

2003
City of Aurora, Colorado
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



For the Year Ended – December 31, 2003

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, 2002

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



COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Aurora, Colorado
For the Year Ended December 31, 2003

Prepared by the Controller's Office
Finance Department



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CITY OF AURORA, COLORADO

TABLE OF CONTENTS

DECEMBER 31, 2003

	<u>Exhibit Number</u>	<u>Page Number</u>
INTRODUCTORY SECTION		
Certificate of Achievement for Excellence in Financial Reporting	—	Cover
Letter of Transmittal	—	i
Council Members	—	xiv
Officials	—	xvi
Governmental Structure	—	xvii
FINANCIAL SECTION		
Independent Auditors' Report	—	1
Management's Discussion and Analysis	I	3
Basic Financial Statements		
<i>Citywide Financial Statements</i>		
Statement of Net Assets	II	25
Statement of Activities	III	26
<i>Fund Financial Statements</i>		
<i>Governmental Funds</i>		
Balance Sheet	IV	29
Reconciliation of Total Governmental Funds on the Governmental Funds Balance Sheet to Governmental Activities on the Citywide Statement of Net Assets	V	30
Statement of Revenues, Expenditures and Changes in Fund Balances	VI	31
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	VII	32
<i>Proprietary Funds</i>		
Statement of Net Assets	VIII	33
Reconciliation of the Total Enterprise Funds on the Proprietary Funds Statement of Net Assets to the Business-type Activities on the Citywide Statement of Net Assets	IX	35
Statement of Revenues, Expenses and Changes in Net Assets	X	36
Reconciliation of the Total Enterprise Funds on the Proprietary Funds Statement of Revenues, Expenses and Changes in Net Assets to the Business-type Activities on the Citywide Statement of Activities	XI	37
Statement of Cash Flows	XII	38

CITY OF AURORA, COLORADO

TABLE OF CONTENTS DECEMBER 31, 2003

	<u>Exhibit Number</u>	<u>Page Number</u>
FINANCIAL SECTION (Continued)		
Basic Financial Statements (continued)		
<i>Fund Financial Statements (continued)</i>		
<i>Fiduciary Funds</i>		
Statement of Fiduciary Net Assets	XIII	41
Statement of Changes in Fiduciary Net Assets	XIV	42
<i>Notes to the Basic Financial Statements</i>	XV	43
Required Supplementary Information		
Defined Benefit Pension Plans - Schedule of Funding Progress	XVI	127
General Fund Schedule of Sources, Uses and Changes in Funds		
Available – Budget and Actual (Non-GAAP Budgetary Basis)	XVII	128
<i>Notes to Required Supplementary Information</i>	XVIII	131
Combining and Individual Fund Statements and Schedules		
<i>Other Governmental Funds</i>		
Combining Balance Sheet	A-1	133
Combining Statement of Revenues, Expenditures and		
Changes in Fund Balances	A-2	134
Non-major Special Revenue Funds		
Combining Balance Sheet	B-1	136
Combining Statement of Revenues, Expenditures and		
Changes in Fund Balances	B-2	138
Schedule of Sources, Uses and Changes in Funds		
Available – Budget and Actual (Non-GAAP Budgetary Basis)	B-3	140
Non-major Debt Service Funds		
Combining Balance Sheet	C-1	149
Combining Statement of Revenues, Expenditures and		
Changes in Fund Balances	C-2	150
Schedule of Sources, Uses and Changes in Funds		
Available – Budget and Actual (Non-GAAP Budgetary Basis)	C-3	152
<i>Internal Service Funds</i>		
Combining Statement of Net Assets	D-1	155
Combining Statement of Revenues, Expenses and		
Changes in Net Assets	D-2	157
Combining Statement of Cash Flows	D-3	158
Schedule of Sources, Uses and Changes in Funds		
Available – Budget and Actual (Non-GAAP Budgetary Basis)	D-4	160
<i>Pension Trust Funds</i>		
Combining Statement of Fiduciary Net Assets	E-1	163
Combining Statement of Changes in Fiduciary Net Assets	E-2	164
<i>Agency Fund</i>		
Statement of Changes in Assets and Liabilities	F-1	165

CITY OF AURORA, COLORADO

TABLE OF CONTENTS DECEMBER 31, 2003

	<u>Exhibit Number</u>	<u>Page Number</u>
FINANCIAL SECTION (Continued)		
Other Schedules (unaudited)		
Schedule of Indebtedness – All Funds	G-1	167
Schedules of Debt Service Requirements		
Governmental Activities	G-2	168
Business-type Activities	G-3	169
Schedule of Conduit Debt Outstanding	G-4	170
Schedule of Debt Ratings	G-5	171
Schedule of Pooled Investments	G-6	172
Local Highway Finance Report	G-7	174
Schedule of Insurance Coverages	G-8	176
City Capital Projects Fund Schedule of Sources, Uses and Changes in Funds Available – Budget and Actual (Non-GAAP Budgetary Basis)	G-9	177
Enterprise Funds Schedule of Sources, Uses and Changes in Funds Available – Budget and Actual (Non-GAAP Budgetary Basis)	G-10	178
Debt Continuing Disclosures (unaudited)		
Summary of Continuing Disclosures by Issue	H-1	181
Combined General, TABOR Reserve and Policy Reserve Funds		
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance (GAAP Basis)	H-2	183
Comparative Schedule of Sources, Uses and Changes in Funds Available Actual and Budget (Non-GAAP Budgetary Basis)	H-3	184
Gross General Obligation Debt	H-4	185
Aurora Urban Renewal Authority		
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance	H-5	186
City Center Urban Renewal Project Area Revenue Statistics	H-6	187
Water Fund		
Comparative Schedule of Revenues, Expenses and Changes in Net Assets	H-7	189
Water System Statistics	H-8	190
Subsequent Year Budget Summary	H-9	195
Maximum Annual Debt Service Coverage	H-10	196
Sewer Fund		
Comparative Schedule of Revenues, Expenses and Changes in Net Assets	H-11	197
Sewer System Statistics	H-12	198
Subsequent Year Budget Summary	H-13	201
Golf Fund		
Comparative Schedule of Revenues, Expenses and Changes in Net Assets	H-14	202
Golf Course Enterprise System Statistics	H-15	203
	Exhibit	Page

