the City in its pooled accounts at year-end.

#### ***Schedule of Debt Ratings***

This schedule lists the debt rating on applicable outstanding debt.

#### ***Schedule of Indebtedness - All Funds***

This schedule provides a summary of all outstanding debt of the City at year-end.

#### ***Schedule of Debt Service Requirements - Governmental Activities***

This schedule provides a summary of all debt service requirements to maturity by revenue source for all governmental funds and internal service funds.

#### ***Schedule of Debt Service Requirements - Business-type Activities***

This schedule provides a summary of all debt service requirements to maturity by revenue source for all business-type activities - enterprise funds.

#### ***Schedule of Conduit Debt Outstanding***

This schedule provides a summary of revenue bonds issued by the City to provide financial assistance to private sector and non-profit entities.

#### ***Schedule of Insurance Coverage***

This schedule provides a summary of City insurance policies.

#### ***Local Highway Finance Report***

This report is required for all local governments that receive highway user taxes from the State of Colorado.

## EXHIBIT G-1

## CITY OF AURORA, COLORADO

SCHEDULE OF POOLED INVESTMENTS (unaudited)  
DECEMBER 31, 2002

Investment Description	Coupon Rate	Maturity Date	Original Cost	Carrying/ Fair Value	Par Value
<b>U.S. GOVERNMENT AND AGENCY SECURITIES</b>					
Federal Agricultural Mortgage Corp.	4.875	04/26/04	\$ 2,000,000	\$ 2,083,800	\$ 2,000,000
	4.710	07/23/04	2,882,306	2,996,567	2,870,000
Federal Farm Credit Bank	5.840	11/21/03	1,024,090	1,039,800	1,000,000
	5.100	11/24/03	3,558,556	3,671,410	3,550,000
	5.400	01/23/04	2,997,000	3,126,570	3,000,000
Federal Home Loan Bank	7.250	05/15/03	2,021,875	2,045,620	2,000,000
	6.050	06/09/03	1,968,050	2,043,120	2,000,000
	5.375	01/05/04	3,050,250	3,124,680	3,000,000
	5.250	02/13/04	2,993,340	3,127,500	3,000,000
	5.460	03/29/04	3,160,890	3,143,430	3,000,000
	4.875	04/16/04	2,982,270	3,131,250	3,000,000
	4.875	05/14/04	3,000,870	3,135,930	3,000,000
	4.750	06/28/04	2,995,830	3,141,570	3,000,000
	3.625	10/15/04	5,045,000	5,171,900	5,000,000
	3.875	12/15/04	3,997,080	4,161,240	4,000,000
	4.125	01/14/05	1,994,760	2,090,620	2,000,000
	4.125	01/14/05	3,004,710	3,135,930	3,000,000
	4.000	02/15/05	2,991,960	3,131,250	3,000,000
	4.125	05/13/05	2,985,060	3,147,180	3,000,000
Federal Home Loan Mtg. Corp.	5.750	07/15/03	2,952,570	3,072,180	3,000,000
	6.375	11/15/03	636,375	626,250	600,000
	6.250	07/15/04	5,229,848	5,354,631	5,000,000
	4.500	08/15/04	4,991,400	5,229,700	5,000,000
	3.250	11/15/04	5,001,150	5,140,000	5,000,000
	2.700	04/08/05	2,006,000	2,016,680	2,000,000
	2.875	09/26/05	2,999,250	3,021,600	3,000,000
	2.875	10/28/05	4,990,000	5,039,050	5,000,000
	3.000	12/02/05	3,000,000	3,029,340	3,000,000
	3.000	12/16/05	3,998,000	4,044,800	4,000,000
Federal National Mortgage Assn.	N/A	04/30/03	1,990,539	1,992,200	2,000,000
	5.260	10/02/03	4,353,120	4,632,750	4,500,000
	3.500	09/15/04	4,982,400	5,154,700	5,000,000
	3.875	03/15/05	2,985,840	3,134,070	3,000,000
	3.125	08/15/05	2,994,240	3,025,320	3,000,000
	3.200	09/09/05	4,018,920	4,038,760	4,000,000
	3.000	11/01/05	3,000,000	3,038,430	3,000,000
Total U.S. Government and agency securities			114,783,549	118,239,828	114,520,000

(continued)

**EXHIBIT G-1**
**CITY OF AURORA, COLORADO**
**SCHEDULE OF POOLED INVESTMENTS (unaudited)**
**DECEMBER 31, 2002**

<b>Investment Description</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Original Cost</b>	<b>Carrying/ Fair Value</b>	<b>Par Value</b>
<b>COMMERCIAL PAPER</b>					
Amer Express	N/A	01/31/03	\$ 3,477,888	\$ 3,495,992	\$ 3,500,000
Amer Express	N/A	03/28/03	2,488,926	2,491,750	2,500,000
Bear Stearns	N/A	02/05/03	2,982,917	2,995,002	3,000,000
Bear Stearns	N/A	03/14/03	4,981,250	4,986,145	5,000,000
CIT Group	N/A	01/02/03	1,987,100	1,999,804	2,000,000
CIT Group	N/A	01/03/03	4,967,750	4,999,510	5,000,000
CIT Group	N/A	02/28/03	2,483,813	2,494,458	2,500,000
GECC	N/A	04/09/03	2,987,033	2,988,891	3,000,000
GECC	N/A	05/09/03	3,979,467	3,982,548	4,000,000
Gen Dynamics	N/A	01/08/03	1,988,289	1,999,476	2,000,000
Transamerica Financial	N/A	01/17/03	3,975,360	3,997,900	4,000,000
Total Commercial Paper			36,299,792	36,431,476	36,500,000
<b>CORPORATE NOTES</b>					
AIG	5.200	05/10/04	1,998,240	2,084,400	2,000,000
AIG/ILF	5.350	05/03/04	2,997,360	3,094,500	3,000,000
AIG/ILF	5.125	08/01/04	2,263,950	2,313,000	2,250,000
AIG/ILF	5.125	08/01/04	2,031,960	2,056,000	2,000,000
AIG/ILF	5.120	06/01/05	2,001,280	2,065,400	2,000,000
AIG/ILF	5.120	06/01/05	822,823	831,324	805,000
Allstate	7.125	09/26/05	3,279,000	3,345,900	3,000,000
Arco/BPA	5.550	04/15/03	1,907,560	2,022,600	2,000,000
BoA	6.875	06/01/03	1,999,640	2,043,000	2,000,000
BoA	9.500	06/01/04	2,764,375	2,754,750	2,500,000
BoA/Nationsbank	6.740	08/15/03	1,996,700	2,062,200	2,000,000
BoA/Nationsbank	6.625	06/15/04	2,591,975	2,667,250	2,500,000
CITI/Associates	6.875	08/01/03	1,033,890	1,031,500	1,000,000
CITI/Associates	5.750	11/01/03	2,904,930	3,105,000	3,000,000
CITI/Associates	5.750	11/01/03	1,983,460	2,070,000	2,000,000
CITI/CCC	5.900	09/01/03	1,271,283	1,336,270	1,300,000
Citigroup	5.700	02/06/04	1,994,020	2,080,200	2,000,000
Citigroup	5.800	03/15/04	2,142,383	2,221,050	2,125,000
Citigroup	6.250	12/01/05	1,057,410	1,098,400	1,000,000
Eli Lilly	6.250	03/15/03	980,490	1,007,900	1,000,000
GECC	6.750	09/11/03	2,496,775	2,590,500	2,500,000
GECC	8.200	10/30/03	2,782,567	2,734,871	2,595,000
Home Depot	6.500	09/15/04	2,107,463	2,089,620	1,950,000
JP Morgan/Chase	5.750	02/25/04	1,239,355	1,256,936	1,205,000
McDonald's	5.150	07/01/04	3,998,040	4,192,000	4,000,000
Mellon Financial	5.750	11/15/03	967,620	1,034,900	1,000,000
Merrill Lynch	6.000	02/12/03	1,544,350	1,600,009	1,593,000
Merrill Lynch	6.000	02/12/03	1,441,075	1,501,578	1,495,000
Merrill Lynch	6.800	11/03/03	1,997,100	2,085,400	2,000,000
Merrill Lynch	6.800	11/03/03	1,517,295	1,564,050	1,500,000
MMM	4.250	09/01/04	3,050,340	3,121,800	3,000,000
MSDW	6.750	03/04/03	2,674,568	2,773,375	2,750,000
MSDW	5.625	01/20/04	1,996,060	2,060,000	2,000,000
National Rural Utilities	7.375	02/10/03	1,010,220	1,004,900	1,000,000
Paccar Financial	5.840	02/14/03	1,383,445	1,456,525	1,450,000

(continued)

**EXHIBIT G-1**

**CITY OF AURORA, COLORADO**

**SCHEDULE OF POOLED INVESTMENTS (unaudited)  
DECEMBER 31, 2002**

<b>Investment Description</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Original Cost</b>	<b>Carrying/ Fair Value</b>	<b>Par Value</b>
<b>CORPORATE NOTES (continued)</b>					
Pfizer	3.625	11/01/04	\$ 4,015,000	\$ 4,122,800	\$ 4,000,000
Pitney Bowes Credit	5.650	01/15/03	1,433,235	1,501,500	1,500,000
Wachovia Corp.	6.925	10/15/03	1,997,360	2,082,000	2,000,000
Wal-Mart	6.375	03/01/03	1,968,060	2,014,200	2,000,000
Wal-Mart	7.500	05/15/04	2,118,760	2,146,200	2,000,000
Wal-Mart	6.550	08/10/04	2,635,525	2,687,000	2,500,000
Warner-Lambert	5.750	01/15/03	2,305,656	2,402,160	2,400,000
Wells Fargo	5.750	02/01/03	3,169,877	3,159,450	3,150,000
Wells Fargo	7.200	05/01/03	1,759,806	1,730,940	1,700,000
Wells Fargo	6.375	11/15/03	2,051,880	2,082,000	2,000,000
Wells Fargo	6.625	07/15/04	1,451,707	1,492,232	1,395,000
Total Corporate Notes			95,135,865	97,777,588	94,163,000
<b>COLOTRUST</b>	1.330	Open	26,600,000	24,526,081	24,526,082
<b>TOTAL POOLED INVESTMENTS</b>			<u>\$ 272,819,205</u>	<u>\$ 276,974,973</u>	<u>\$ 269,709,082</u>

(concluded)

This schedule represents City pooled investments. The City's financial statements include other investments that are not located in the investment pool. Investments with maturities of three months or less from date of purchase are cash and cash equivalents, which are carried at amortized cost.



**EXHIBIT G-2****CITY OF AURORA, COLORADO****SCHEDULE OF DEBT RATINGS (unaudited)  
DECEMBER 31, 2002**

<b>Debt Issue</b>	<b>Rating Agency</b>	<b>Rating</b>
City of Aurora, Colorado General Obligation Bonds, Series 1995 and 2000	Moody's Investors Service Standard and Poor's	Aa2 AA
City of Aurora, Colorado General Obligation Bonds, Series 1998 <sup>(1)</sup>	Moody's Investors Service Standard and Poor's	Aaa AAA
City of Aurora, Colorado General Obligation Water Refunding Bonds, Series 1989, 1993, and 1996	Moody's Investors Service Standard and Poor's	Aa2 AA
City of Aurora, Colorado General Fund Bonds, Series 1999 <sup>(1)</sup>	Moody's Investors Service Standard and Poor's	Aaa AAA
City of Aurora, Colorado Aurora Capital Leasing Corporation Refunding Certificates of Participation, Series 1994	Moody's Investors Service Standard and Poor's	Aa3 AA-
City of Aurora, Colorado Aurora Capital Leasing Corporation Certificates of Participation, Series 2000 <sup>(1)</sup>	Moody's Investors Service Standard and Poor's	Aaa AAA
City of Aurora, Colorado Aurora Capital Leasing Corporation Certificates of Participation, Series 2002	Moody's Investors Service Standard and Poor's	A1 AA-
Aurora Urban Renewal Authority Tax Increment Financing Revenue Refunding Bonds, Series 1996	Standard and Poor's	A
City of Aurora, Colorado Golf Course Enterprise System Revenue Bonds, Series 1995	Moody's Investors Service	Baa1

<sup>(1)</sup> Reflects the credit-enhanced rating

**EXHIBIT G-3**
**CITY OF AURORA, COLORADO**
**SCHEDULE OF INDEBTEDNESS - ALL FUNDS (unaudited)  
DECEMBER 31, 2002**

	Interest Rates	Dates		Debt		
		Issue	Maturity	Authorized and Issued	Outstanding	Current Maturities
GENERAL OBLIGATION DEBT						
Supported by General Fund revenues						
Public safety	5.00 - 5.55%	05/15/95	2003 - 2009	\$ 4,855,000	\$ 2,835,000	\$ 345,000
Alameda and I-225 Interchange	4.50 - 4.80%	06/01/98	2003 - 2012	10,000,000	7,910,000	645,000
Libraries, parks, public safety	4.60 - 5.00%	12/01/00	2003 - 2015	50,100,000	45,365,000	2,550,000
Total supported by General Fund revenues				64,955,000	56,110,000	3,540,000
Supported by Water Fund revenues						
General obligation refunding	4.625 - 4.75%	09/15/93	2003 - 2014	114,800,000	66,665,000	5,310,000
General obligation refunding	6.90%	08/01/89	2003 - 2006	24,452,709	6,020,000	2,860,000
General obligation refunding	4.75 - 4.90%	12/01/96	2003 - 2006	2,615,000	2,500,000	25,000
Unamortized bond discounts				—	(1,056,053)	—
Deferred amount on refunding				—	(40,107)	—
Total supported by Water Fund revenues				141,867,709	74,088,840	8,195,000
REVENUE BONDS						
Supported by General Fund revenues						
Sports Park	4.75 - 5.125%	07/01/99	2003 - 2014	17,470,000	15,855,000	990,000
Supported by Water Fund revenues						
Governmental agency bond	4.50 - 5.00%	05/01/99	2003 - 2014	14,999,899	12,482,921	885,504
Unamortized bond discounts				—	(73,912)	—
Unamortized bond premium				—	325,798	—
Total supported by Water Fund revenues				14,999,899	12,734,807	885,504
Supported by Sewer Fund revenues						
Governmental agency bond	4.25 - 5.25%	07/27/99	2003 - 2014	24,124,366	19,979,841	1,426,362
Unamortized bond discounts				—	(120,267)	—
Unamortized bond premium				—	87,222	—
Total supported by Sewer Fund revenues				24,124,366	19,946,796	1,426,362
Supported by Golf Fund revenues						
Golf Course Enterprise System	5.70 - 6.20%	11/01/95	2003 - 2015	7,395,000	5,825,000	315,000
Unamortized bond discount				—	(71,639)	—
Total supported by Golf Fund revenues				7,395,000	5,753,361	315,000
WATER NOTES						
Supported by Water Fund revenues						
Water Rights No. R/B-I-One	0.05	11/19/99	2003 - 2009	253,987	177,791	25,399
Water Rights No. R/B-I-Two	0.05	11/19/99	2003 - 2009	249,125	174,387	24,912
Total supported by Water Fund revenues				503,112	352,178	50,311
INCLUDABLE ENTITIES						
AURA tax increment revenue refunding bonds	5.35 - 5.80%	05/15/96	2003 - 2007	3,580,000	1,950,000	285,000
ACLIC certificates of participation – refunding	5.90 - 6.25%	06/01/94	2003 - 2009	35,875,000	18,120,000	1,670,000
ACLIC certificates of participation	5.00 - 6.00%	08/01/00	2003 - 2030	76,375,000	76,375,000	515,000
ACLIC certificates of participation	3.00 - 4.375%	05/01/02	2003 - 2013	15,380,000	15,380,000	260,000
Unamortized bond premium				—	38,340	—
Total supported by includable entities				131,210,000	111,863,340	2,730,000
TOTAL INDEBTEDNESS				\$ 402,525,086	\$ 296,704,322	\$ 18,132,177