CITY OF AURORA, COLORADO

TABLE OF CONTENTS DECEMBER 31, 2003

	<u>Number</u>	<u>Number</u>
STATISTICAL SECTION		
<i>Revenues & Expenditures</i>		
Governmental Expenditures by Function		
As a Percentage of Total Expenditures (Bar Chart)	i	206
Table - Last Ten Years	ii	207
Governmental Revenues by Source		
As a Percentage of Total Revenues (Bar Chart)	iii	208
Table - Last Ten Years	iv	209
Governmental Tax Revenues by Source		
As a Percentage of Total Tax Revenues (Bar Chart)	v	210
Table - Last Ten Years	vi	211
<i>Taxes & Assessments</i>		
Property Tax Levies and Collections	vii	213
Special Assessment Collections	viii	214
Assessed and Estimated Actual Value of Taxable Property	ix	215
Property Tax Rates – Direct and Primary Overlapping Governments	x	216
<i>Debt</i>		
Computation of Legal Debt Margin	xi	217
Direct and Overlapping General Obligation Debt	xii	218
Ratio of Annual Debt Service Expenditures for General Obligation (GO) Bonded Debt and Certificates of Participation (COPs) to Governmental Expenditures	xiii	219
Ratio of Net General Obligation (GO) Bonded Debt and Certificates of Participation (COPs) to Assessed Value and Net Bonded Debt per Capita	xiv	220
Schedule of Revenue Bond Coverage		
Water Revenue Bonds	xv	221
Sewer Revenue Bonds	xv	222
Golf Revenue Bonds	xv	223
<i>Economic & Demographic</i>		
Property Values and Construction	xvi	225
Demographic Statistics	xvii	226
Major Employers	xviii	227
Ten Principal Real Property Taxpayers	xix	228
Miscellaneous Statistical Data	xx	229

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May 14, 2004

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, 2003.

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, 2003, 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, 2003, 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, a list of principal officials and the City's organizational chart. 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 and schedules; 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). More discussion concerning the City's structure can be found in the notes to the basic financial statements, footnote 1, of this report.

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 2003 of 292,158. 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. 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 four other appointees: the City Attorney, the Presiding Judge, the Court Administrator and the Chief Public Defender. 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 & Open Space and Library, Recreation & Cultural Services Departments offer a wide range of quality parks, 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 63.2% of total General Fund budgetary revenues in 2003, net of development review revenues (which are used for a specific purpose). Sales and use tax revenues have grown substantially over the last decade. Property tax represents an important secondary revenue source (11.5% of total General Fund budgetary revenues, less development review, in 2003) 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.

Despite signs of improvement near the end of the year, the economy in 2003 did not recover from the economic downturn as quickly as anticipated, resulting in slower than anticipated growth in taxes and other major revenues. General Fund revenues on a budgetary basis, net of operating transfers and net of development review revenues, increased by \$2.9 million or 1.5 percent in 2003 compared to 2002. This was less than the budgeted 2003 increase. Management, supported by the City Council, reduced General Fund expenditures and used available General Fund fund balance to maintain a balanced budget in 2003.

Near the end of 2003, sales tax revenues began showing increases associated with an improved economy. Sales tax revenues are expected to grow about 4.5 percent. Revenue growth is expected to remain at that level or slightly higher over the next few years. These projections will be periodically revised, as additional information becomes available. The City anticipates reduction of General Fund expenditures and use of available General Fund fund balance to maintain balanced budgets in 2004 and 2005. 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 2004 and 2005.

In 1999, the City's electorate exempted all City fees from constitutional "Taxpayer Bill of Rights"(TABOR) 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 is expected to be revenue neutral, with the decrease in property tax revenue due to the associated tax rate decrease offset by a reduced TABOR property tax refund.

In 2003 the City's electorate authorized the City to retain \$2.0 million property tax revenues that were collected in excess of the TABOR limit and would otherwise have been refunded. 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 2003, residential and commercial construction continued to be a major economic force in the metro area. In the City, 1,416 residential permits were issued, providing 2,146 new housing units. Commercial permits totaled 203 in 2003.

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 were constructed to spur high quality residential development. Both communities have experienced strong housing sales and the first, Saddle Rock, is nearing build-out. Additional master-planned communities with a variety of amenities are under development along the E-470 corridor.

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.

Fourteen 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. Four of these parks, located at or near the intersection of I-70 and E-470, received planning approvals over the past year and are now under construction. 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, opened its first building in 2003: a 400,000 square foot distribution facility for General Motors that handles parts shipments to dealerships in 12 states and employs 112 workers.