## EXHIBIT G-4

## CITY OF AURORA, COLORADO

SCHEDULE OF DEBT SERVICE REQUIREMENTS (unaudited)  
 GOVERNMENTAL ACTIVITIES  
 DECEMBER 31, 2002

Year	General Obligation Bonds Supported by General Fund Revenues		Revenue Bonds Supported by General Fund Revenues		Tax Increment Revenue Refunding Bonds Supported by AURA Revenues		Capitalized Leases Supported by General Fund Revenues		Capitalized Leases Supported by Print Shop Revenues		Certificates of Participation Supported by ACLC Revenues		Total Principal and Interest Requirements to Maturity
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2003	\$ 3,540,000	\$ 2,646,015	\$ 990,000	\$ 766,430	\$ 285,000	\$ 109,942	\$ 296,650	\$ 36,523	\$ 33,243	\$ 5,880	\$ 2,445,000	\$ 5,977,152	\$ 17,131,835
2004	3,710,000	2,482,440	1,040,000	717,568	300,000	94,695	329,241	22,628	34,542	4,581	3,760,000	5,827,297	18,322,992
2005	3,900,000	2,310,625	1,095,000	665,527	320,000	78,195	71,532	4,809	35,892	3,231	3,940,000	5,649,697	18,074,508
2006	4,090,000	2,129,808	1,150,000	610,805	335,000	60,275	74,620	1,723	37,294	1,829	4,125,000	5,459,360	18,075,714
2007	4,295,000	1,939,803	1,205,000	552,649	710,000	41,180	—	—	19,190	371	4,415,000	5,251,248	18,429,441
2008	4,510,000	1,739,810	1,270,000	490,774	—	—	—	—	—	—	4,345,000	5,023,498	17,379,082
2009	4,735,000	1,529,368	1,335,000	425,649	—	—	—	—	—	—	8,370,000	4,789,623	21,184,640
2010	4,480,000	1,307,933	1,400,000	357,274	—	—	—	—	—	—	3,375,000	4,305,698	15,225,905
2011	4,705,000	1,101,853	1,475,000	285,399	—	—	—	—	—	—	3,530,000	4,149,538	15,246,790
2012	4,940,000	882,610	1,550,000	209,774	—	—	—	—	—	—	3,695,000	3,984,128	15,261,512
2013	4,185,000	647,480	1,630,000	129,459	—	—	—	—	—	—	3,875,000	3,806,227	14,273,166
2014	4,400,000	446,600	1,715,000	43,947	—	—	—	—	—	—	2,320,000	3,653,935	12,579,482
2015	4,620,000	231,000	—	—	—	—	—	—	—	—	2,440,000	3,530,975	10,821,975
2016	—	—	—	—	—	—	—	—	—	—	2,585,000	3,390,675	5,975,675
2017	—	—	—	—	—	—	—	—	—	—	2,730,000	3,242,038	5,972,038
2018	—	—	—	—	—	—	—	—	—	—	2,890,000	3,085,063	5,975,063
2019	—	—	—	—	—	—	—	—	—	—	3,055,000	2,918,888	5,973,888
2020	—	—	—	—	—	—	—	—	—	—	3,230,000	2,743,225	5,973,225
2021	—	—	—	—	—	—	—	—	—	—	3,415,000	2,557,500	5,972,500
2022	—	—	—	—	—	—	—	—	—	—	3,620,000	2,352,600	5,972,600
2023	—	—	—	—	—	—	—	—	—	—	3,835,000	2,135,400	5,970,400
2024	—	—	—	—	—	—	—	—	—	—	4,070,000	1,905,300	5,975,300
2025	—	—	—	—	—	—	—	—	—	—	4,310,000	1,661,100	5,971,100
2026	—	—	—	—	—	—	—	—	—	—	4,570,000	1,402,500	5,972,500
2027	—	—	—	—	—	—	—	—	—	—	4,820,000	1,151,150	5,971,150
2028	—	—	—	—	—	—	—	—	—	—	5,085,000	886,050	5,971,050
2029	—	—	—	—	—	—	—	—	—	—	5,365,000	606,375	5,971,375
2030	—	—	—	—	—	—	—	—	—	—	5,660,000	311,300	5,971,300
Totals	\$ 56,110,000	\$ 19,395,345	\$ 15,855,000	\$ 5,255,255	\$ 1,950,000	\$ 384,287	\$ 772,043	\$ 65,683	\$ 160,161	\$ 15,892	\$ 109,875,000	\$ 91,757,540	\$ 301,596,206

## EXHIBIT G-5

## CITY OF AURORA, COLORADO

## SCHEDULE OF DEBT SERVICE REQUIREMENTS (unaudited)

## BUSINESS-TYPE ACTIVITIES

DECEMBER 31, 2002

Year	General Obligation Bonds Supported by Water Revenues		Revenue Bonds Supported by Water Revenues		Notes Supported by Water Revenues		Revenue Bonds Supported by Sewer Revenues		Revenue Bonds Supported by Golf Revenues		Capitalized Leases Supported by Golf Revenues		Total Principal and Interest Requirements to Maturity
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2003	\$ 8,195,000	\$ 3,309,784	\$ 885,504	\$ 495,735	\$ 50,311	\$ 17,609	\$ 1,426,362	\$ 756,247	\$ 315,000	\$ 347,628	\$ 167,116	\$ 24,275	\$ 15,990,571
2004	8,750,000	3,063,009	906,971	471,317	50,311	15,093	1,458,659	725,225	335,000	329,672	219,665	12,088	16,337,010
2005	6,990,000	2,730,916	933,804	444,194	50,311	12,578	1,496,336	683,337	350,000	310,577	70,156	4,765	14,076,974
2006	7,335,000	2,404,962	960,638	416,269	50,311	10,062	1,539,396	640,368	370,000	290,628	46,426	1,556	14,065,616
2007	6,380,000	2,062,281	982,104	394,253	50,311	7,547	1,577,072	603,312	390,000	269,167	—	—	12,716,047
2008	6,700,000	1,767,206	1,008,938	370,603	50,311	5,031	1,620,132	563,517	410,000	246,157	—	—	12,741,895
2009	5,865,000	1,457,331	1,030,404	345,600	50,312	2,516	1,663,192	520,756	435,000	222,583	—	—	11,592,694
2010	6,160,000	1,186,075	1,057,238	319,586	—	—	1,711,634	467,201	460,000	197,570	—	—	11,559,304
2011	6,470,000	893,475	1,094,804	283,045	—	—	1,770,842	412,087	485,000	171,120	—	—	11,580,373
2012	6,800,000	586,150	1,132,372	245,205	—	—	1,819,284	361,234	520,000	141,050	—	—	11,605,295
2013	2,695,000	263,150	1,202,138	176,067	—	—	1,873,110	301,086	550,000	108,810	—	—	7,169,361
2014	2,845,000	135,138	1,288,006	89,517	—	—	2,023,822	156,817	585,000	74,710	—	—	7,198,010
2015	—	—	—	—	—	—	—	—	620,000	38,440	—	—	658,440
Totals	<u>\$ 75,185,000</u>	<u>\$ 19,859,477</u>	<u>\$ 12,482,921</u>	<u>\$ 4,051,391</u>	<u>\$ 352,178</u>	<u>\$ 70,436</u>	<u>\$ 19,979,841</u>	<u>\$ 6,191,187</u>	<u>\$ 5,825,000</u>	<u>\$ 2,748,112</u>	<u>\$ 503,363</u>	<u>\$ 42,684</u>	<u>\$ 147,291,590</u>

## EXHIBIT G-6

## CITY OF AURORA, COLORADO

SCHEDULE OF CONDUIT DEBT OUTSTANDING (unaudited)  
DECEMBER 31, 2002

Issue Type*	Description	Issue Date	Funding Source	Outstanding December 31 2002	Trustee
EDB	Refunding Revenue Bonds (Community College of Aurora), 1994	04/15/94	lease payment	\$ 9,515,000	Bank One
IDB	(TE Properties) Commercial Office Products, 1984	11/15/84	loan payment	3,190,000	US Bank
IDB	Optima Batteries, Series B (\$5,515,000, non-rated)	07/29/94	loan payment	3,520,000	Wells Fargo Bank West
IDB	Optima Batteries, Series A (\$3,4000,000, COP backed conv floaters)	07/29/94	loan payment	3,430,000	Wells Fargo Bank West
MF	Dayton 98 Series A	04/21/98	rental payment	8,370,000	US Bank
MF	Dayton 98 Series B	04/21/98	rental payment	1,125,000	US Bank
MF	Dayton 98 Series C	04/21/98	rental payment	410,000	US Bank
MF	Dayton 98 Series D	04/21/98	mortgage payment	550,000	US Bank
MF	Aurora Meadows Apartment Project Revenue Refunding 1996	08/01/96	mortgage payment	13,400,000	Wells Fargo Minnesota
MF	Multi-Family Housing Revenue Refunding 2001, Laredo Apartments Project	06/26/01	mortgage payment	1,220,000	US Bank
SF	Revenue Bonds, 1981 Series A (private placement)	11/13/81	mortgage payment	2,625,000	US Bank
SF	Revenue Bonds, Series 1984 A (defeased and non-defeased escrow)	09/01/84	mortgage payment	2,285,819	BNY
SF	Revenue Bonds, Series 1993 A	11/01/93	mortgage payment	3,175,000	Zions Bank
Total conduit debt outstanding				<u>\$ 52,815,819</u>	

\* EDB Educational Development Bond  
IDB Industrial Development Bond  
MF Multi-Family  
SF Single Family

EXHIBIT G-7

CITY OF AURORA, COLORADO

SCHEDULE OF INSURANCE COVERAGES (unaudited)

DECEMBER 31, 2002

Coverage	Carrier	Coverage Term	Limit of Coverage	Deductible or Retention
<b>Property</b>	The Travelers Indemnity Company	January 1, 2003 - January 1, 2004	\$200,000,000 per occurrence	\$100,000 per occurrence
<b>Boiler and Machinery</b>	Travelers Property Company	January 1, 2003 - January 1, 2004	\$50,000,000 per occurrence	\$10,000 per occurrence
<b>Crime</b>	Travelers Casualty and Surety Company of America	March 31, 2002 - March 31, 2004	Public employee dishonesty: \$2,000,000 Destruction, computer fraud: \$1,000,000	\$50,000 per occurrence
<b>Workers' Compensation Specific Excess</b>	Midwest Employers Casualty Company	January 1, 2003 - January 1, 2004	Statutory	\$350,000 per occurrence
<b>Workers' Compensation Bond</b>	Travelers Casualty and Surety Company of America	January 1, 2003 - January 1, 2004	\$5,878,000	N/A
<b>Primary Liability</b>	Genesis Insurance Company	January 1, 2003 - January 1, 2004	\$2,000,000	\$150,000 per occurrence
<b>Excess Liability</b>	Endurance Specialty Insurance Company	January 1, 2003 - January 1, 2004	\$8,000,000	\$2,000,000 underlying primary

## EXHIBIT G-8

## CITY OF AURORA, COLORADO

LOCAL HIGHWAY FINANCE REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2002

The public report burden for this information collection is estimated to average 380 hours annually.

Form Approved  
OMB No. 2125-0032

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County:
		City of Aurora Colorado
		YEAR ENDING :
This Information From The Records Of (example - City of _ or County of City of Aurora, Colorado)		Prepared By: Phone:
		Todd Moses (303) 739-7792

**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

**II. RECEIPTS FOR ROAD AND STREET PURPOSES****III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	6,348,677
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	17,091,803
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,729,302
2. General fund appropriations		b. Snow and ice removal	1,484,241
3. Other local imposts (from page 2)	20,701,171	c. Other	
4. Miscellaneous local receipts (from page 2)	1,574,100	d. Total (a. through c.)	3,213,543
5. Transfers from toll facilities		4. General administration and miscellaneous	1,652,972
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	5,514,970
a. Bonds - Original Issues		6. Total (1 through 5)	33,821,965
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	389,220
7. Total (1 through 6)	22,275,271	b. Redemption	615,000
<b>B. Private Contributions</b>	4,195,297	c. Total (a. + b.)	1,004,220
<b>C. Receipts from State government (from page 2)</b>	8,355,617	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	34,826,185	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	1,004,220
		<b>C. Payments to State for highways</b>	0
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	34,826,185

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	8,525,000		615,000	7,910,000
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		34,826,185	34,826,185		(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE:
	Colorado
	YEAR ENDING (mm/yy): December 2002

## II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assesments	1,002,848	a. Interest on investments	
b. Other local imposts:		b. Other	
1. Sales Taxes	10,526,490	c. Transfers	1,574,100
2. Traffic Fines	4,204,012	d. Capital Credits	
3. Specific Ownership Tax	3,059,798	e. Sale of Assets	
4. Motor Vehicle Registration	813,435	f. Fees/Licenses/Permits	
5. From Cities/Counties	1,094,588	g. Service Performed	
6. Total (1. through 5.)	19,698,323	h. Refunds of Expenditures	
c. Total (a. + b.)	20,701,171	i. Total (a. through h.)	1,574,100
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	8,355,617	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registration		d. Mineral Leasing	
d. (Specify)		e. Pay Lieu of Tax	
e. (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	8,355,617	3. Total (1. + 2.g)	
			(Carry forward to page 1)

## III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs	104,403	172,696	277,099
b. Engineering Costs	30,890	1,532,497	1,563,387
c. Construction:			
(1). Capacity Improvements	0	444,060	444,060
(2). System Preservation	0	0	0
(3). Safety And Other	67,595	3,996,536	4,064,131
(4). Total Construction (1)+(2)+(3)	67,595	4,440,596	4,508,191
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	202,888	6,145,789	6,348,677
			(Carry forward to page 1)

Notes and Comments:







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## DEBT CONTINUING DISCLOSURES

**EXHIBIT H-1****CITY OF AURORA, COLORADO****SUMMARY OF CONTINUING DISCLOSURES BY ISSUE  
DECEMBER 31, 2002**

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**GENERAL OBLIGATION BONDS, SERIES 1998  
GENERAL FUND BONDS, SERIES 1999  
GENERAL OBLIGATION BONDS, SERIES 2000  
CERTIFICATES OF PARTICIPATION, SERIES 2000  
CERTIFICATES OF PARTICIPATION, SERIES 2002**

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<b>Required Disclosure</b>	<b>Location</b>
General Fund Operating History	Exhibits H-2 and H-3
Sources of Revenues	Statistical Section, Exhibit iv
Sales, Use and Lodgers Tax Receipts	Statistical Section, Exhibit vi
Assessed and Estimated Actual Value of Taxable Property	Statistical Section, Exhibit ix
Property Tax Levies and Collections	Statistical Section, Exhibit vii
Ten Principal Property Taxpayers	Statistical Section, Exhibit xix
Mill Levies of Direct and Primary	
Overlapping Governments	Statistical Section, Exhibit x
Authorized, Issued and Outstanding Debt	Schedule of Indebtedness, Exhibit F-3
Long-term Debt Schedules	Schedule of Debt Service Requirements
	Governmental Activities, Exhibit F-4
	Business-type Activities, Exhibit F-5
Direct and Overlapping General Obligation Debt	Statistical Section, Exhibit xii
Historical Summary of Debt Ratios	Statistical Section, Exhibit xiv
Gross General Obligation Debt	Exhibit H-4
Legal Debt Margin	Statistical Section, Exhibit xi

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**AURORA URBAN RENEWAL AUTHORITY (AURA)  
TAX INCREMENT REVENUE REFUNDING BONDS, SERIES 1996**

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<b>Required Disclosure</b>	<b>Location</b>
AURA Operating History	Exhibit H-5
City Center Urban Renewal Project Area Revenue Statistics	Exhibit H-6

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(Continued)

**EXHIBIT H-1****CITY OF AURORA, COLORADO****SUMMARY OF CONTINUING DISCLOSURES BY ISSUE  
DECEMBER 31, 2002**

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**GENERAL OBLIGATION WATER REFUNDING BONDS, SERIES 1996**

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<b>Required Disclosure</b>	<b>Location</b>
Water Fund Operating History	Exhibit H-7
Water System Statistics	Exhibit H-8

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**DRINKING WATER REVENUE BONDS, SERIES 1999**

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<b>Required Disclosure</b>	<b>Location</b>
Water Fund Operating History	Exhibit H-7
Water System Statistics	Exhibit H-8
Water Fund Subsequent Year Budget Summary	Exhibit H-9
Historical Water Revenue Bond Coverage	Statistical Section, Exhibit xv

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**CLEAN WATER REVENUE BONDS, SERIES 1999**

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<b>Required Disclosure</b>	<b>Location</b>
Sewer Fund Operating History	Exhibit H-10
Sewer System Statistics	Exhibit H-11
Sewer Fund Subsequent Year Budget Summary	Exhibit H-12
Historical Sewer Revenue Bond Coverage	Statistical Section, Exhibit xv

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(Continued)

**EXHIBIT H-1****CITY OF AURORA, COLORADO****SUMMARY OF CONTINUING DISCLOSURES BY ISSUE  
DECEMBER 31, 2002**

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**METRO WASTEWATER RECLAMATION DISTRICT, COLORADO  
CONVERTIBLE SEWER REFUNDING BONDS, SERIES 1996  
SEWER REFUNDING BONDS, SERIES 2002A**

The City of Aurora has no obligation related to payment of the Metro Wastewater Reclamation District Bonds. However, as a significant source of Metro Wastewater Reclamation District revenue, the City has agreed to the following continuing disclosures:

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<b>Required Disclosure</b>	<b>Location</b>
Sewer Fund Comparative Statement	Exhibit H-10
General Fund Operating History	Exhibits H-2 and H-3
Historical Summary of Debt Ratios	Statistical Section, Exhibit xiv
Property Values and Construction	Statistical Section, Exhibit xvi

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**GOLF COURSE ENTERPRISE SYSTEM REVENUE BONDS, SERIES 1995**

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<b>Required Disclosure</b>	<b>Location</b>
Golf Fund Operating History	Exhibit H-13
Golf System Statistics	Exhibit H-14
Historical Golf Revenue Bond Coverage	Statistical Section, Exhibit xv

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(Concluded)

**EXHIBIT H-2**
**CITY OF AURORA, COLORADO**
**COMBINED GENERAL, TABOR RESERVE AND POLICY RESERVE FUNDS (1)  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (GAAP BASIS)  
FOR THE YEARS ENDED DECEMBER 31, 1998 THROUGH 2002**

	1998	1999	2000	2001	2002
<b>REVENUES</b>					
Taxes	\$ 137,883,780	\$ 146,466,221	\$ 161,167,947	\$ 167,908,642	\$ 170,711,350
Charges for services	5,042,499	5,320,922	4,733,638	5,494,548	7,828,923
License and permits	4,703,725	5,373,101	6,005,710	7,140,457	9,394,758
Fines and forfeits	3,166,427	3,369,937	3,438,155	3,976,993	4,117,733
Intergovernmental	10,608,129	10,924,976	10,534,892	10,574,570	10,577,025
Miscellaneous	402,299	1,800,095	1,538,179	307,393	494,292
Investment earnings	2,907,701	1,771,553	4,395,780	4,360,951	2,968,227
Total revenues	164,714,560	175,026,805	191,814,301	199,763,554	206,092,308
<b>EXPENDITURES</b>					
<i>Current</i>					
General government	16,488,725	17,480,978	19,767,785	21,912,079	20,748,773
Judicial	4,723,519	4,999,802	5,348,338	5,652,744	6,014,746
Police	47,825,800	50,297,881	51,339,969	54,552,376	55,777,386
Fire	21,588,711	23,038,179	24,816,174	26,416,519	27,142,172
Other public safety	—	—	—	56,120	1,001,972
Public works	14,026,036	14,229,905	15,243,777	16,076,666	16,266,044
Economic development	6,746,493	7,545,684	8,719,143	9,928,287	12,473,284
Community services	3,195,720	3,801,747	4,051,558	4,437,470	4,430,434
Culture and recreation	12,374,281	13,551,654	15,181,320	16,663,752	17,034,518
<i>Debt service</i>					
Principal	269,612	240,330	530,474	570,508	519,071
Interest	32,454	63,668	47,599	103,566	59,002
Capital outlay	4,911,921	3,459,620	5,687,250	6,357,497	4,558,741
Total expenditures	132,183,272	138,709,448	150,733,387	162,727,584	166,026,143
Excess of revenues over expenditures	32,531,288	36,317,357	41,080,914	37,035,970	40,066,165
Net other financing uses (2)	(28,894,477)	(25,726,731)	(38,785,161)	(40,997,569)	(32,513,065)
Excess of revenues and other financing sources over expenditures and other financing uses	3,636,811	10,590,626	2,295,753	(3,961,599)	7,553,100
FUND BALANCE - January 1	42,355,817	45,992,628	56,583,254	58,879,007	54,917,408
FUND BALANCE - December 31	\$ 45,992,628	\$ 56,583,254	\$ 58,879,007	\$ 54,917,408	\$ 62,470,508

- (1) This schedule contains the activities of the General Fund, the TABOR Reserve Fund and the 10% Policy Reserve Fund. At the end of 1998, the TABOR Reserve Fund was transferred from the General Fund to the Emergency Contingency Fund and then to a separate fund early in 1999. The Policy Reserve was transferred from the General Fund to a separate fund in 1999.
- (2) Net other financing uses consist primarily of transfers to other funds. Transfers among the General Fund, the TABOR Reserve Fund and the Policy Reserve Fund have been eliminated in this schedule.

**EXHIBIT H-3**
**CITY OF AURORA, COLORADO**
**COMBINED GENERAL, TABOR RESERVE, AND POLICY RESERVE FUNDS (1)  
COMPARATIVE SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE, ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)  
FOR THE YEARS ENDED DECEMBER 31, 1998 THROUGH 2002**

	1998		1999		2000		2001		2002	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
<b>SOURCES</b>										
Taxes	\$ 136,645,729	\$ 130,738,184	\$ 144,895,863	\$ 141,129,591	\$ 160,034,815	\$ 160,276,323	\$ 169,523,730	\$ 170,895,593	\$ 170,137,773	\$ 184,242,300
Licenses and permits	4,703,725	4,188,084	5,373,101	4,940,672	6,005,710	5,765,159	7,140,457	6,625,896	9,394,758	11,009,000
Intergovernmental	9,575,653	9,395,254	9,892,500	10,121,433	10,534,892	10,182,238	10,574,569	10,867,694	10,577,025	9,061,900
Charges for services	5,026,676	4,746,600	5,202,091	5,088,697	4,733,638	5,478,072	5,363,638	5,330,439	7,828,923	7,902,335
Fines and forfeitures	3,166,427	2,302,000	3,369,937	3,595,787	3,438,155	3,441,115	3,976,992	3,595,965	4,117,734	3,739,800
Investment income	2,939,470	2,551,737	2,469,749	2,562,100	3,501,043	2,760,501	3,553,421	3,775,170	2,725,909	2,710,800
Other revenues	677,667	654,825	3,606,321	2,394,739	3,213,691	1,335,844	956,462	1,294,332	2,199,095	2,208,100
Total sources	<u>162,735,347</u>	<u>154,576,684</u>	<u>174,809,562</u>	<u>169,833,019</u>	<u>191,461,944</u>	<u>189,239,252</u>	<u>201,089,269</u>	<u>202,385,089</u>	<u>206,981,217</u>	<u>220,874,235</u>
<b>USES</b>										
Municipal Court	3,655,120	3,816,332	3,696,769	3,913,607	3,901,719	4,352,706	4,190,707	4,510,802	4,383,307	4,601,156
City Attorney	2,837,931	2,889,424	3,171,487	3,171,487	3,361,806	3,600,179	3,758,518	3,980,100	3,926,905	4,101,712
General Management	6,559,605	6,776,144	8,073,104	8,315,878	9,302,845	9,678,135	10,496,629	11,192,924	10,320,560	11,820,596
Administrative Services	11,568,121	11,721,444	11,499,307	11,678,053	13,987,001	14,111,288	14,520,479	14,967,280	20,757,649	21,145,867
Operations Group Management	28,221,506	28,477,500	29,724,261	30,047,798	32,317,191	33,194,954	33,898,020	34,961,564	31,772,322	32,584,238
Community Services	80,017,210	80,081,244	84,896,006	85,359,041	89,406,218	89,463,347	94,551,719	94,773,996	95,937,639	97,704,368
Non-departmental	<u>27,019,377</u>	<u>28,388,893</u>	<u>24,721,542</u>	<u>25,096,800</u>	<u>39,872,925</u>	<u>42,190,172</u>	<u>41,368,407</u>	<u>44,353,609</u>	<u>32,839,975</u>	<u>32,110,761</u>
Total uses	<u>159,878,870</u>	<u>162,150,981</u>	<u>165,782,476</u>	<u>167,582,664</u>	<u>192,149,705</u>	<u>196,590,781</u>	<u>202,784,479</u>	<u>208,740,275</u>	<u>199,938,357</u>	<u>204,068,698</u>
Excess (deficiency) of revenues over (under) expenditures	2,856,477	(7,574,297)	9,027,086	2,250,355	(687,761)	(7,351,529)	(1,695,210)	(6,355,186)	7,042,860	16,805,537
FUNDS AVAILABLE - January 1	<u>29,813,704</u>	<u>28,678,517</u>	<u>32,670,181</u>	<u>27,430,927</u>	<u>41,697,267</u>	<u>31,339,866</u>	<u>41,009,506</u>	<u>41,382,296</u>	<u>39,314,296</u>	<u>35,680,000</u>
FUNDS AVAILABLE - December 31	32,670,181	<u>\$ 21,104,220</u>	41,697,267	<u>\$ 29,681,282</u>	41,009,506	<u>\$ 23,988,337</u>	39,314,296	<u>\$ 35,027,110</u>	46,357,156	<u>\$ 52,485,537</u>
Reserved for police	(10,865,085)		(11,308,354)		(10,566,835)		(9,055,714)		(5,756,571)	
Reserved for emergencies	(4,807,000)		(5,057,863)		(5,374,017)		(5,689,636)		(5,983,754)	
Council designations	-		(9,273,474)		(5,396,000)		(4,440,000)		(11,118,668)	
Funds available - after reservations and designations	<u>\$ 16,998,096</u>		<u>\$ 16,057,576</u>		<u>\$ 19,672,654</u>		<u>\$ 20,128,946</u>		<u>\$ 23,498,163</u>	
<b>Reconciliation to GAAP fund balance</b>										
Funds available - December 31	\$ 32,670,181		\$ 41,697,267		\$ 41,009,506		\$ 39,314,296		\$ 46,357,156	
Current year encumbrances	1,308,791		2,000,167		2,955,812		1,496,980		1,164,157	
Sales, use and lodgers tax accrual	12,045,425		13,615,783		14,748,915		13,133,827		13,707,404	
Adjust investments to fair value	(31,769)		(729,963)		164,774		972,304		1,214,622	
Assets not available for appropriation									27,169	
FUND BALANCE - December 31	<u>\$ 45,992,628</u>		<u>\$ 56,583,254</u>		<u>\$ 58,879,007</u>		<u>\$ 54,917,407</u>		<u>\$ 62,470,508</u>	

(1) This schedule contains the activities of the General Fund, the TABOR Reserve Fund, and the Policy Reserve Fund. At the end of 1998, the TABOR reserve was transferred from the General Fund to the Emergency Contingency Fund and then to a separate fund early in 1999. The policy reserve was transferred from the General Fund to a separate fund in 1999.

(2) Some amounts on this schedule have been reclassified and restated from the presentation in the Comprehensive Annual Financial Reports for consistency.

**EXHIBIT H-4**

**CITY OF AURORA, COLORADO**

**GROSS GENERAL OBLIGATION DEBT  
DECEMBER 31, 1998 THROUGH 2002**

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**GROSS GENERAL OBLIGATION DEBT**

<b>Years Ended December 31</b>	<b>Total Outstanding Debt (1)</b>
1998	\$ 131,725,000
1999	120,070,000
2000	158,845,000
2001	145,095,000
2002	131,295,000

- (1) Figure represents gross general obligation debt including self-supporting General Obligation Water Bonds.



**EXHIBIT H-5**

**CITY OF AURORA, COLORADO**

**AURORA URBAN RENEWAL AUTHORITY**

**COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 1998 THROUGH 2002**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>REVENUES</b>					
<i>Taxes</i>					
Property	\$ 182,844	\$ 314,666	\$ 630,583	\$ 662,337	\$ 610,456
Sales	<u>446,008</u>	<u>593,163</u>	<u>642,217</u>	<u>691,419</u>	<u>685,410</u>
Total taxes	628,852	907,829	1,272,800	1,353,756	1,295,866
Investment income	225,176	205,495	107,977	49,139	22,578
Miscellaneous revenue	<u>5,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total revenues	<u>859,028</u>	<u>1,113,324</u>	<u>1,380,777</u>	<u>1,402,895</u>	<u>1,318,444</u>
<b>EXPENDITURES</b>					
<i>Current</i>					
Economic development	—	7,383	1,250	4,775	7,324
<i>Debt Service</i>					
Principal	225,000	235,000	250,000	260,000	270,000
Interest	<u>172,595</u>	<u>161,907</u>	<u>144,260</u>	<u>137,642</u>	<u>124,252</u>
Total expenditures	<u>397,595</u>	<u>404,290</u>	<u>395,510</u>	<u>402,417</u>	<u>401,576</u>
Excess of revenues over expenditures	461,433	709,034	985,267	1,000,478	916,868
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	—	265,000	—	—	—
Transfers out	<u>(700,000)</u>	<u>(3,435,720)</u>	<u>(1,600,000)</u>	<u>(600,000)</u>	<u>(867,400)</u>
Total other financing sources (uses)	<u>(700,000)</u>	<u>(3,170,720)</u>	<u>(1,600,000)</u>	<u>(600,000)</u>	<u>(867,400)</u>
INCREASE (DECREASE) IN FUND BALANCE	(238,567)	(2,461,686)	(614,733)	400,478	49,468
FUND BALANCE - January 1	<u>4,374,003</u>	<u>4,135,436</u>	<u>1,673,750</u>	<u>1,059,017</u>	<u>1,459,495</u>
FUND BALANCE - December 31	<u>\$ 4,135,436</u>	<u>\$ 1,673,750</u>	<u>\$ 1,059,017</u>	<u>\$ 1,459,495</u>	<u>\$ 1,508,963</u>

**EXHIBIT H-6****CITY OF AURORA, COLORADO****AURORA URBAN RENEWAL AUTHORITY****CITY CENTER URBAN RENEWAL PROJECT AREA REVENUE STATISTICS****DECEMBER 31, 2002**

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**Sales Tax Collections in City Center Urban Renewal Project**

<b>Year Ended December 31</b>	<b>Sales taxes Collected (1)</b>
1998	\$ 446,008
1999	593,163
2000	642,217
2001	691,419
2002	685,410

- (1) The base year sales tax in the City Center Urban Renewal Project Area was zero. All sales taxes collected in the project area are treated as Sales Tax Increment Revenues.
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**Incremental Assessed Valuation of Taxable Property**

<b>Collection Year</b>	<b>Incremental Assessed Valuation</b>	<b>Total Rate of Levy</b>	<b>Property Tax Increment</b>
1998	\$ 2,069,310	89.852	\$ 185,932
1999	3,628,490	88.747	322,018
2000	8,090,420	79.958	646,878
2001	8,728,579	78.960	662,337
2002	8,168,440	76.720	626,683

(Continued)

**EXHIBIT H-6****CITY OF AURORA, COLORADO****AURORA URBAN RENEWAL AUTHORITY****CITY CENTER URBAN RENEWAL PROJECT AREA REVENUE STATISTICS****DECEMBER 31, 2002**

**Mill Levies of Overlapping Taxing Entities  
Tax Year/Collection Year**

<b>Overlapping Entities</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/2000</b>	<b>2000/01</b>	<b>2001/02</b>
City of Aurora	11.940	11.507	11.796	10.594	12.193
Arapahoe County	15.960	15.549	13.706	14.013	14.028
Adams-Arapahoe School District 28J	61.203	60.935	53.799	53.686	49.978
Urban Drainage and Flood Control District	<u>.749</u>	<u>.756</u>	<u>.657</u>	<u>.667</u>	<u>.521</u>
	<u>89.852</u>	<u>88.747</u>	<u>79.958</u>	<u>78.960</u>	<u>76.720</u>

**Businesses Operating in the City Center Urban Renewal Project Area  
As of December 31, 2002**

<b>Name</b>	<b>Type of Business</b>	<b>Square Feet of Space</b>
Right Cuts Plus, Inc.	Hair Cutting	1,300
Gart Sports	Sporting Goods	55,080
Black Eyed Pea	Restaurant	5,280
ADT Security Systems	Security Services	233,000
Century Theaters	Movie Theater	58,696
Colorado Pregnancy Centers, Inc.	Nursing Care Facility	1,500
Divine Love Christian Center	Daycare and Church	12,307

(Concluded)

EXHIBIT H-7

CITY OF AURORA, COLORADO

WATER FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 1998 THROUGH 2002

	1998	1999	2000	2001	2002
<b>OPERATING REVENUES</b>					
<i>Charges for services</i>					
Customers	\$ 30,241,672	\$ 32,717,931	\$ 35,424,375	\$ 36,679,763	\$ 39,572,229
Fire protection	330,692	341,182	345,164	354,277	365,107
Total operating revenues	30,572,364	33,059,113	35,769,539	37,034,040	39,937,336
<b>OPERATING EXPENSES</b>					
Cost of sales and services	12,229,314	14,364,700	15,907,405	21,212,186	20,899,356
Administrative expenses	667,799	1,266,113	800,353	752,815	1,062,065
Depreciation	4,281,950	15,732,653	4,926,964	4,988,693	7,704,258
Total operating expenses	17,179,063	31,363,466	21,634,722	26,953,694	29,665,679
Operating income	13,393,301	1,695,647	14,134,817	10,080,346	10,271,657
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment income	2,124,559	1,577,655	3,254,077	4,931,884	4,083,444
Intergovernmental revenue	—	—	—	807,405	—
Miscellaneous revenue	21,746	—	212,369	38,900	36,954
Interest expense	(4,587,982)	(4,364,624)	(3,957,674)	(3,681,945)	(3,847,047)
Amortization expense	(786,934)	(822,481)	(867,668)	(718,646)	(561,349)
Gain (loss)-disposal capital assets	(1,392,084)	(5,467,719)	35,800 (1)	(5,176,352)	22,148
Gain (loss)-joint venture	(118,589)	(111,107)	(82,606)	(64,430)	(58,565)
Net non-operating revenues (expenses)	(4,739,284)	(9,188,276)	(1,405,702)	(3,863,184)	(324,415)
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	8,654,017	(7,492,629)	12,729,115	6,217,162	9,947,242
Capital contributions	—	15,951,041	19,338,177	34,214,004	35,104,621
Transfers in	—	—	—	—	2,529,927
Transfers out	—	—	—	—	(2,541,372)
<b>INCREASE IN NET ASSETS</b>	8,654,017	8,458,412	32,067,292	40,431,166	45,040,418
<b>NET ASSETS - January 1</b>	322,301,787	330,955,804	339,414,216	371,481,508	411,912,674
<b>NET ASSETS - December 31</b>	<u>\$ 330,955,804</u>	<u>\$ 339,414,216</u>	<u>\$ 371,481,508</u>	<u>\$ 411,912,674</u>	<u>\$ 456,953,092</u>

- (1) Loss is due to disposal of certain facilities and equipment and reduction in certain estimated useful asset lives. The change in estimated useful asset life resulted in an approximate \$2,000,000 increase in annual depreciation expense, and approximately \$9,000,000 of depreciation applicable to years prior to 1999.