Other additions in the office and industrial market include:

- The expansion of the headquarters office of Merrick & Company, an engineering firm that will employ 300 workers.
- A purchase of an additional 50,000 square foot office building by the Raytheon Corporation for an additional 250 employees.
- Two new leases, one by Concorde Career Institute of 30,000 square feet which will result in 50 employees and provide post-secondary technical training programs, and the second by Ironwood Communications of 11,000 square feet for a regional call center.
- The construction of an additional 50,000 square foot building for Northrop Grumman (formerly TRW) that will assist in meeting their expansion needs.

In the retail sector, the Aurora City Place, a 500,000 square foot power center, celebrated its grand opening in July 2003 with record sales and two regional awards for design and development. In southeast Aurora, in the Aurora Reservoir area, a 350,000 square foot shopping center, Saddle Rock Marketplace, anchored by Home Depot and Albertsons, opened for business in 2003. Also in southeast Aurora, construction is well underway on Southlands, a new super regional mixed-use center that is garnering national attention for its high quality design and unique mix and layout. At build-out this center is expected to have 1.8 million square feet of retail space, 275,000 square feet of office space, and over 1,100 housing units. These new retail venues are expected to act as regional destinations, attracting shoppers from both within and outside of Aurora and are projected to bring in additional retail sales that will improve the City's sales tax revenue growth.

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

The drought in Colorado could potentially impact future 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 placed a limit on the number of new homes for which building permits were issued in 2003. It is not expected that this limit will have any significant 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.

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 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 re-use. 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 578-acre former Fitzsimons Army Medical Center, which closed in 1999, is now the site of the largest medical-related redevelopment project in the nation. Colorado's \$4.3 billion "life sciences city" has become the launch pad, hub and focus for the biotechnology industry in the Rocky Mountain Region. The Colorado Bioscience Park Aurora is the first university affiliated "biopark" to be developed west of the Mississippi. It is adjacent to the University of Colorado Health Sciences Center (UCHSC), University of Colorado Hospital (UCH), The Children's Hospital, and the Fitzsimons Commons town center. Together, these developments form a stimulating and interactive scientific entrepreneurial community. Fitzsimons received the 2003 National Award for Excellence in Technology-Led Economic Development from the U.S. Department of Commerce, Economic Development Administration.

The total redevelopment program for Fitzsimons calls for over 15 million square feet of new construction phased over 25-30 years, representing a capital outlay of over \$4.3 billion. Employment at Fitzsimons is expected to exceed 4,000 employees by 2004, 19,000 by 2010 and to reach 32,000 by build-out, with jobs in teaching, patient care, basic-science research and biotechnology research and development.

The Fitzsimons Redevelopment Authority is both the master developer and manager of the bioscience park component at Fitzsimons. Formal programs and informal encounters facilitate collaborations at Fitzsimons. Facilities, services and support give start-up and early stage bioscience companies the best possible opportunities to succeed. An affiliation agreement provides Research Park companies special consideration for access to university core labs and services. New buildings and development parcels at Fitzsimons can accommodate expansion-stage bioscience companies and pharmaceutical R&D operations within the campus setting.

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 was modeled after three similar research parks successfully launched on the East Coast.

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 3,500 employees are currently located at Fitzsimons in facilities, which include the renovated former main hospital building, the new 600,000 square foot, \$165 million Anschutz Centers for Advanced Medicine, and the Rocky Mountain Lion's Eye Institute. The Anschutz complex is expected to serve 300,000 patients per year by 2010. Occupancy of the 600,000 square foot Research Complex I will begin in June 2004, with an anticipated grand opening date of October 11, 2004, adding another 1,600 employees to the site. Also recently completed in February 2004 is the first phase of the Anschutz Inpatient Pavilion. A third hospital facility, a Federal Tower which includes the relocation of the VA Medical Center from its current location in east Denver, may also be added to Fitzsimons in the future. Recent federal actions would fund up to \$26 million for design and planning for the new \$280 million facility which could open as early as 2008.

In late 2001, The Children's Hospital ("TCH") announced it would relocate from its Denver location to Fitzsimons. With construction underway in early 2004 and the anticipated ceremonial ground breaking on June 10, 2004, TCH plans to develop a 1.2 million square foot campus on 41 acres for clinical, research and administrative use including a 270-bed inpatient facility. Total estimated development costs are \$458 million, with completion scheduled for late 2007.

At the center of the Fitzsimons development is planned the Fitzsimons Commons, a 35 acre "village center" where the University campus and the bioscience park converge. Approximately half of the acreage is on University property and is planned to house student and alumni support functions, including the medical library, which is in design for a 2006 opening. The remaining portion of the property will include The Square at Fitzsimons Commons, a complex with approximately 500 units of mid-rise rental housing, site-serving convenience retail and recreation facilities, and structured parking.

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. The

redevelopment is now 70 percent complete, and has created a \$4 billion gross economic impact between 1994 and 2003, with approximately \$1.7 billion benefiting the City of Aurora and other entities, with the remaining amount benefiting the City and County of Denver.

The majority of Lowry (89 percent) is in the City and County of Denver, and 11 percent is in the City of Aurora. The Colorado Community College System occupies most of the Lowry property within the City of Aurora. The Lowry Campus of the Colorado Community College System, operated by Aurora Community College, now supports more than 2,500 students, with the enrollment expected to reach 7,000 students by the end of the decade.