**EXHIBIT H-8****CITY OF AURORA, COLORADO****WATER FUND****WATER SYSTEM STATISTICS****DECEMBER 31, 2002****Water Taps, Miles of Pipe, Gallons Supplied and Daily Average Consumption**

<b>Year</b>	<b>Total Number of Water Taps (1)</b>	<b>Increase in Taps</b>	<b>% Increase</b>	<b>Total Miles of Water Pipe</b>	<b>Million Gallons Supplied</b>	<b>Daily Average Consumption (in Millions of Gallons)</b>
1998	60,393	622	1.0	980.94	16,395	44.9
1999	61,366	973	1.6	1,012.66	16,076	44.0
2000	63,409	2,043	3.3	1,055.92	18,991	51.9
2001	64,845	1,436	2.3	1,072.93	18,341	50.2
2002	65,933	1,088	1.7	1,102.31	16,790	46.0

(1) Includes inactive and stubbed taps.

The City used 54,146 acre feet of water in 2002 (one acre foot is 325,850 gallons). At the end of 2002, the City had 41,783 acre feet of available water in carryover storage (stored water in excess of Aurora's demand).

**Water Usage and Carryover Storage**

<b>Year</b>	<b>End of Year Carryover Storage (1)</b>	<b>Supplied (1)</b>	<b>Billed Consumption (1)</b>	<b>Utility Sales (2)</b>
1998	106,519	50,315	45,211	\$ 27,856,838
1999	121,856	49,336	45,422	31,207,116
2000	94,861	58,280	49,762	33,888,457
2001	84,032	56,287	52,044	34,655,966
2002	41,783	54,146	51,429	36,986,939

(1) In acre feet (a.f.)

(2) Base charge and metered sales for treated water.

(Continued)

**EXHIBIT H-8****CITY OF AURORA, COLORADO****WATER FUND****WATER SYSTEM STATISTICS****DECEMBER 31, 2002**

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The Enterprise classifies its System customers as business, residential and other. A breakdown of the usage and revenues for 2002 is as follows:

**2002 Water Usage and Revenues by Classification**

<b>Classification</b>	<b>Percent of Consumption</b>	<b>Percent of Billed Revenues</b>
Business	15%	16%
Residential	64%	68%
Other (1)	<u>21%</u>	<u>16%</u>
	<u>100%</u>	<u>100%</u>

(1) Includes tertiary, irrigation and raw water customers.

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**Number of Residential Meters**

<b>Years ended December 31</b>	<b>Total Estimated Residential Meters</b>
1998	59,354
1999	58,543
2000	59,523
2001	60,454
2002	61,561

(Continued)

**EXHIBIT H-8****CITY OF AURORA, COLORADO****WATER FUND****WATER SYSTEM STATISTICS****DECEMBER 31, 2002**

The following table sets forth the ten largest consumers of the Water System, which, in aggregate, accounted for 10.2% of the total billed metered water sales in 2002.

**Ten Largest Customers of Water System**

<b>Customer</b>	<b>Consumption*</b>	<b>Billed Revenue**</b>
City of Aurora	464,934	\$ 1,347,152
Aurora Public Schools	211,141	542,710
Cherry Creek School District	134,822	343,050
HEAT Campus	212,319	279,441
Buckley Air Base	100,346	278,925
Heather Gardens HOA	134,205	275,091
Mountain View Apartment	60,974	133,938
Holiday Inn Denver	56,205	113,881
Kingsley Management Corporation	51,214	110,575
Woodridge Apartment	<u>51,631</u>	<u>102,650</u>
	<u>1,477,791</u>	\$ <u>3,527,413</u>

\* In thousand gallons

\*\* Treated water consumption

**Water System Rates and Charges****December 31, 2002**

<b>Meter Size</b>	<b>Minimum Monthly Service Charge</b>
5/8" and 3/4"	\$ 2.87
1"	3.94
1 1/2"	6.32
2"	9.18
3"	18.19
4"	49.03
6"	96.48
8"	120.22
<b>Residence Description</b>	<b>Amount Per 1,000 Gallons</b>
Single Family Detached/ Attached/ Apartments/Condos	\$ 2.04
Commercial	2.04
Irrigation	2.45

(continued)

**EXHIBIT H-8****CITY OF AURORA, COLORADO****WATER FUND****WATER SYSTEM STATISTICS****DECEMBER 31, 2002**

**Water Tap Fees**  
**December 31, 2002**

<b>Service Size (Inches)</b>		<b>Single Family Detached</b>		<b>Single Family Attached (per unit)</b>		<b>Multi- Family (per unit)</b>		<b>Commercial</b>
N/A	\$	—	\$	5,759	\$	4,252	\$	—
5/8 and 3/4		6,846		—		—		6,846
1		13,958		—		—		13,958
1 1/2		—		—		—		31,437
2		—		—		—		55,833
3		—		—		—		125,534
4		—		—		—		223,330
6		—		—		—		502,742
8		—		—		—		893,783

**Water Tap and Development Fee Revenues**

<b>Year</b>		<b>Tap Fee Revenue</b>		<b>Development Fee Revenue</b>		<b>Total Tap and Development Fees</b>
1998	\$	8,605,558	\$	216,830	\$	8,822,388
1999		12,135,147		757,853		12,893,000
2000		13,234,435		526,785		13,761,220
2001		22,936,681		1,234,391		24,171,072
2002		17,927,280		704,621		18,631,901

(concluded)



**EXHIBIT H-9****CITY OF AURORA, COLORADO****WATER FUND****BUDGET SUMMARY FOR 2003****DECEMBER 31, 2002**

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	<u><b>2003 Budget</b></u>
Funds Available - January 1	\$ 28,104,690
Revenues	160,300,800
Uses of funds	
Operating expenditures	25,307,601
Debt related	12,889,800
Capital projects	<u>109,677,000</u>
Total uses	<u>147,874,401</u>
Change in funds available	<u>12,426,399</u>
Funds Available - December 31	<u><u>\$ 40,531,089</u></u>

**EXHIBIT H-10****CITY OF AURORA, COLORADO****SEWER FUND****COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER, 1998 THROUGH 2002**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 20,198,212	\$ 21,518,092	\$ 21,648,210	\$ 22,606,204	\$ 24,252,421
Total operating revenues	<u>20,198,212</u>	<u>21,518,092</u>	<u>21,648,210</u>	<u>22,606,204</u>	<u>24,252,421</u>
<b>OPERATING EXPENSES</b>					
Cost of sales and services	14,162,569	15,906,157	16,451,340	17,197,409	18,445,740
Administrative expenses	516,146	709,671	656,938	617,061	572,889
Depreciation	<u>2,583,244</u>	<u>2,698,842</u>	<u>2,925,103</u>	<u>3,001,034</u>	<u>3,276,174</u>
Total operating expenses	<u>17,261,959</u>	<u>19,314,670</u>	<u>20,033,381</u>	<u>20,815,504</u>	<u>22,294,803</u>
Operating income	<u>2,936,253</u>	<u>2,203,422</u>	<u>1,614,829</u>	<u>1,790,700</u>	<u>1,957,618</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment income	2,312,250	1,690,088	2,902,336	2,902,973	1,868,038
Miscellaneous revenue	112,191	105,101	36,714	45,475	5,160
Interest expense	(67,770)	(121)	(363,187)	78,517	—
Amortization expense	(42,995)	(47,098)	(92,205)	(28,836)	(20,241)
Gain (loss)-disposal capital assets	<u>(667,797)</u>	<u>(169,534)</u>	<u>(37,254)</u>	<u>7,657</u>	<u>(352,331)</u>
Net non-operating revenues (expenses)	<u>1,645,879</u>	<u>1,578,436</u>	<u>2,446,404</u>	<u>3,005,786</u>	<u>1,500,626</u>
<b>NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>4,582,132</u>	<u>3,781,858</u>	<u>4,061,233</u>	<u>4,796,486</u>	<u>3,458,244</u>
Capital contributions	—	5,976,898	12,298,908	18,687,969	18,222,827
Transfers in	—	—	—	—	1,059,955
Transfers out	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,050,948)</u>
<b>INCREASE IN NET ASSETS</b>	<u>4,582,132</u>	<u>9,758,756</u>	<u>16,360,141</u>	<u>23,484,455</u>	<u>21,690,078</u>
<b>NET ASSETS - January 1</b>	<u>157,535,338</u>	<u>162,117,470</u>	<u>171,876,226</u>	<u>188,236,367</u>	<u>211,720,822</u>
<b>NET ASSETS - December 31</b>	<u>\$ 162,117,470</u>	<u>\$ 171,876,226</u>	<u>\$ 188,236,367</u>	<u>\$ 211,720,822</u>	<u>\$ 233,410,900</u>

**EXHIBIT H-11****CITY OF AURORA, COLORADO****SEWER FUND****SEWER SYSTEM STATISTICS****DECEMBER 31, 2002**

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The Sewer System classifies its customers as business and residential. A breakdown of the usage and revenues for 2002 is as follows:

**2002 Sewer Usage and Revenues by Classification**

<b>Classification</b>	<b>Percent of Consumption</b>	<b>Percent of Billed Revenues</b>
Business	18%	18%
Residential	<u>82%</u>	<u>82%</u>
Totals	<u>100%</u>	<u>100%</u>

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The following table sets forth the ten largest customers of the Sewer System, which, in aggregate, accounted for 5.7% of total billed Sewer revenues in 2002.

**Ten Largest Customers of the Sewer System**

<b>Customer</b>	<b>Billed Revenue</b>
Heather Gardens HOA	\$ 147,950
Kingsley Management Corporation	110,575
Buckley Air Base	102,850
Aurora Public Schools	79,804
Holiday Inn Denver	76,425
Woodridge Apartments	74,075
AOE/Riverfalls Afford Housing	68,255
Mountain View Apartment	59,309
The Medical Center of Aurora	55,625
Cherry Creek School District	<u>52,974</u>
	<u>\$ 827,842</u>

(Continued)

**EXHIBIT H-11****CITY OF AURORA, COLORADO****SEWER FUND****SEWER SYSTEM STATISTICS****DECEMBER 31, 2002**

**Sanitary Sewer System Rates and Charges  
December 31, 2002**

Meter Size		Monthly Service Charge
5/8" and 3/4"	\$	1.69
1"		4.23
1 1/2"		8.45
2"		13.52
3"		29.58
4"		84.52
6"		169.05
8"		169.05

**Sanitary Sewer Tap Fees  
December 31, 2002**

Service Size (Inches)	Single Family Detached	Single Family Attached (per unit)	Multi- Family (per unit)	Commercial
N/A	\$ —	\$ 1,095	\$ 865	\$ —
5/8	1,095	—	—	—
3/4	1,095	—	—	2,081
1	1,095	—	—	4,929
1 1/2	—	—	—	12,048
2	—	—	—	21,906
3	—	—	—	46,002
4	—	—	—	83,242
6	—	—	—	(1)
8	—	—	—	(1)

(1) Rates for six inch and larger meters are based on a formula utilizing flow, BOD, TSS, and TKN values.

(Continued)

**EXHIBIT H-11****CITY OF AURORA, COLORADO****SEWER FUND****SEWER SYSTEM STATISTICS****DECEMBER 31, 2002**

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**Sewer Tap and Development Fee Revenues  
December 31, 2002**

<b>Year</b>	<b>Tap Fee Revenue</b>	<b>Development Fee Revenue</b>	<b>Total Tap and Development Fees</b>
1998	\$ 1,405,248	\$ 806,985	\$ 2,212,233
1999	1,609,643	1,603,167	3,212,810
2000	2,144,958	1,068,949	3,213,907
2001	4,256,124	2,073,019	6,329,143
2002	3,743,531	1,093,053	4,836,584

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**Storm Drain Rates and Charges**

The City imposes storm drainage fees upon the owners of property served by the System's storm sewer facilities. In addition, developers are charged a \$1,052 per acre storm drainage development fee at the time building permits are issued. The storm drainage fee is \$3.83 per month for single family detached and individually metered single family attached dwellings. The storm drainage fee is \$3.83 per month plus \$3.03 per month for each additional unit for multifamily and master metered single family attached dwellings. For commercial and industrial buildings, the storm drainage fee is \$3.83 per month for the first 2,500 square feet of gross floor space plus \$3.03 for each additional 2,500 square feet of gross floor space or portion thereof.