The net economic benefit to the metro area of residential and nonresidential construction activity at Lowry since 1994 is \$331 million, including \$14.5 million in taxes and fees. LERA has spent \$64 million in site-wide infrastructure improvements, including demolition of 291 Air Force buildings, demolition and recycling of 500,000 tons of concrete and runways, and construction of 34 miles of new roads and 50 miles of new utilities. These construction efforts at Lowry employ an average of 600 workers per year. The 89 employers at Lowry occupy 3.8 million square feet of space and employ 5,947 people. Lowry employers are private businesses, nonprofit organizations and schools. Office uses account for 51 percent of the space, educational facilities 19 percent, recreational uses 14 percent, medical uses 12 percent and retail stores 4 percent.

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 residences, 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 recreation areas. Commercial and residential development should be completed by late 2007.

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. In August of 2004, the host unit, the 460th Air Base Wing is expected to become fully operational and be redesignated as Space Wing.

This increased importance has created the need for major infrastructure improvements on base. With nearly \$50 million already invested, more than \$150 million is budgeted for capital improvement projects over the next five to seven years, including a 250-bed dormitory, a medical facility, 351 military family homes, a community center, a temporary lodging facility and a wing headquarters building. 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, which reached \$878 million in 2003, 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 over 8,000 full-time military, civilian and contractual personnel at Buckley and the Buckley annex at Lowry and generates nearly 6,000 indirect jobs in the community. In addition, Buckley supports nearly 2,500 Guard and Reserve personnel as well as more than 75,000 military retirees and veterans.

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 Northrop Grumman each employ more than 500 workers in nearby office parks. Raytheon recently opened new facilities at their Aurora campus and is expected to continue to expand. Northrop Grumman has also expanded its campus. Each company is expected to add several hundred employees by the end of 2004.

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 (the Authority), is authorized to issue revenue bonds to finance public improvements within City Center. Revenue Bonds were issued in 1996 and improvements were made. Under a separate development agreement the City has committed \$13 million of sales tax revenues to 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. No debt has been issued from the tax increment financing district.

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 created, when 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 that is targeted for completion in 2005.

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 2004 budget. While the City is expecting to utilize fund balances in 2004 and 2005, the City expects to not draw down its long-term policy reserves. A detailed review of the matching of revenues and expenditures will 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. 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 Schedules of Sources, Uses and Changes in Funds Available in the Financial Section of this 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 contributes to the Old Hire Police Pension Fund for police officers hired before April 7, 1978. The City formerly contributed to the Old Hire Fire Pension Fund for full-time firefighters hired before April 7, 1978. This plan is now fully funded and no additional contributions are anticipated. 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, 2003, the City had outstanding certificates of participation, general obligation bonds, revenue bonds and water notes debt of \$336,802,763 (excluding unamortized bond premiums and discounts). These were comprised of:

- \$107,430,000 in certificates of participation
- \$68,410,000 in general obligation water debt supported by the Water Fund
- \$67,457,417 in water revenue bonds
- \$52,610,000 in general obligation debt supported by the General Fund
- \$18,553,479 in sewer revenue bonds
- \$14,865,000 in General Fund revenue bonds
- \$5,510,000 in golf revenue bonds
- \$1,665,000 in AURA tax increment revenue refunding bonds
- \$301,867 in water rights purchase notes

Details concerning the City’s debt ratings are included in Exhibit G-5.

- In 1992, Colorado voters approved an amendment to the state constitution (TABOR), which requires certain new multiple-fiscal year debt to be approved by voters.
- The per capita amount of net general obligation bonded debt (general obligation bonded debt less unamortized bond premiums and discounts and excluding general obligation debt of the Water Fund and the fund balance of the Debt Service Fund) was \$176.
- The per capita amount of the net general obligation bonded debt (as defined above) plus the certificates of participation (excluding unamortized premium) were \$543.

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 2003, 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, bank certificates of deposit and a local government investment pool (COLOTRUST).

As of December 31, 2003, the bank deposits and investments in the City's cash and investment pool, were allocated as follows:

	<u>% of Resources</u>
Bank deposits	1.72%
U.S. Government and agency securities	45.93%
Corporate notes	31.26%
Commercial paper	9.73%
Certificates of deposit	6.93%
COLOTRUST	<u>4.43%</u>
	<u>100.00%</u>

The average yield on the City's pooled investments during 2003 was 3.63%. This performance exceeds the City's benchmark, which was 1.25% as of December 31, 2003. 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 \$9.6 million on its pooled investments for the year ended December 31, 2003.

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 year ended December 31, 2002. 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 seventeen

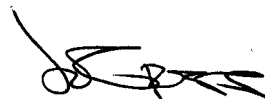
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year. The City has received the certificate for seventeen 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



**Council Members
2003**



Ron Miller
City Manager



Paul Tauer
Mayor (outgoing)



Ed Tauer
Mayor (incoming)



Nadine Caldwell
Mayor Pro-Tem
Ward I



Kathy Green
Ward II



Ingrid Lindemann
Ward III



John Paroske
Ward IV (outgoing)



Molly Markert
Ward IV (incoming)



Barbara Cleland
Ward V (outgoing)



**Council Members
2003**



Sue Sandstrom
Ward V (incoming)



Dave Williams
Ward VI (outgoing)



Bob Broom
Ward VI (incoming)



Steve Hogan
At-Large



Bob LeGare
At-Large (outgoing)



Edna Mosley
At-Large (outgoing)



Bob FitzGerald
At-Large (incoming)



Ryan Frazier
At-Large (incoming)



Brad Pierce
At-Large (incoming)

Officials

City of Aurora, Colorado

City Council

Paul Tauer, Mayor (outgoing)

Ed Tauer, Mayor (incoming)

Bob Broom (incoming)

Kathy Green

Edna Mosley (outgoing)

Nadine Caldwell

Steve Hogan

John Paroske (outgoing)

Barbara Cleland (outgoing)

Bob LeGare (outgoing)

Brad Pierce (incoming)

Bob FitzGerald (incoming)

Ingrid Lindemann

Sue Sandstrom (incoming)

Ryan Frazier (incoming)

Molly Markert (incoming)

Dave Williams (outgoing)

City Manager's Office

Ron Miller, City Manager

Nancy Freed, Deputy City Manager, Community Services (January-June 2003)

Deputy City Manager, Operations (July-December 2003)

Frank Ragan, Deputy City Manager, Operations (January-June 2003)

Deputy City Manager, Community Services (July-December 2003)

Katherine Svoboda, Deputy City Manager, Administration

Janice Napper, Assistant City Manager

Council Appointees

Laurie Cole, Chief Public Defender

Zelda DeBoyes, Court Administrator

Raymond Dean Jones, Presiding Judge

Charlie Richardson, City Attorney

Department Directors

Denise Balkas, Planning

Casey Jones, Fire

Ricky Bennett, Police

Tom Nicholas, Library, Recreation & Cultural Services

Peter Binney, Utilities

Mark Pray, Information Technology

Jack Cooper, Parks & Open Space

Nancy Sheffield, Neighborhood Services

John Gross, Finance

Kin Shuman, Human Resources

John Hilton, Internal Services

Kim Stuart, Communications

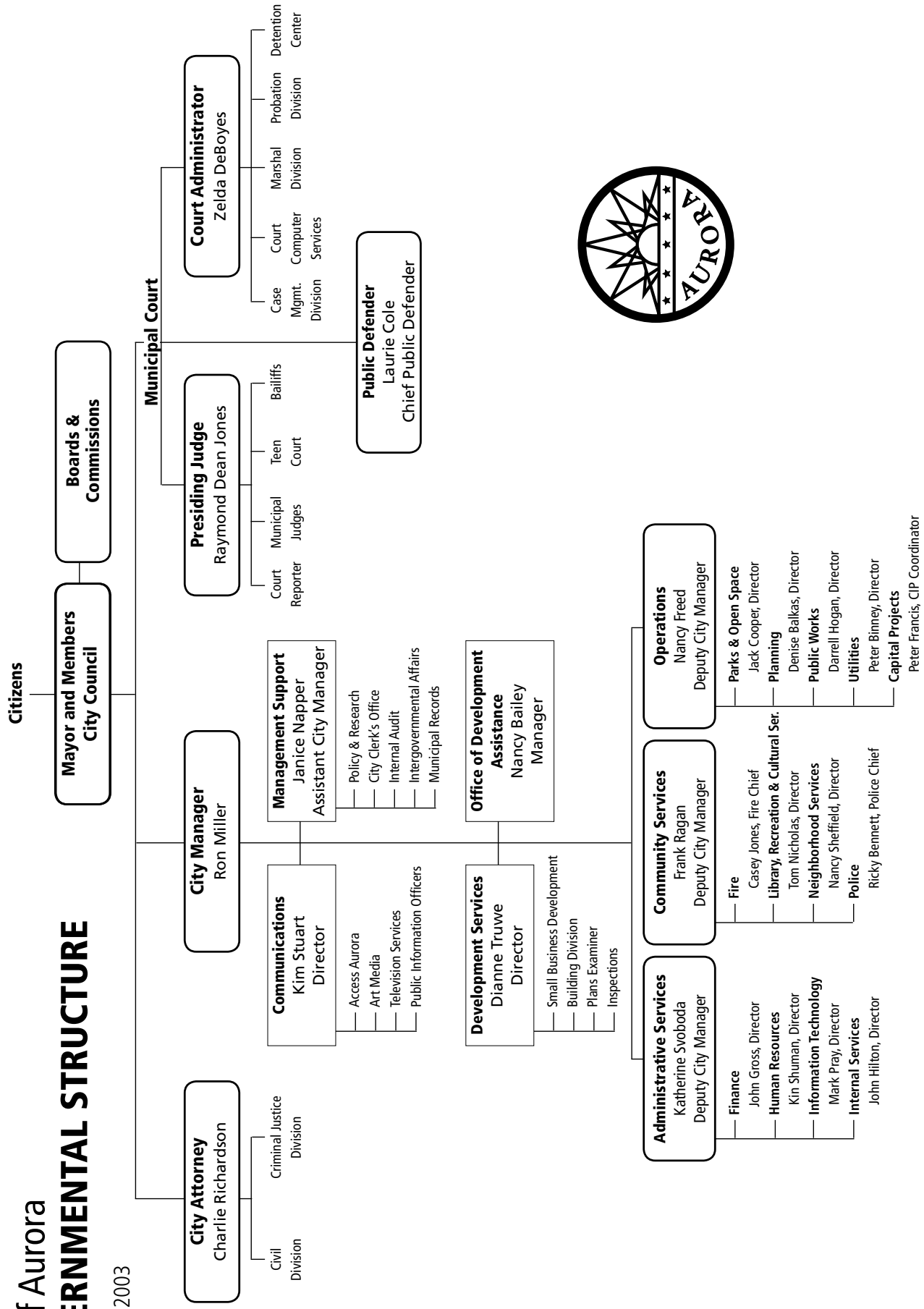
Darrell Hogan, Public Works

Dianne Truwe, Development Services

City of Aurora

GOVERNMENTAL STRUCTURE

December 2003







Suite 2700
707 Seventeenth Street
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, 2003, 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 61 percent of the aggregate remaining funds' assets and 43 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, 2003, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2004, 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 23, 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, 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 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 14, 2004

EXHIBIT I

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2003



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, 2003. 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

- State of the Economy

The economy in 2003 did not recover from the economic downturn as quickly as anticipated, resulting in slower than anticipated growth in taxes and other major revenues. The below budget revenue for the General Fund in 2003 was offset by maintaining control on expenditures and by utilizing reserves. Near the end of 2003, sales tax revenues began showing increases associated with an improving economy. The increase was considered positive enough to warrant a 4.5% sales tax growth projection in the 2004 budget.