(Concluded)

**EXHIBIT H-12**  
**CITY OF AURORA, COLORADO**  
**SEWER FUND**  
**BUDGET SUMMARY FOR 2003**  
**DECEMBER 31, 2002**

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	<u><b>2003 Budget</b></u>
Funds Available - January 1	<u>\$ 12,686,917</u>
Sources of funds	
Revenues	<u>31,607,800</u>
Total sources	<u>31,607,800</u>
Uses of funds	
Operating expenditures	22,044,809
Debt related	2,182,700
Capital projects	<u>8,479,800</u>
Total uses	<u>32,707,309</u>
Change in funds available	<u>(1,099,509)</u>
Funds Available - December 31	11,587,408
Principal receivable - loan to Golf	<u>256,000</u>
Adjusted funds available - December 31	<u><u>\$ 11,843,408</u></u>

**EXHIBIT H-13****CITY OF AURORA, COLORADO****GOLF FUND****COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 1998 THROUGH 2002**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 5,523,801	\$ 6,531,267	\$ 7,498,871	\$ 8,642,850	\$ 9,174,718
Total operating revenues	<u>5,523,801</u>	<u>6,531,267</u>	<u>7,498,871</u>	<u>8,642,850</u>	<u>9,174,718</u>
<b>OPERATING EXPENSES</b>					
Cost of sales and services	4,157,949	5,689,690	6,849,643	6,423,757	6,477,046
Administrative expenses	445,444	719,302	869,758	977,998	791,437
Depreciation	<u>660,848</u>	<u>858,775</u>	<u>1,014,582</u>	<u>1,044,843</u>	<u>995,763</u>
Total operating expenses	<u>5,264,241</u>	<u>7,267,767</u>	<u>8,733,983</u>	<u>8,446,598</u>	<u>8,264,246</u>
Operating income (loss)	<u>259,560</u>	<u>(736,500)</u>	<u>(1,235,112)</u>	<u>196,252</u>	<u>910,472</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment income	256,231	281,567	248,319	180,636	161,467
Miscellaneous revenue	18,756	170,338	25,509	21,234	17,184
Interest expense	(333,193)	(261,427)	(341,914)	(781,896)	(685,294)
Amortization expense	(12,944)	(12,943)	(12,943)	(12,944)	(12,943)
Gain (loss)-disposal capital assets	<u>(41,274)</u>	<u>(183,035)</u>	<u>—</u>	<u>(69)</u>	<u>5,277</u>
Net non-operating revenues (expenses)	<u>(112,424)</u>	<u>(5,500)</u>	<u>(81,029)</u>	<u>(593,039)</u>	<u>(514,309)</u>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	147,136	(742,000)	(1,316,141)	(396,787)	396,163
Capital contributions	735,575	1,652,552	775,532	995,840	241,160
Transfers in	—	—	—	22,555	—
Transfers out	<u>—</u>	<u>—</u>	<u>(72,940)</u>	<u>(40,000)</u>	<u>—</u>
INCREASE (DECREASE) IN NET ASSETS	882,711	910,552	(613,549)	581,608	637,323
TOTAL NET ASSETS - January 1	<u>22,401,183</u>	<u>23,283,894</u>	<u>24,194,446</u>	<u>23,580,897</u>	<u>24,162,505</u>
TOTAL NET ASSETS - December 31	<u>\$ 23,283,894</u>	<u>\$ 24,194,446</u>	<u>\$ 23,580,897</u>	<u>\$ 24,162,505</u>	<u>\$ 24,799,828</u>

**EXHIBIT H-14****CITY OF AURORA, COLORADO****GOLF FUND****GOLF COURSE ENTERPRISE SYSTEM STATISTICS****DECEMBER 31, 2002****Golf Course System Usage**

<b>Course</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
Meadow Hills	61,420	63,211	60,994	56,818	59,328
Aurora Hills	61,426	60,690	55,258	55,205	60,162
Springhill	54,347	54,146	50,250	48,237	45,240
Centre Hills	45,577	44,157	38,620	38,956	34,470
Saddle Rock	44,385	48,102	43,980	40,479	39,168
Fitzsimons	—	45,418	47,893	45,365	46,368
Murphy Creek	—	—	16,957	37,272	35,276

**2002 Green Fee Rates**

	<b>Meadow Hills</b>	<b>Aurora Hills</b>	<b>Springhill</b>	<b>Centre Hills (1)</b>	<b>Saddle Rock</b>	<b>Fitzsimons (2)</b>	<b>Murphy Creek</b>
18-Hole Resident - Weekday	\$ 22.00	\$ 18.00	\$ 16.00	\$ 11.25	\$ 30.00	\$ 17.00	\$ 28.00
18-Hole Resident - Weekend	26.00	20.00	17.00	12.50	40.00	19.00	38.00
18-Hole Non-Resident - Weekday	24.00	20.00	18.00	13.50	32.00	19.00	30.00
18-Hole Non-Resident - Weekend	26.00	22.00	20.00	16.50	40.00	21.00	38.00
18-Hole Resident Junior - Weekday	10.00	9.00	8.00	7.00	16.00	9.00	15.00
18-Hole Resident Senior - Weekday	13.00	11.00	10.00	8.00	20.00	11.00	18.00
9-Hole Resident - Weekday	11.00	9.00	8.50	6.25	15.00	9.00	14.00
9-Hole Resident - Weekend	13.00	10.00	9.50	7.00	20.00	10.00	19.00
9-Hole Non-Resident - Weekday	13.00	11.00	10.00	7.50	16.00	11.00	15.00
9-Hole Non-Resident - Weekend	15.00	13.00	12.00	9.00	20.00	13.00	19.00
9-Hole Resident Junior - Weekday	5.75	5.00	4.50	4.00	8.00	5.00	7.50
9-Hole Resident Senior - Weekday	7.00	6.00	5.50	4.50	10.00	6.00	9.00

(1) The Centre Hills Golf Course is a 9-hole course. The 18-hole fee is the total cost to play the 9-hole course twice on the same day.

(2) Continuing annual members \$450/year and \$2.00/9 holes.

Pursuant to an agreement with the Fitzsimons Redevelopment Authority (FRA), which expires on December 31, 2003, the City of Aurora presently operates the Fitzsimons course as part of its Golf Course Enterprise System. If the agreement is not renewed, Fitzsimons results will not be included as part of system results. The present agreement calls for payments from the golf enterprise to FRA, a management fee payable to the golf enterprise, and a negotiated division of net income from the Fitzsimons course.





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## STATISTICAL SECTION

Revenues and Expenditures

Taxes and Assessments

Debt

Economic and Demographic

# REVENUES AND EXPENDITURES STATISTICS

**Exhibit i**  
**Exhibit ii**

## ***GOVERNMENTAL EXPENDITURES BY FUNCTION***

These tables present general information on recurring governmental expenditures during the last ten years. The tables include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. They do not include expenditures of the leasing corporation ACLC. The expenditures are categorized as General Government, Judicial, Police, Fire, Other Public Safety, Public Works, Economic Development, Community Services, Culture and Recreation, Debt Service and Capital Outlay.

**Exhibit iii**  
**Exhibit iv**

## ***GOVERNMENTAL REVENUES BY SOURCE***

These tables present general information on recurring governmental revenues during the last ten years. The tables include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. They do not include revenues of the leasing corporation ACLC. Major governmental revenue sources are: taxes, licenses and permits, intergovernmental revenues, charges for services, fines and forfeitures and miscellaneous revenues such as interest income on investments and special assessments.

**Exhibit v**  
**Exhibit vi**

## ***GOVERNMENTAL TAX REVENUES BY SOURCE***

These tables present detailed information on the tax revenues portion of governmental revenues. They include tax revenues of the General Fund and Debt Service Funds. Tax revenues are derived primarily from property taxes, sales and use tax, lodgers tax, and other taxes including specific ownership, franchise, and occupational privilege tax.

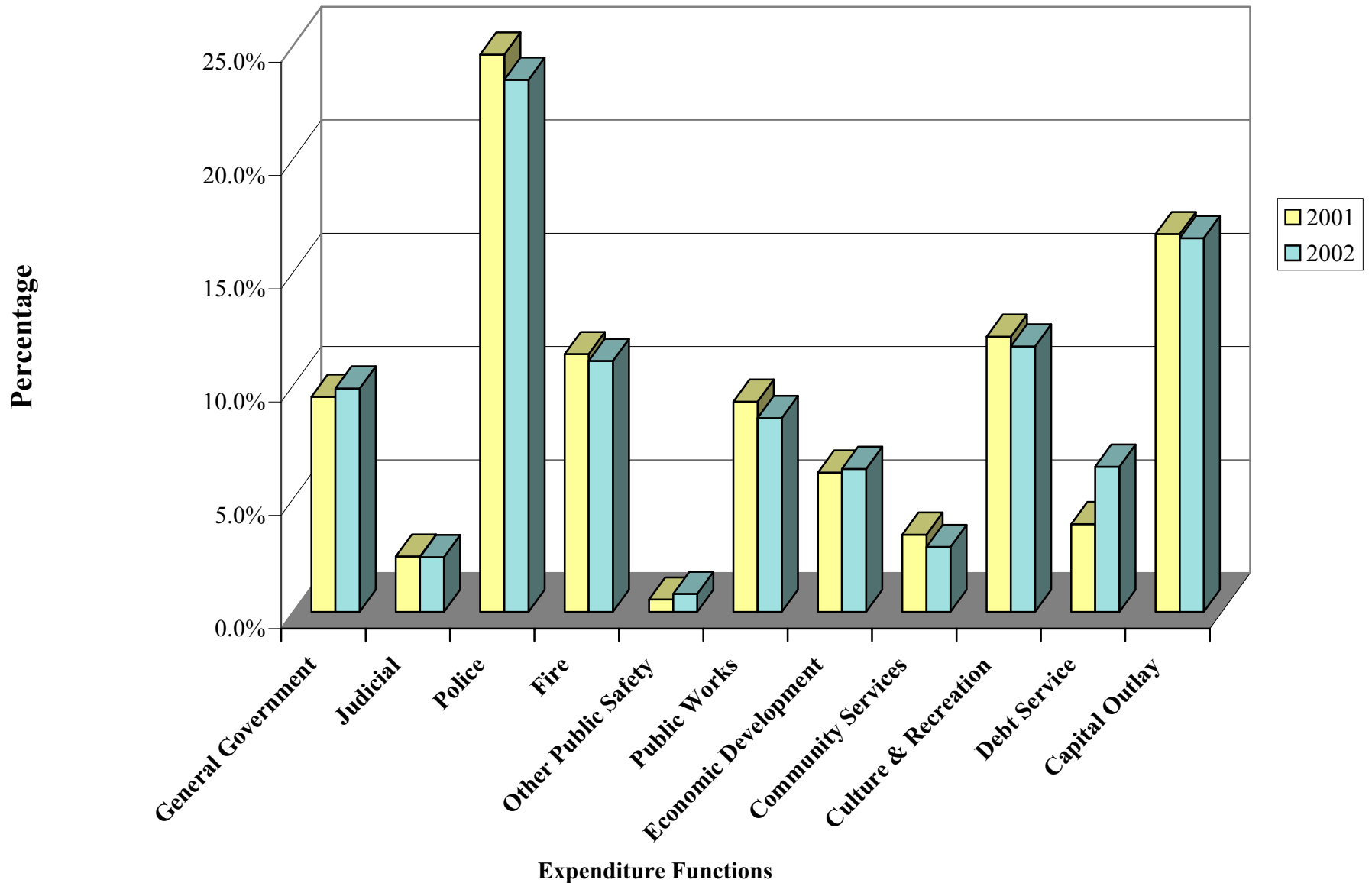


**Exhibit i**

**City of Aurora, Colorado**

**GOVERNMENTAL EXPENDITURES BY FUNCTION  
AS A PERCENTAGE OF TOTAL EXPENDITURES**

For the Years Ended December 31, 2001 and 2002



Notes: See Exhibit ii

**City of Aurora, Colorado**

**Exhibit ii**

**GOVERNMENTAL EXPENDITURES BY FUNCTION**

Last Ten Years

General Government			Judicial		Police		Fire		Other Public Safety			Public Works	
Year	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
1994	\$ 14,061,090	10.6%	\$ 3,870,683	2.9%	\$ 35,545,263	26.7%	\$ 18,341,407	13.8%	\$ 455,301	0.3%	\$ 18,033,465	13.6%	
1995	15,714,482	11.1%	4,098,143	2.9%	41,038,872	29.1%	18,940,073	13.4%	665,533	0.5%	18,036,234	12.8%	
1996	17,225,004	11.2%	4,339,088	2.8%	44,876,908	29.3%	20,097,755	13.1%	398,065	0.3%	18,915,959	12.3%	
1997	18,772,013	10.9%	4,527,730	2.6%	50,040,149	29.0%	22,047,080	12.8%	489,022	0.3%	22,602,759	13.1%	
1998	18,336,940	10.1%	4,823,742	2.6%	50,114,775	27.5%	21,621,084	11.9%	690,903	0.4%	23,172,588	12.7%	
1999	19,916,219	10.4%	5,102,251	2.7%	53,020,967	27.7%	23,137,015	12.1%	493,874	0.3%	30,177,441	15.8%	
2000	20,195,218	9.6%	5,455,373	2.6%	54,624,074	26.0%	25,150,075	12.0%	2,082,171	1.0%	37,714,179	18.0%	
2001	22,327,358	9.5%	5,745,870	2.4%	57,845,300	24.6%	26,756,286	11.4%	1,281,460	0.5%	21,822,624	9.3%	
2002	24,912,153	9.9%	6,110,996	2.4%	59,326,105	23.5%	27,972,743	11.1%	2,001,654	0.8%	21,598,825	8.6%	
Economic Development			Community Services		Culture and Recreation		Debt Service		Capital Outlay		Total Governmental Expenditures		
Year	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount (a)	%	
1994	\$ 5,749,583	4.3%	\$ 5,603,881	4.2%	\$ 20,392,938	15.3%	\$ 7,175,048	5.4%	\$ 3,755,967	2.8%	\$ 132,984,626	100%	
1995	6,177,298	4.4%	6,963,041	4.9%	20,884,682	14.8%	3,917,634	2.8%	4,653,327	3.3%	141,089,319	100%	
1996	7,490,955	4.9%	5,863,878	3.8%	22,974,287	15.0%	3,676,444	2.4%	7,381,153	4.8%	153,239,496	100%	
1997	8,569,693	5.0%	5,829,947	3.4%	23,902,684	13.8%	3,102,379	1.8%	12,753,584	7.4%	172,637,040	100%	
1998	9,329,376	5.1%	6,796,644	3.7%	25,449,191	14.0%	3,296,955	1.8%	18,657,437	10.2%	182,289,635	100%	
1999	10,447,573	5.5%	7,493,193	3.9%	27,376,586	14.3%	4,251,835	2.2%	10,074,621	5.3%	191,491,575	100%	
2000	12,581,764	6.0%	7,830,788	3.7%	26,054,567	12.4%	4,548,420	2.2%	13,665,305	6.5%	209,901,934	100%	
2001	14,461,822	6.1%	8,024,930	3.4%	28,574,815	12.2%	9,104,403	3.9%	39,212,910	16.7%	235,157,778	100%	
2002	15,940,491	6.3%	7,233,833	2.9%	29,599,895	11.7%	16,185,425	6.4%	41,672,386	16.5%	252,554,506	100%	

Notes: This schedule includes General, Special Revenue, Debt Service and Capital Projects Funds expenditures. Expenditures of the ACLC are not included.

This schedule does not include expenditures for 1993 as re-allocations per GASB 34 were not available.

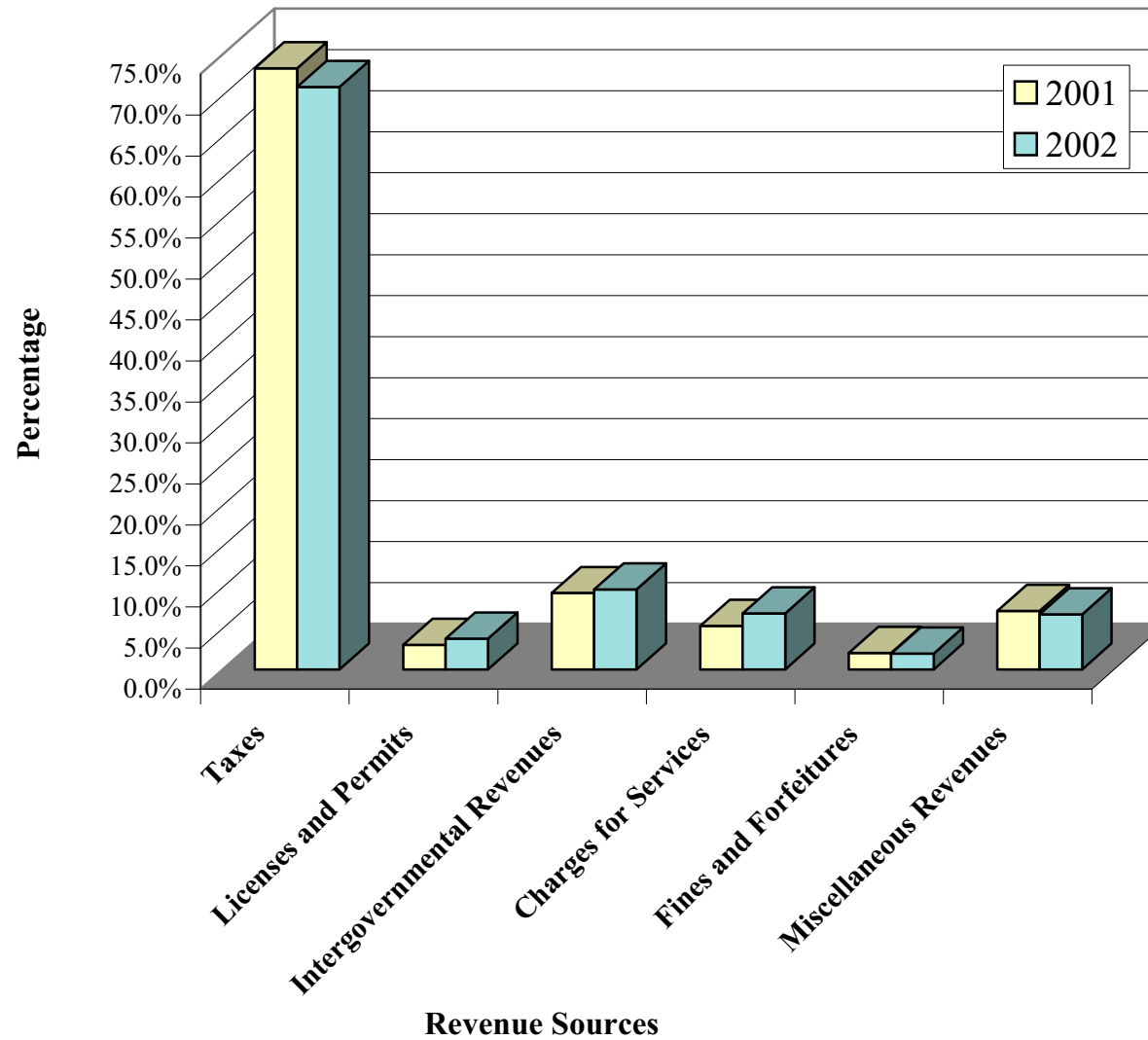
(a) Amounts have been re-allocated, as applicable, from prior year totals to reflect GASB 34 presentation.

**Exhibit iii**

**City of Aurora, Colorado**

**GOVERNMENTAL REVENUES BY SOURCE  
AS A PERCENTAGE OF TOTAL REVENUES**

For the Years Ended December 31, 2001 and 2002



Notes: See Exhibit iv

**City of Aurora, Colorado**

**Exhibit iv**

**GOVERNMENTAL REVENUES BY SOURCE**

**Last Ten Years**

Year	<b>Taxes (a)</b>		<b>Licenses and Permits</b>		<b>Intergovernmental Revenues (b)</b>		<b>Charges for Services (c)</b>		<b>Fines and Forfeitures</b>		<b>Miscellaneous Revenues (d)</b>		<b>Total Governmental Revenues</b>
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
1993	\$ 99,659,416	74.6%	\$ 2,349,464	1.8%	\$ 13,268,609	9.9%	\$ 9,611,859	7.2%	\$ 1,697,634	1.3%	\$ 7,052,444	5.3%	\$ 133,639,426
1994	109,655,214	74.4%	2,975,315	2.0%	13,283,161	9.0%	9,802,087	6.6%	2,115,231	1.4%	9,622,103	6.5%	147,453,111
1995	112,905,695	73.5%	3,068,356	2.0%	16,154,790	10.5%	10,129,848	6.6%	2,590,510	1.7%	8,760,446	5.7%	153,609,645
1996	120,507,184	73.8%	3,656,516	2.2%	16,995,934	10.4%	9,679,998	5.9%	2,660,058	1.6%	9,897,200	6.1%	163,396,890
1997	127,629,403	71.8%	4,093,884	2.3%	23,172,683	13.0%	10,325,247	5.8%	3,068,732	1.7%	9,353,996	5.3%	177,643,945
1998	138,512,632	74.1%	4,703,725	2.5%	19,619,408	10.5%	11,438,078	6.1%	3,883,813	2.1%	8,847,460	4.7%	187,005,116
1999	148,878,651	73.1%	5,373,101	2.6%	21,439,172	10.5%	11,702,854	5.7%	4,038,670	2.0%	12,302,894	6.0%	203,735,342
2000	163,952,246	74.5%	6,005,710	2.7%	21,110,332	9.6%	10,662,570	4.8%	4,099,854	1.9%	14,238,307	6.5%	220,069,019
2001	175,353,161	73.3%	7,140,457	3.0%	22,258,953	9.3%	12,670,536	5.3%	4,742,280	2.0%	17,007,361	7.1%	239,172,748
2002	178,173,126	71.0%	9,394,758	3.7%	24,455,505	9.8%	17,146,211	6.8%	4,858,918	1.9%	16,780,257	6.7%	250,808,775

Notes: This schedule includes General, Special Revenue, Debt Service, and Capital Projects Funds revenues. This schedule does not include revenues of the ACLC.

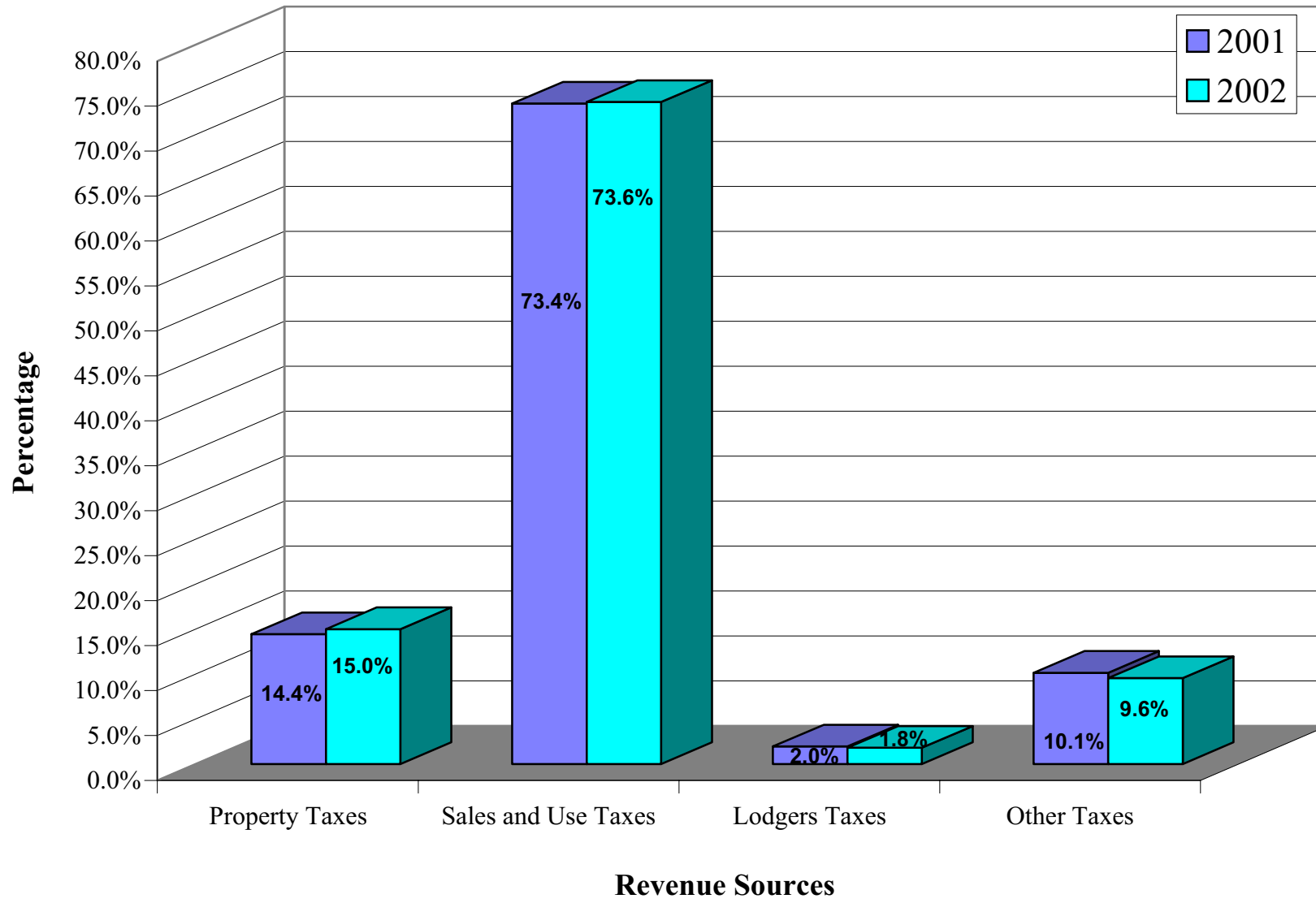
- (a) Tax revenues are derived primarily from sales and use taxes, property taxes and gross receipts business taxes. Sales and use taxes are shown on the accrual basis for 1994-2002.
- (b) Intergovernmental revenues are primarily State shared revenues and governmental grants.
- (c) Includes surcharge revenues.
- (d) Includes special assessments, miscellaneous revenues and investment income.

City of Aurora, Colorado

Exhibit v

**GOVERNMENTAL TAX REVENUES BY SOURCE  
AS A PERCENTAGE OF TOTAL TAX REVENUES**

For the Years Ended December 31, 2001 and 2002



Notes: See Exhibit vi



**City of Aurora, Colorado**

**Exhibit vi**

**GOVERNMENTAL TAX REVENUES BY SOURCE**

**Last Ten Years**

		<b>Property Taxes (a)</b>		<b>Sales &amp; Use Taxes</b>		<b>Lodgers Taxes</b>		<b>Other Taxes (b)</b>		<b>Total Governmental Tax Revenues</b>
Year		Amount	%	Amount	%	Amount	%	Amount	%	Amount
1994	\$	14,133,912	12.9%	\$ 80,515,568	73.4%	\$ 1,627,494	1.5%	\$ 13,378,240	12.2%	\$ 109,655,214
1995		14,118,212	12.5%	84,538,538	74.9%	1,878,901	1.7%	12,370,044	11.0%	112,905,695
1996		15,203,298	12.6%	90,020,205	74.7%	2,185,444	1.8%	13,098,237	10.9%	120,507,184
1997		15,636,192	12.3%	93,399,121	73.2%	2,495,305	2.0%	16,098,785	12.6%	127,629,403
1998		16,378,085	11.8%	102,656,899	74.1%	2,904,587	2.1%	16,573,061	12.0%	138,512,632
1999		18,225,450	12.2%	112,612,925	75.6%	3,480,224	2.3%	14,560,052	9.8%	148,878,651
2000		19,429,113	11.9%	124,670,053	76.0%	3,808,955	2.3%	16,044,125	9.8%	163,952,246
2001		25,138,146	14.3%	128,794,583	73.4%	3,438,213	2.0%	17,982,219	10.3%	175,353,161
2002		26,732,855	15.0%	131,175,237	73.6%	3,231,779	1.8%	17,033,255	9.6%	178,173,126

Notes: This schedule includes the General and Debt Service Funds tax revenues. Tax revenues recorded in the Special Revenue Funds are included in 1995 only. This schedule does not include tax revenues for 1993 as re-allocations per GASB34 were not available.

(a) From 1998 through 2000 and for 2002, property tax revenues were collected in excess of the limits imposed under the Taxpayer Bill of Rights (TABOR) Amendment. Taxpayers were given a "temporary tax credit" for these excess collections in the form of a reduction in the following year tax levy which reduced the amount they were required to pay. Amounts collected in excess of the limit are recognized as deferred revenue in the year collected and as revenue in the following year.

(b) This category includes Specific Ownership, Franchise and Occupational Privilege taxes.



## **TAXES AND ASSESSMENT STATISTICS**

### **Exhibit vii**

#### ***PROPERTY TAX LEVIES AND COLLECTIONS***

This table presents comparative data regarding the City's property tax revenues. Data presented includes the total property tax levy, current and delinquent tax collections/refunds, TABOR excess collections and tax credit and tax collections related to the City's tax increment financing district. Property tax levies and collections are reported in the General Fund and the Debt Service Funds.

### **Exhibit viii**

#### ***SPECIAL ASSESSMENT COLLECTIONS***

This table presents information pertaining to the levy and collection of special assessments. These assessments are levied on properties that benefit from construction projects financed by special improvement districts. Special assessment levies and collections are reported in the Debt Service Funds.

### **Exhibit ix**

#### ***ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY***

Property taxes are levied based on the assessed value of the property. The assessed value is a percentage of the estimated actual value. Assessed and estimated actual value data is obtained from Certifications of Valuation provided by Adams County, Arapahoe County and Douglas County. Colorado statutes provide counties with procedures for the valuation of property for assessment purposes.

### **Exhibit x**

#### ***PROPERTY TAX RATES - DIRECT AND PRIMARY OVERLAPPING GOVERNMENTS***

This table shows a combined presentation of the City's property tax rates together with the property tax rates of primary overlapping entities. The primary overlapping entities of the City are: Adams County, Arapahoe County, Aurora School District 28J and the Cherry Creek School District. This table provides an overall view of the total property tax rates applicable to property taxpayers.

**City of Aurora, Colorado**

Exhibit vii

**PROPERTY TAX LEVIES AND COLLECTIONS**

**Last Ten Years**

Assessment/ Levy Year	Collection/ Budget Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Collections/ (Refunds) (b)	Total Tax Collections	Collections as % of Current Tax Levy	TABOR (c)		Tax Increment Collections	Total Property Tax Revenues
								Excess Collections	Tax Credit		
1992	1993	\$ 14,878,136	\$ 14,603,491	98.15%	\$ (220,543)	\$ 14,382,948	96.67%	\$ -	\$ -	\$ 197,480	\$ 14,580,428
1993	1994	14,127,000	13,930,669	98.61%	24,263	13,954,932	98.78%	-	-	203,244	14,158,176
1994	1995	14,015,390	13,939,300	99.46%	(82,642)	13,856,658	98.87%	-	-	178,912	14,035,570
1995	1996	15,085,751	15,033,843	99.66%	8,236	15,042,079	99.71%	-	-	169,455	15,211,534
1996	1997	15,462,063	15,429,441	99.79%	(1,516)	15,427,925	99.78%	-	-	187,664	15,615,589
1997	1998	17,974,286	17,862,322	99.38%	(3,337)	17,858,985	99.36%	(1,663,744)	-	182,844	16,378,085
1998	1999	17,726,529	17,575,493	99.15%	(79,042)	17,496,451	98.70%	(1,235,123)	1,649,456	314,666	18,225,450
1999	2000	22,170,875	22,041,571	99.42%	(11,747)	22,029,824	99.36%	(4,385,448)	1,154,154	630,583	19,429,113
2000	2001	21,016,790	20,528,208	97.68%	(186,875)	20,341,333	96.79%	-	4,134,476	662,337	25,138,146
2001	2002	28,340,445	28,112,473	99.20%	(195,833)	27,916,640	98.50%	(2,012,800)	218,559	610,456	26,732,855

Notes: Data obtained from Certifications of Valuation provided by Adams, Arapahoe and Douglas counties. Colorado statutes provide procedures for the valuation of property for assessment purposes. The "Assessment/Levy Year" is the calendar year in which the property value is assessed. It is also the year in which the associated tax is levied. The tax revenue for a "Collection/Budget Year" is based on the assessment and tax levy made in the prior year. Tax revenue collections occur in the budget year.

The County Assessor bases the assessed values on property values as of June 30 of the year prior to the assessment year. Thus the assessed values for the taxes associated with budget year 2003 are based on the 2002 assessment, which itself is based on property values as of June 30, 2001.

- (a) Property taxes are assessed by Adams, Arapahoe and Douglas counties and remitted to the City after collection.
- (b) Delinquent tax collections are netted with refunds of appealed assessments. Positive numbers reflect more delinquent tax collections than refunds for the year. Negative numbers reflect refunds of appealed assessments in excess of delinquent collections for the year.
- (c) From 1998 through 2000 and for 2002, property tax revenues were collected in excess of the limits imposed under the Taxpayer Bill of Rights (TABOR) Amendment. Taxpayers were given a "temporary tax credit" for these excess collections in the form of a reduction in the following year tax levy which reduced the amount they were required to pay. Amounts collected in excess of the limit are recognized as deferred revenue in the year collected and as revenue in the following year.

**City of Aurora, Colorado**

**Exhibit viii**

**SPECIAL ASSESSMENT COLLECTIONS**

(Principal Only)

**Last Ten Years**

<b>Collection Year</b>		<b>Assessments Receivable January 1</b>		<b>New Assessments Levied and Adjustments</b>		<b>Assessments Collected</b>		<b>Assessments Receivable December 31</b>
1993	\$	6,650,158	\$	-	\$	(1,293,149)	\$	5,357,009
1994		5,357,009		85,670		(1,027,997)		4,414,682
1995		4,414,682		178,070		(935,144)		3,657,608
1996		3,657,608		-		(710,199)		2,947,409
1997		2,947,409		-		(706,627)		2,240,782
1998		2,240,782		(8,602)		(667,665)		1,564,515
1999		1,564,515		-		(473,694)		1,090,821
2000		1,090,821		(27,056)		(433,235)		630,530
2001		630,530		(5,118)		(318,617)		306,794
2002		306,794		-		(192,493)		114,301

**City of Aurora, Colorado**

**Exhibit ix**

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

Last Ten Years

Assessment/ Levy Year	Collection/ Budget Year	Real Property (a)			Total		Change in Actual Value	Percent of Total Assessed Value to Estimated Actual Value
		Assessed Value Adams County	Assessed Value Arapahoe County (b)	Assessed Value Douglas County	Assessed Value	Estimated Actual Value		
1993	1994	\$ 164,276,490	\$ 1,053,041,090	\$ 2,480	\$ 1,217,320,060	\$ 7,251,725,211	\$ 255,580,177	16.8%
1994	1995	166,325,210	1,041,374,990	2,480	1,207,702,680	7,283,889,539	32,164,328	16.6%
1995	1996	170,913,640	1,087,671,790	2,360	1,258,587,790	8,548,525,681	1,264,636,142	14.7%
1996	1997	178,329,990	1,111,893,870	2,360	1,290,226,220	8,573,889,782	25,364,101	15.0%
1997	1998	215,086,006	1,292,289,910	2,360	1,507,378,276	10,179,360,569	1,605,470,787	14.8%
1998	1999	237,253,350	1,306,561,110	2,480	1,543,816,940	10,420,035,339	240,674,770	14.8%
1999	2000	292,819,650	1,594,238,220	2,480	1,887,060,350	12,500,191,290	2,080,155,951	15.1%
2000	2001	316,583,610	1,673,391,071	2,480	1,989,977,161	12,917,885,512	417,694,222	15.4%
2001	2002	382,141,380	1,947,164,470	2,600	2,329,308,450	16,840,511,419	3,922,625,907	13.8%
2002	2003	391,969,270	2,039,310,460	32,610	2,431,312,340	17,631,037,265	790,525,846	13.8%

Notes: Data obtained from Certifications of Valuation provided by Adams, Arapahoe and Douglas counties. Colorado statutes provide procedures for the valuation of property for assessment purposes. The "Assessment/Levy Year" is the calendar year in which the property value is assessed. It is also the year in which the associated tax is levied. The tax revenue for a "Collection/Budget Year" is based on the assessment and tax levy made in the prior year. Tax revenue collections occur in the budget year.