- Drought

The worst drought in 300 years has impacted water supplies for Aurora as well as most citizens of Colorado. The City has primarily relied on snowmelt for its water as opposed to wells. Aurora's reservoir storage is below desired minimum levels and annual flows to the reservoirs from snowmelt were not sufficient to replenish those levels. To offset the low reservoir levels, Aurora instituted a water conservation program, which includes an inverted tiered rate structure, is aggressively purchasing or leasing water and is developing a new water capital program designed to drought-harden the City's water system as well as to provide for future population growth. The City anticipates adjusting its water rates to provide the needed revenues for the capital program and to respond to water conservation measures.

- Citywide Financial Statements

Total City assets at the end of 2003 were \$3.7 billion. Ninety percent (90%) of these assets, \$3.3 billion, were capital assets that are used in providing services to our citizens and businesses. The remaining \$0.4 billion was in primarily cash, investments and receivables. Citywide, non-capital assets decreased \$47.8 million due primarily to spend down of bond and COP proceeds for the acquisition and construction of capital assets. The City's liabilities totaled \$0.4 billion. Most of these liabilities, \$0.37 billion (84%), were non-current consisting of outstanding debt, accrued compensated absences and accrued risk claims.

EXHIBIT I

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003

I. Financial Highlights (continued)

- Citywide Financial Statements (continued)

Citywide net assets increased \$110.7 million in 2003. About \$64.0 million (58%) 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 \$31.1 million (28%) were from developer tap and annexation fees that are used for the construction and improvement of water and sewer capital assets. The remaining \$15.6 million (14%) resulted from ongoing revenues in excess of ongoing expenses.

- Capital Assets Under Construction

Many City facilities were completed or neared completion in 2003 including a police substation, several branch libraries, several fire stations, an emergency dispatch center and a communication system. Additionally, several water and sewer system improvements were constructed and water rights and storage were purchased.

- Debt Issuances

Three debt issuances occurred in 2003, two refundings and one original issue. The refundings resulted in cash flow savings to the City of nearly \$5.0 million over time due to lower interest rates on the refunding bonds. The original issue funded the purchase of water rights and water storage facilities designed to protect the City against drought conditions.

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. This report also contains other supplementary information in addition to the basic financial statements themselves.

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.

II. Overview of the Basic Financial Statements (continued)

A. Citywide Financial Statements (continued)

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.

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 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, and assists in determining whether current-year revenues were sufficient to pay for 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

II. Overview of the Basic Financial Statements (continued)

B. Fund financial statements (continued)

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 two major governmental funds: the General Fund and the City 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 is on longer-term financing, it is useful to compare the information presented in 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.

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, printing services, and risk management.

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.

II. Overview of the Basic Financial Statements (continued)

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 Other Information

A. Required Supplementary Information

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

- A schedule of the City's progress in funding its obligation to provide pension benefits to its employees.
- 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 Combining and Individual Fund Statements and Schedules section and in the Other Schedules section of this report.

B. Other Supplementary Information

The combining and individual fund statements and schedules relating to non-major governmental funds, internal service funds and fiduciary funds are presented immediately following required supplementary information.

Other unaudited information, including Debt Continuing Disclosures, is presented after the combining and individual fund statements and schedules.

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003**

IV. Financial Analysis

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

	Primary Government											
	Governmental Activities				Business-type Activities				Citywide Totals			
	December 31 2003	December 31 2002	Increase (Decrease)	% Change	December 31 2003	December 31 2002	Increase (Decrease)	% Change	December 31 2003	December 31 2002	Increase Decrease	% Change
Assets												
Current and other	\$ 250,466	\$ 289,873	\$ (39,407)	(13.6)	\$ 140,336	\$ 148,731	\$ (8,395)	(5.6)	\$ 390,802	\$ 438,604	\$ (47,802)	(10.9)
Capital assets	<u>2,471,091</u>	<u>2,386,722</u>	<u>84,369</u>	3.5	<u>808,497</u>	<u>695,112</u>	<u>113,385</u>	16.3	<u>3,279,588</u>	<u>3,081,834</u>	<u>197,754</u>	6.4
Total Assets	<u>2,721,557</u>	<u>2,676,595</u>	<u>44,962</u>	1.7	<u>948,833</u>	<u>843,843</u>	<u>104,990</u>	12.4	<u>3,670,390</u>	<u>3,520,438</u>	<u>149,952</u>	4.3
Liabilities												
Current and other	59,122	64,663	(5,541)	(8.6)	12,420	13,331	(911)	(6.8)	71,542	77,994	(6,452)	(8.3)
Non-current	<u>205,025</u>	<u>210,381</u>	<u>(5,356)</u>	(2.5)	<u>166,459</u>	<u>115,428</u>	<u>51,031</u>	44.2	<u>371,484</u>	<u>325,809</u>	<u>45,675</u>	14.0
Total Liabilities	<u>264,147</u>	<u>275,044</u>	<u>(10,897)</u>	(4.0)	<u>178,879</u>	<u>128,759</u>	<u>50,120</u>	38.9	<u>443,026</u>	<u>403,803</u>	<u>39,223</u>	9.7
Net Assets												
Invested in capital assets net of related debt	2,333,052	2,275,204	57,848	2.5	653,136	589,713	63,423	10.8	2,986,188	2,864,917	121,271	4.2
Restricted	45,296	43,291	2,005	4.6	7,094	3,877	3,217	83.0	52,390	47,168	5,222	11.1
Unrestricted	<u>79,062</u>	<u>83,056</u>	<u>(3,994)</u>	(4.8)	<u>109,724</u>	<u>121,494</u>	<u>(11,770)</u>	(9.7)	<u>188,786</u>	<u>204,550</u>	<u>(15,764)</u>	(7.7)
Total net assets	<u>\$ 2,457,410</u>	<u>\$ 2,401,551</u>	<u>\$ 55,859</u>	2.3	<u>\$ 769,954</u>	<u>\$ 715,084</u>	<u>\$ 54,870</u>	7.7	<u>\$ 3,227,364</u>	<u>\$ 3,116,635</u>	<u>\$ 110,729</u>	3.6