The County Assessor bases the assessed values on property values as of June 30 of the year prior to the assessment year. Thus the assessed values for the taxes associated with budget year 2003 are based on the 2002 assessment, which itself is based on property values as of June 30, 2001.

The assessed valuation percentage is established each year and was as follows: Residential: 1993 and 1994 - 12.86%; 1995 and 1996 - 10.36%; 1997 through 2000 - 9.74%; 2001 and 2002 - 9.15%.

All other classes of property were assessed at 29% of estimated actual value.

(a) Includes both real and some business personal property.

(b) Does not include tax increment financing district incremental assessed valuation of: \$2,109,750 - 1993; \$1,846,980 - 1994; \$1,756,060 - 1995; \$1,729,530 - 1996; \$2,069,310 - 1997; \$3,628,490 - 1998; \$8,090,420 - 1999; \$8,728,579 - 2000; \$8,168,440 - 2001 and \$6,685,640 - 2002.

**City of Aurora, Colorado**

**Exhibit x**

**PROPERTY TAX RATES - DIRECT AND PRIMARY OVERLAPPING GOVERNMENTS**

(Per \$1,000 of Assessed Valuation)

Last Ten Years

Assessment/ Levy Year	Collection/ Budget Year	City of Aurora	Counties		Schools		(1) Total Tax Rate - City of Aurora and:		
			Adams	Arapahoe	Aurora 28J	Cherry Creek	Adams County and Aurora Schools 28J	Arapahoe County and Aurora Schools 28J	Arapahoe County and Cherry Creek Schools
1993	1994	11.605	26.779	16.973	69.518	71.482	107.902	98.096	100.060
1994	1995	11.605	26.779	16.973	69.477	70.546	107.861	98.055	99.124
1995	1996	12.003	26.779	16.973	68.172	66.217	106.954	97.148	95.193
1996	1997	12.000	26.779	16.973	67.595	63.770	106.374	96.568	92.743
1997	1998	11.940	26.528	15.960	61.203	57.444	99.671	89.103	85.344
1998	1999	11.507	26.168	15.549	60.935	61.059	98.610	87.991	88.115
1999	2000	11.796	25.273	13.706	53.799	53.093	90.868	79.301	78.595
2000	2001	10.594	25.681	14.013	53.686	52.397	89.961	78.293	77.004
2001	2002	12.193	23.541	14.028	49.978	46.889	85.712	76.199	73.110
2002	2003	11.409	26.370	14.594	49.825	47.331	87.604	75.828	73.334

Notes: Data obtained from Certifications of Valuation provided by Adams, Arapahoe and Douglas counties. Colorado statutes provide procedures for the valuation of property for assessment purposes. The "Assessment/Levy Year" is the calendar year in which the property value is assessed. It is also the year in which the associated tax is levied. The tax revenue for a "Collection/Budget Year" is based on the assessment and tax levy made in the prior year. Tax revenue collections occur in the budget year.

The County Assessor bases the assessed values on property values as of June 30 of the year prior to the assessment year. Thus the assessed values for the taxes associated with budget year 2003 are based on the 2002 assessment, which itself is based on property values as of June 30, 2001.

- (1) The Adams and Arapahoe County Assessor's Offices report that property owners within these Counties' boundaries may be subject to a variety of different mill levies depending on the property's location. This schedule presents mill levies for Counties and School Districts only and may not represent the total tax rate for each property.

## DEBT STATISTICS

### Exhibit xi

#### ***COMPUTATION OF LEGAL DEBT MARGIN***

This table shows the calculation of the maximum amount of general obligation debt allowable under the provisions of the City Charter and the current net amount of debt outstanding that is applicable to the calculated debt limit. Subtracting the net amount of debt outstanding from the maximum amount allowed results in the legal debt margin. In 1992, Colorado voters approved an amendment to the state constitution (TABOR), which requires multiple-fiscal year debt and certain other financial obligations to be authorized by voters. Consequently, the computation of the City's legal debt margin has reduced significance.

### Exhibit xii

#### ***DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT***

This table shows a combined presentation of the City's outstanding general obligation debt, the outstanding general obligation debt of overlapping entities and the amount of overlapping debt applicable to the City. Overlapping entities with general obligation debt consist primarily of Aurora School District 28J, Cherry Creek School District and other special purpose taxing entities such as water, sanitation and metropolitan districts. This table provides an overall view of the total outstanding general obligation debt applicable to taxpayers.

### Exhibit xiii

#### ***RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT AND CERTIFICATES OF PARTICIPATION TO GOVERNMENTAL FUND EXPENDITURES***

This table presents detailed information on general obligation total debt service as compared to total governmental expenditures. Debt service is recorded in the Debt Service Funds. Governmental expenditures data includes the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds, but excludes the leasing corporation ACLC.



## **DEBT STATISTICS (continued)**

### **Exhibit xiv**

#### ***RATIO OF NET GENERAL OBLIGATION BONDED DEBT AND CERTIFICATES OF PARTICIPATION TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA***

Net general obligation bonded debt is calculated by subtracting the funds available for general obligation debt in Debt Service Funds, and the amount of general obligation debt being repaid by Enterprise Funds, from the total amount of general obligation debt outstanding. Net general obligation bonded debt, shown both separately, and combined with the certificates of participation of the leasing corporation, ACLC, are presented as a percentage of the total assessed value of taxable property and as a net bonded debt amount per capita.

### **Exhibit xv**

#### ***SCHEDULE OF REVENUE BOND COVERAGE***

Some revenue bond obligations require the City to maintain certain water, sewer, or golf course revenues in amounts sufficient to repay the interest and principal of the revenue bonds. Dividing the revenue bond debt service requirements by the net revenues available for revenue bond debt service results in the "coverage ratio."

**City of Aurora, Colorado**

**Exhibit xi**

**COMPUTATION OF CITY'S LEGAL DEBT MARGIN**

In accordance with Aurora Charter Article XI

December 31, 2002

Assessed valuation:			
Arapahoe County		2,039,310,460	
Adams County		391,969,270	(a)
Douglas County		32,610	
Total		<u>\$ 2,431,312,340</u>	
Debt limit - Three (3) percent of assessed valuation		\$	72,939,370
Amount of debt outstanding: (a)			
Total bonded debt	\$ 185,437,762		
Other debt	<u>111,662,746</u>		
Total		\$ 297,100,508	
Less:			
Fund balance in debt service funds	\$ 585,621		
Other deductions allowed by law:			
General obligation bonds exempt from limit	48,200,000	(b)	
General obligation water bonds	75,185,000		
Capitalized lease obligations	1,435,567		
Certificates of participation	109,875,000		
Water rights and other contracts payable	352,179		
Revenue bonds:			
General fund	15,855,000		
Water	19,979,841		
Sewer	12,482,921		
Golf	<u>5,825,000</u>		
Total deductions		<u>289,776,129</u>	
Total amount of debt applicable to debt limit		<u>7,324,379</u>	
Legal Debt Margin		<u>\$ 65,614,991</u>	(c)

(a) Computation does not include assessed valuation of tax increment financing district or related debt outstanding.

(b) These bonds are exempt from the general obligation debt limit by voter approval and per Section 11-19-1 of the City Charter.

(c) Article X, Section 20(4)(b) of the Colorado Constitution requires the City to receive voter approval in advance for the creation of any multiple fiscal year direct or indirect debt or other financial obligation whatsoever other than refinancing bonded debt at a lower interest rate or adding new employees to an existing pension plan, or when adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years. Enterprises, as defined in Article X, Section 20(2)(d) of the Colorado Constitution, are exempt from this requirement. An "enterprise" is a city-owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenues in grants from all Colorado state and local governments combined.

## Exhibit xii

## City of Aurora

## DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT

December 31, 2002

<b>Jurisdiction</b>	<b>Debt Outstanding (a)</b>	<b>Amount Applicable to City of Aurora</b>	<b>Percent Applicable to City of Aurora</b>
<i>Direct:</i>			
City of Aurora (b)	\$ 56,110,000	\$ 56,110,000	100.00%
<i>Overlapping:</i>			
Aurora School District 28J	43,197,233	40,515,987	93.79%
Cherry Creek School District	330,705,000	77,474,264	23.43%
Other (c)	230,839,595	135,246,546	58.59%
Total overlapping debt:	604,741,828	253,236,797	
Total Direct and Overlapping Debt	\$ 660,851,828	\$ 309,346,797	

## Notes:

- (a) Debt Outstanding is the net of general obligation debt less any monies reserved for the retiring of these general obligation bonds, such as sinking funds or debt service reserve funds.
- (b) Includes General Fund general obligation debt only
- (c) Approximately sixty-five other taxing entities overlap the City in whole or in part. Twenty of these entities report general obligation debt outstanding, including but not limited to, Aurora Centertech Metropolitan District, Saddle Rock Metropolitan District, Sterling Hills West Metropolitan District, Tower Metropolitan District and Sand Creek Metropolitan District.

**City of Aurora, Colorado**

**Exhibit xiii**

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION (GO) BONDED DEBT  
AND CERTIFICATES OF PARTICIPATION (COPs) TO GOVERNMENTAL EXPENDITURES**

Last Ten Years

Year	General Obligation Bonds (a) Total Debt Service	Total Governmental Expenditures (c)	Percent of GO Debt Service to Governmental Expenditures	Certificates of Participation (b) Total Debt Service	Percent of GO and COPs Debt Service to Governmental Expenditures
1993	\$ 2,404,195	\$ 127,985,497	1.9%	\$ -	-
1994	2,695,218	133,629,656	2.0%	-	-
1995	1,868,874	141,747,458	1.3%	2,692,665	3.2%
1996	2,238,055	155,529,558	1.4%	4,588,455	4.4%
1997	2,240,265	174,438,024	1.3%	4,591,855	3.9%
1998	2,217,156	182,289,635	1.2%	4,681,263	3.8%
1999	3,258,345	191,491,573	1.7%	4,587,032	4.1%
2000	2,153,025	209,901,932	1.0%	4,214,883	3.0%
2001	6,444,567	251,073,626	2.6%	2,784,883	3.7%
2002	6,171,575	252,554,506	2.4%	3,024,545	3.6%

Notes:

- (a) Includes general obligation bonds serviced by the Debt Service Fund. General obligation water bonds serviced by Water Fund revenues are excluded.
- (b) Includes Certificates of Participation issued by the ACLC in 1994 and 2002. The Certificates of Participation issued by ACLC in 2000 are not included as debt service for this issuance is currently funded from capitalized interest, not the General Fund.
- (c) Total Governmental Expenditures include the General, Special Revenue, Debt Service, and Capital Projects Funds but exclude the ACLC.

Exhibit xiv

City of Aurora, Colorado

**RATIO OF NET GENERAL OBLIGATION (GO) BONDED DEBT AND CERTIFICATES OF PARTICIPATION (COPs) TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**

Last Ten Years

Year	Population (a)	Assessed Value (b)	Gross General Obligation Bonded Debt (c)	Less: Debt Service Fund Balance	Less: Debt Payable from Water Revenues	Net General Obligation Bonded Debt	Net General Obligation Bonded Debt to Assessed Value	Net General Obligation Bonded Debt Per Capita	Outstanding COPs of Leasing Corp ACLC	GO Bonds & COPs to Assessed Value	GO Bonds & COPs Debt Per Capita
1993	244,498	\$ 1,217,320,060	\$ 175,235,000	\$ 63,860	\$ 164,655,000	\$ 10,516,140	0.9%	\$ 43	\$ -	-	\$ -
1994	248,104	1,207,702,680	170,420,000	61,731	162,010,000	8,091,491	0.7%	33	-	-	-
1995	252,806	1,258,897,790	152,570,000	63,355 (d)	140,660,000	11,846,645 (d)	0.9%	47	35,240,000	3.7%	186
1996	257,340	1,290,226,220	142,905,000	65,711 (d)	132,655,000	10,184,289 (d)	0.8%	40	32,680,000	3.3%	167
1997	261,089	1,507,378,276	132,555,000	65,959 (d)	124,040,000	8,449,041 (d)	0.6%	32	29,995,000	2.6%	147
1998	267,685	1,543,816,940	131,725,000	294,476 (d)	115,030,000	16,400,524 (d)	1.1%	61	27,085,000	2.8%	162
1999	272,642	1,887,060,350	120,070,000	446,998 (d)	105,610,000	14,013,002 (d)	0.7%	51	24,115,000	2.0%	140
2000	276,393	1,989,977,161	158,845,000	564,549 (d)	95,750,000	62,530,451 (d)	3.1%	226	97,565,000	8.0%	579
2001	284,606	2,329,308,450	145,095,000	464,815 (d)	85,615,000	59,015,185 (d)	2.5%	207	96,070,000	6.7%	545
2002	291,418	2,431,312,340	131,295,000	1,394,136 (d)	75,185,000	54,715,864 (d)	2.3%	188	109,875,000	6.8%	565

Notes:

- (a) Data was provided by the City's Planning Department. The population for 1993 - 1999 are intercensal estimates from the Colorado Department of Local Affairs. The population for 2000 was taken from the 2000 U.S. Census information. The population for 2001 and 2002 was provided by Denver Regional Council of Governments (DRCOG).
- (b) Does not include tax increment financing district assessed valuation of: \$2,109,750 - 1993; \$1,846,980 - 1994; \$1,756,060 - 1995; \$1,729,530 - 1996; \$2,069,310 - 1997; \$3,628,490 - 1998; \$8,090,420 - 1999; \$8,728,579 - 2000; \$8,168,440 for 2001 and \$6,685,640 for 2002. Data obtained from Certifications of Valuation provided by Adams, Arapahoe and Douglas Counties.
- (c) Gross general obligation bonded debt includes general obligation bonds supported by General Fund revenues and general obligation water bonds which are paid from Water Fund revenues but are a contingent general obligation of the City.
- (d) Includes 1995 general obligation public safety bonds and 2000 libraries, parks and public safety bonds which are excluded from debt limit calculation per Section 11-19-1 of the City Charter.

Exhibit xv

City of Aurora, Colorado

SCHEDULE OF WATER REVENUE BOND COVERAGE

Last Ten Years							
Year	Gross Revenue (a)	Expenses (b)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage Ratio (c)
				Principal	Interest	Total	
1993	\$ 35,388,817	\$ 10,722,332	\$ 24,666,485	\$ 6,874,037	\$ 9,958,686	\$ 16,832,723	1.47
1994	34,506,793	11,037,426	23,469,367	4,244,037	8,246,037	12,490,074	1.88
1995	33,623,885	11,479,948	22,143,937	21,843,546	7,997,031	29,840,577	0.74
1996	38,048,034	12,240,040	25,807,994	8,688,546	6,270,284	14,958,830	1.73
1997	39,283,694	11,707,171	27,576,523	8,979,227	5,771,898	14,751,125	1.87
1998	41,519,310	12,894,040	28,625,270	9,010,000	5,291,601	14,301,601	2.00
1999	47,529,770	15,538,521	31,991,249	9,420,000	4,844,046	14,264,046	2.24
2000	52,784,871	16,608,220	36,176,651	9,167,826	6,058,877	15,226,703	2.38
2001	66,136,497	21,843,628	44,292,869	9,386,059	6,097,275	15,483,334	2.86
2002	62,689,634	21,961,421	40,728,213	9,629,575	5,907,458	15,537,033	2.62

Note: Includes long-term debt payable from Water revenues, including General Obligation bonds, Revenue bonds, and Water Notes Payable.