Chart 1

EXHIBIT I**CITY OF AURORA, COLORADO****MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003****IV. Financial Analysis (continued)**

The focus of this financial analysis is on comparisons of the activities of the current year (2003) with those of the prior year (2002) 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."

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 2003 were \$3.7 billion. The largest portion of these assets, \$3.3 billion (90%) 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 current and other assets consisting primarily of cash, investments and receivables.

City capital assets increased \$197.8 million in 2003. Of this increase, \$84.4 million occurred in capital assets used in governmental activities. The remaining \$113.4 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. Additional information on the City's capital assets can be found in the notes to the basic financial statements, note #6.

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

	Primary Government								
	Governmental Activities			Business-type Activities			Citywide Totals		
	December 31 2003	December 31 2002	Increase (Decrease)	December 31 2003	December 31 2002	Increase (Decrease)	December 31 2003	December 31 2002	Increase (Decrease)
Land and water rights	\$ 187,805	\$ 181,977	\$ 5,828	\$ 197,898	\$ 159,173	\$ 38,725	\$ 385,703	\$ 341,150	\$ 44,553
Buildings and improvements	148,112	62,872	85,240	47,688	42,197	5,491	195,800	105,069	90,731
Infrastructure	2,089,044	2,041,408	47,636	480,214	430,553	49,661	2,569,258	2,471,961	97,297
Machinery and equipment	20,915	25,542	(4,627)	16,542	17,737	(1,195)	37,457	43,279	(5,822)
Construction in progress	25,215	74,923	(49,708)	66,155	45,452	20,703	91,370	120,375	(29,005)
Totals	<u>\$ 2,471,091</u>	<u>\$ 2,386,722</u>	<u>\$ 84,369</u>	<u>\$ 808,497</u>	<u>\$ 695,112</u>	<u>\$ 113,385</u>	<u>\$ 3,279,588</u>	<u>\$ 3,081,834</u>	<u>\$ 197,754</u>

Chart 2

EXHIBIT I

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003

IV. Financial Analysis (continued)

A. Assets (continued)

Governmental Activities

Land and infrastructure valued at \$2.7 million and \$40.5 million, respectively, were added in 2003 for donated streets. An additional \$7.1 million of street overlays and improvements constructed by the City was also added to infrastructure. Additional land acquisition costs of \$3.1 million were incurred in 2003, primarily for future parks.

Significant facilities that were in development or under construction during 2003 that will be used in governmental activities were as follows:

- A new branch library and municipal services center building will replace the existing Martin Luther King, Jr. Library building. Construction costs of \$5.2 million were added in 2003.
- 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. Construction costs incurred in 2003 were \$5.0 million for the police substation, \$1.7 million for the fire station, \$1.8 million for the emergency dispatch center and \$4.0 million for the library.
- Three new fire stations were under construction in 2003. A fourth fire station will replace an existing station. In addition, two existing stations were being remodeled. Construction costs of \$5.8 million were incurred in 2003 for the various fire station projects.
- Construction costs of \$8.2 million were added in 2003 for a communication system.

Building and improvements increased \$85.2 million due to capitalizing construction costs in 2003 for \$90.7 million, primarily for the completed Aurora Municipal Center (79%) in addition to the other projects described above. The Aurora Municipal Building was sold and \$1.9 million in carrying value was removed from building and improvements. Depreciation in 2003 decreased the carrying value of buildings and improvements by \$3.6 million.

Construction in progress decreased \$49.7 million primarily due to completion of the Aurora Municipal Center, which decreased construction in progress by \$68.8 million. The communication system project added \$8.2 million and various other projects added \$10.9 million to the balance.

Business-type Activities

Capital assets used by business-type activities increased \$113.4 million in 2003. The increase in land and water rights primarily reflects the Water Fund's purchase of water rights for \$35.8 million.

EXHIBIT I

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003

IV. Financial Analysis (continued)

A. Assets (continued)

Business-type Activities (continued)

The increase in infrastructure of \$49.7 million in the business-type activities was attributable to a \$20.7 million increase for water and sewer lines constructed by developers and contributed to the City. The Water Fund added \$16.0 million to infrastructure through the purchase of additional Spinney Reservoir storage. Additionally the Utilities Department capitalized to infrastructure \$19.9 million for various system improvements, including wells, water and sewer lines and pumping stations. Depreciation in 2003 reduced infrastructure by \$6.9 million.