- (a) Includes charges for services and other operating revenues, tap and development fees, and interest income.
- (b) Includes operating expenses such as personal services, supplies and other services and charges. Excludes depreciation expense.
- (c) Net Revenue Available for Debt Service divided by Total Debt Service Requirements.

(continued)

**Exhibit xv**

**City of Aurora, Colorado**

**SCHEDULE OF SEWER REVENUE BOND COVERAGE**

Last Ten Years

Year	Gross Revenue (a)	Expenses (b)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage Ratio (c)
				Principal	Interest	Total	
1993	\$ 17,768,525	\$ 11,761,087	\$ 6,007,438	\$ 1,590,000	\$ 1,036,055	\$ 2,626,055	2.29
1994	19,849,918	13,773,864	6,076,054	1,810,000	796,217	2,606,217	2.33
1995	20,925,507	12,979,952	7,945,555	1,925,000	669,380	2,594,380	3.06
1996	22,784,284	14,793,644	7,990,640	1,995,000	600,345	2,595,345	3.08
1997	24,111,154	15,269,434	8,841,720	2,080,000	523,950	2,603,950	3.40
1998	24,722,245	14,678,050	10,044,195	2,170,000	439,697	2,609,697	3.85
1999	26,420,990	16,534,343	9,886,647	2,275,000	348,142	2,623,142	3.77
2000	27,764,451	16,986,157	10,778,294	4,044,451	692,984	4,737,435	2.28
2001	31,838,320	17,620,275	14,218,045	2,766,772	942,533	3,709,305	3.83
2002	30,971,483	19,018,629	11,952,854	2,868,303	865,023	3,733,326	3.20

Notes: Includes long-term debt payable from Sewer revenues, including Revenue bonds.

(a) Includes charges for services and other operating revenues, tap and development fees, and interest income.

(b) Includes operating expenses such as personal services, supplies and other services and charges. Excludes depreciation expense.

(c) Net Revenue Available for Debt Service divided by Total Debt Service Requirements.

(continued)

**City of Aurora, Colorado**

**Exhibit xv**

**SCHEDULE OF GOLF REVENUE BOND COVERAGE**

Last Six Years											
Year	Gross Revenue (b)	Operating & Maintenance Expenses (c)	Net Revenue Available For Debt Service	Senior Debt Service Requirements (a)				Subordinate Debt Service Requirements (a)			
				Principal	Interest	Total	Coverage Ratio (d)	Principal	Interest	Total	Coverage Ratio (e)
1997 (f)	\$ 5,253,568	\$ 4,121,295	\$ 1,132,273	\$ 230,000	\$ 425,543	\$ 655,543	1.73	\$ -	\$ -	\$ -	-
1998	6,534,361	4,572,949	1,961,412	245,000	415,538	660,538	2.97	-	32,900	32,900	39.54
1999	8,571,543	6,065,401	2,506,142	255,000	404,268	659,268	3.80	-	315,688	315,688	5.85
2000	8,548,231	7,345,386	1,202,845	265,000	391,773	656,773	1.83	-	369,546	369,546	1.48
2001	9,635,480	7,457,920	2,177,560	280,000	378,257	658,257	3.31	256,000	368,000	624,000	2.43
2002	9,594,529	7,477,569	2,116,960	295,000	363,558	658,558	3.21	256,000	298,343	554,343	2.63

Notes: Includes long-term debt payable from Golf revenues, including Revenue bonds and long-term interfund payables.

- (a) The Senior Debt Service Requirement is the 1995 Golf Revenue Bond. The Subordinate Debt Service Requirement is the 1995 Interfund Loan Payable to the Sewer Fund.
- (b) Includes operating revenues, investment income, annexation fees, and miscellaneous non-operating revenues.
- (c) Includes operating expenses such as personal services, supplies, other services and charges, and for 2001 and after, the principal and interest on the golf cart capital leases. Excludes depreciation expense.
- (d) Net Revenue Available for Debt Service divided by Total Senior Debt Service Requirements.
- (e) Net Revenue Available for Debt Service less Total Senior Debt Service Requirements, divided by Total Subordinate Debt Service Requirements.
- (f) Golf Course Revenue Bonds in the amount of \$7,395,000 were issued during 1995 for the construction of the Saddle Rock Golf Course. The construction was completed on June 30, 1997. Revenues, expenses and debt service requirements for these bonds were not included in this schedule for 1995 and 1996 because interest costs were capitalized during construction and the golf course did not generate revenues until construction was completed.

(concluded)





## **ECONOMIC AND DEMOGRAPHIC STATISTICS**

### **Exhibit xvi**

#### ***PROPERTY VALUES AND CONSTRUCTION***

This table represents general statistical information on commercial and residential construction activity and the assessed and estimated actual value of real property.

### **Exhibit xvii**

#### ***DEMOGRAPHIC STATISTICS***

This table presents non-financial information pertaining to City population, estimated median family income and general unemployment rates.

### **Exhibit xviii**

#### ***MAJOR EMPLOYERS***

This table lists the major public and private employers located in the City, including the type of business or industry and the approximate number of employees for each employer listed.

### **Exhibit xix**

#### ***TEN PRINCIPAL REAL PROPERTY TAXPAYERS***

This table lists the major property taxpayers based on assessed value of their property located in the City. The assessed value of each taxpayer's property is also presented as a percentage of the City total assessed property value.

### **Exhibit xx**

#### ***MISCELLANEOUS STATISTICAL DATA***

This table presents detailed non-financial information regarding City, infrastructure, fire and police protection, recreation, utilities, schools and voter registrations.

Exhibit xvi

City of Aurora, Colorado

PROPERTY VALUES AND CONSTRUCTION

Last Ten Years

Year	Non-Residential Construction (New)		Residential Construction (New)			Additions/ Alterations/Repairs (b)		Total		Property Values	
	Number of Permits	Permit Value (in millions)	Number of Permits	Number of Units (a)	Permit Value (in millions)	Number of Permits	Permit Value (in millions)	Number of Permits	Permit Value (in millions)	Assessed (c)	Estimated Actual
1993	80	12.08	510	510	46.42	2,832	35.71	3,422	94.21	\$ 1,217,320,060	\$ 7,251,725,211
1994	129	29.96	824	1,021	80.62	4,713	43.35	5,666	153.93	1,207,702,680	7,283,889,539
1995	144	23.47	852	1,216	90.41	4,721	49.50	5,717	163.38	1,258,587,790	8,548,525,681
1996	152	47.18	930	1,290	87.66	2,628	57.97	3,710	192.81	1,290,226,220	8,573,889,782
1997	195	77.70	844	1,586	122.70	2,769	104.49	3,808	304.89	1,507,378,276	10,179,360,569
1998	253	100.35	1,184	1,711	165.05	3,693	80.12	5,130	345.52	1,543,816,940	10,420,035,339
1999	224	62.94	1,722	2,770	251.95	6,324	62.84	8,270	377.73	1,887,060,350	12,500,191,290
2000	313	70.13	1,757	3,722	323.21	3,654	74.92	5,724	468.26	1,989,977,161	12,917,885,512
2001	353	194.51	1,349	2,387	242.78	2,402	42.14	4,104	479.43	2,329,308,450	16,840,511,419
2002	355	165.54	1,742	3,013	389.87	7,217	51.93	9,314	607.33	2,431,312,340	17,631,037,265

Notes: Property values are obtained from Certifications of Valuation provided by Adams, Arapahoe and Douglas counties. Construction data is provided by the City Building Division.

- (a) The City of Aurora defines Units as the number of family units in a Residential building. Non-residential structures (i.e. hospitals, office buildings, stores) do not have family units. The Additions/Alterations/Repairs category includes permits for Residential and Non-residential structures, so the number of family units is not available.
- (b) Beginning in 2002, Additions/Alterations/Repairs/Miscellaneous category also includes plumbing, heating, life safety and electrical for existing residential and non-residential structures. This expanded category was not included prior to 2002.
- (c) Does not include tax increment financing district incremental assessed valuation of: \$2,109,750 - 1993; \$1,846,980 - 1994; \$1,756,060 - 1995; \$1,729,530 - 1996; \$2,069,310 - 1997; \$3,628,490 - 1998; \$8,090,420 - 1999; \$8,728,579 - 2000; \$8,168,440 - 2001 and \$6,685,640 in 2002.

**Exhibit xvii****City of Aurora, Colorado****DEMOGRAPHIC STATISTICS**

Last Ten Years

Year	Population (a)	Median Family Income (b)	Unemployment Rate (c)
1993	244,498	\$ 38,900	4.5%
1994	248,104	40,619	3.8%
1995	252,806	42,366	3.6%
1996	257,340	43,541	3.5%
1997	261,089	45,021	2.6%
1998	267,685	46,102	3.0%
1999	272,642	47,441	2.5%
2000	276,393	52,551	2.2%
2001	284,606	54,547	3.5%
2002	291,418	55,583	6.1%

## Notes:

- (a) Data was provided by the City's Planning Department. The population for 1993 - 1999 are intercensal estimates from the Colorado Department of Local Affairs. The population for 2000 was taken from the 2000 U.S. Census information. The population for 2001 and 2002 was provided by Denver Regional Council of Governments (DRCOG).
- (b) Data for 1993 - 2000 has been restated based upon information from the City's Planning Department. The Median Family Income is based upon 1989 Census data, and projected forward based upon the rate of inflation. Source - Bureau of Labor Statistics. Data for 2000 is from the U.S. Census Bureau's 2000 Supplementary Survey. Data for 2001 and 2002 was derived from 2000 Census data, projected forward based upon the rate of inflation. Source - U.S. Census Bureau.
- (c) Data was provided by the City's Planning Department. Source - Colorado Department of Labor and Employment.

Exhibit xviii

City of Aurora, Colorado

MAJOR EMPLOYERS

December 31, 2002

Public Institutions	Approximate Number of Employees	Corporations	Approximate Number of Employees	Type of Industry
Buckley Air Force Base (a) <i>Buckley Air Force Base Includes: Air Force, Marines, Navy, Department of Defense (civilians), Colorado National Guard, Army National Guard and Air Force Reserve</i>	9,375	Raytheon ADT Security Systems HealthOne Medical Center of Aurora King Soopers Wal-Mart Qwest Dex	1,850 1,600 1,500 1,200 1,100 800	Aerospace Manufacturing Security Services Health Care Retail Retail Telephone Book Publisher
Cherry Creek Public Schools	4,200	TRW Systems Integration Group	800	Aerospace Manufacturing
Aurora Public Schools	2,850	Target	700	Retail
City of Aurora	2,633	Wagner Equipment Company	620	Heavy Equipment Sales & Leasing
University of Colorado Health Sciences Center	885	Kaiser Permanente	600	Health Care
University of Colorado Hospital	817	Nelnet Group (formerly UNIPAC Serv. Corp.)	600	Financial

Note: Data provided by the Aurora Economic Development Council, Fitzsimons Redevelopment Authority and the City of Aurora unless otherwise noted.

(a) Data provided by the Department of Defense

**City of Aurora, Colorado**

**Exhibit xix**

**TEN PRINCIPAL REAL PROPERTY TAXPAYERS**

December 31, 2002

Taxpayer	Type of Industry	Assessed Valuation of Property	Percentage of Total Assessed Valuation
Qwest Communications	Telecommunications	\$ 55,320,200	2.28%
Public Service Company of Colorado	Gas/Electric Utilities	38,417,660	1.58%
Columbia Health One, LLC	Healthcare	19,753,000	0.81%
AT&T Broadband	Telecommunications	17,474,490	0.72%
Glenborough Properties LP	Real Estate	15,397,910	0.63%
Qwest Wireless	Telecommunications	11,004,950	0.45%
Security Capital Industrial	Real Estate	9,489,050	0.39%
Sumitomo Bank Leasing	Financial	7,018,000	0.29%
Retail Property Trust	Real Estate	6,960,000	0.29%
Nationwide Hospitality	Hotel	6,380,010	0.26%
		<u>\$ 187,215,270</u>	<u>7.70%</u>

Note: Data obtained from Certifications of Valuation provided by Adams, Arapahoe and Douglas counties.

The total Assessed Value in assessment year \$2,431,312,340

**City of Aurora, Colorado**

**Exhibit xx**

**MISCELLANEOUS STATISTICAL DATA**

Last Ten Years

Incorporation: May 5, 1903 under the name of Fletcher and later incorporated as the Town of Aurora on February 20, 1907

Date First Charter Adopted: 1961

Form of Government: Council - Manager

City of Aurora	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Area - Square Miles	135.48	136.83	136.83	136.83	140.15	140.15	140.15	142.57	141.16	142.42
Miles of Improved Streets	863.28	863.28	800.00	812.00	874.85	875.00	915.00	915.00	1,009.00	1,014.00
Miles of Sanitary Sewer	686.70	694.58	700.89	715.44	722.86	734.86	753.16	776.26	797.46	824.30
Number of Water Taps	56,760	57,588	58,187	59,204	59,771	60,393	61,366	63,409	64,845	65,933
Number of Sanitary Sewer Taps	61,598	62,298	62,869	63,884	64,599	65,455	67,011	68,840	70,777	72,920
Number of Municipal Employees (a)	1,986	2,037	2,137	2,199	2,254	2,315	2,390	2,459	2,513	2,633
Building Permits:										
Permits Issued (h)	3,422	5,666	5,717	3,710	3,808	5,130	8,270	5,724	4,104	9,314
Value of Buildings (millions)	94.21	153.95	163.38	192.81	304.89	345.52	377.73	468.26	479.43	607.33
Fire Protection:										
Number of Fire Stations	11	11	11	11	11	11	11	12	12	12
Number of Employees (a)	293	293	295	297	297	313	320	327	333	356

(Continued)

**Exhibit xx****City of Aurora, Colorado****MISCELLANEOUS STATISTICAL DATA**

Last Ten Years

City of Aurora	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<hr/>										
Police Protection:										
Number of Employees (a)	583	599	676	724	736	745	754	763	775	797
Number of Law Violations (Part I Crime) (b)	20,367	20,464	16,902	16,299	16,521	14,529	14,303	15,526	17,224	18,206
Patrol Vehicles	91	106	111	115	126	123	127	132	138	138
Detention Facilities	1	1	1	1	1	1	1	1	1	1
Recreation:										
Parks - Number of Acres (c)	6,885	6,920	6,920	6,920	7,370	7,370	7,380	7,400	7,400	7,795
Number of Playgrounds	64	64	64	64	64	64	65	65	65	65
Number of Golf Courses	4	4	4	4	5	6	6	7	7	7
Number of Swimming Pools	9	9	9	9	10	10	10	10	10	10
Education (d):										
Number of Schools:										
Elementary	42	42	42	42	42	42	43	43	43	48
Junior High/Middle	10	10	10	10	10	10	10	10	10	12



Senior High/High	6	6	6	6	6	7	7	7	7	7
Alternative High School	2	2	2	2	2	2	2	2	2	2
Vocational/Technical	1	1	1	1	1	1	1	1	1	1
Number of Teachers/Administrative Personnel (e)	6,676	7,331	7,743	4,313	3,790	4,094	5,935	6,335	6,700	7,050
Number of Students	47,925	44,245	44,989	46,192	46,851	47,962	48,588	50,705	51,000	51,620
Elections:										
Number of Registered Voters (f)	106,834	(g)	116,800	133,198	98,641	135,693	94,297	144,786	106,842	158,448
Number Voting in Last Election	38,387	(g)	38,197	64,947	43,619	65,445	41,592	82,477	40,010	58,039
% of Registered Voters Voting in Last Election	35.9%	(g)	32.7%	49.0%	44.0%	48.0%	47.0%	57.0%	37.0%	36.6%

Notes:

- (a) Regular full time budgeted positions. The number of municipal employees includes police and fire personnel
- (b) The 1995 decrease is due to revision of Part I Crime definition. This revision has been made to conform with the federal government criteria for Part I Crime.
- (c) Includes parks, golf courses and open space.
- (d) Figures include all Aurora School District 28 J schools and Cherry Creek School District schools located in the City of Aurora. Cherry Creek School District schools outside the city limits of Aurora are excluded. The number of teachers and administrative personnel reflects the total number of personnel employed at Aurora and Cherry Creek schools located in the City of Aurora.
- (e) The number of teachers and administrative personnel prior to 1996 includes part-time and full-time personnel. Beginning in 1996, this data only includes full-time personnel.
- (f) The significant decreases in the number of registered voters are due to the county record purge process.
- (g) Data not available
- (h) Beginning in 2002, permit total also includes plumbing, heating, life safety and electrical for existing residential and non-residential structures. This expanded category was not included prior to 2002.

(Concluded)





City of Aurora  
15151 East Alameda Parkway  
Aurora, Colorado 80012

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Questions Regarding this Report: 303.739.7800  
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