Construction in progress increased \$20.7 million due mainly to \$16.8 million in costs associated with the Wemlinger Water Treatment Plant expansion.

B. Liabilities

The citywide total liabilities at the end of 2003 were \$443.0 million. The largest portion of these liabilities, \$371.5 million (84%) were non-current including: accrued compensated absences, accrued risk claims and long-term debt. The remaining \$71.5 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. Additional information on the City's debt can be found in the notes to the basic financial statements, note #9.

Comparative Schedule of Non-current Liabilities (in thousands)

	Primary Government								
	Governmental Activities			Business-type Activities			Citywide Totals		
	December 31 2003	December 31 2002	Increase (Decrease)	December 31 2003	December 31 2002	Increase (Decrease)	December 31 2003	December 31 2002	Increase Decrease
General obligation bonds	\$ 52,610	\$ 56,110	\$ (3,500)	\$ 68,410	\$ 75,185	\$ (6,775)	\$ 121,020	\$ 131,295	\$ (10,275)
Revenue bonds	16,530	17,805	(1,275)	91,521	38,288	53,233	108,051	56,093	51,958
Certificates of participation	107,430	109,875	(2,445)	-	-	-	107,430	109,875	(2,445)
Unamortized premiums & discounts	44	38	6	3,575	(949)	4,524	3,619	(911)	4,530
Compensated absences	18,723	17,294	1,429	2,242	2,048	194	20,965	19,342	1,623
Risk claims	9,181	8,326	855	-	-	-	9,181	8,326	855
Other	507	933	(426)	711	856	(145)	1,218	1,789	(571)
Totals	<u>\$ 205,025</u>	<u>\$ 210,381</u>	<u>\$ (5,356)</u>	<u>\$ 166,459</u>	<u>\$ 115,428</u>	<u>\$ 51,031</u>	<u>\$ 371,484</u>	<u>\$ 325,809</u>	<u>\$ 45,675</u>

Chart 3

IV. Financial Analysis (continued)***B. Liabilities (continued)***

At the end of 2003, the City had total bonded debt of \$229.1 million and approximately \$107.4 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 increased \$39.2 million during 2003. This increase reflects the issuance of \$55.9 million of water revenue bonds for the purchase of water rights and water storage, offset by a decrease of \$16.7 million for scheduled debt principal payments.

The City's general obligation bond rating is 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 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, 2003 was approximately \$68.6 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, regardless of whether or not the City is at its legal debt margin. Whenever there is a TABOR mandated ballot question regarding voter approval for a proposed additional debt, the ballot question usually includes a provision exempting the new debt from the debt margin. 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, 2003**

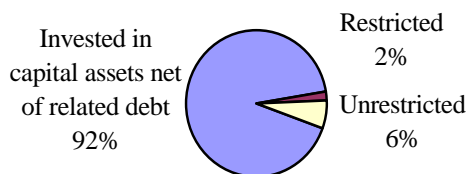


Chart 4

At the end of 2003, total net assets (assets minus liabilities) were \$3.2 billion. The largest portion of net assets (\$3.0 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 2003 were \$52.4 million. This amount represents net resources that were 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 (\$188.8 million) were unrestricted. While there were no outside restrictions on these funds, City policies and budget plans may limit the use of these amounts.

The City's net assets increased \$110.7 million in 2003.

Governmental Activities

Of the \$110.7 million increase in total net assets, \$55.8 million (50%) of the increase was attributable to governmental activities. This increase primarily resulted from recording street infrastructure contributed by developers of \$43.5 million (78% of the governmental activities increase).

Business-type activities

Of the \$110.7 million total increase in citywide net assets, \$54.9 million (50%) was attributed to business-type activities. Water and sewer lines, constructed by developers and deeded to the City, accounted for \$20.7 million of the increase. An additional \$31.9 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 \$491.5 million. Of this amount, \$409.7 million (83% of Water Fund net assets) was invested in capital assets net of related debt. An additional \$1.2 million was restricted and the remaining \$80.6 million was unrestricted.

Total net assets for the Sewer Fund were \$254.1 million. Invested in capital assets net of related debt was \$214.4 million (84%). Another \$5.2 million was restricted and \$34.5 million was unrestricted.

Total net assets of the Golf Fund were \$24.7 million at the end of 2003. This consisted of \$23.5 million (95%) invested in capital assets net of related debt. The restricted net assets were \$0.6 million and unrestricted were \$0.6 million.

EXHIBIT I
CITY OF AURORA, COLORADO
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003**
IV. Financial Analysis (continued)

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

	Primary Government											
	Governmental Activities				Business-type Activities				Totals			
	<u>2003</u>	<u>2002</u>	<u>Increase (Decrease)</u>	<u>% Change</u>	<u>2003</u>	<u>2002</u>	<u>Increase (Decrease)</u>	<u>% Change</u>	<u>2003</u>	<u>2002</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
REVENUES												
Program Revenues												
Charges for services	\$ 27,855	\$ 26,494	\$ 1,361	5.1	\$ 74,674	\$ 73,364	\$ 1,310	1.8	\$ 102,529	\$ 99,858	\$ 2,671	2.7
Operating grants and contributions	31,365	33,318	(1,953)	(5.9)	1,452	59	1,393	2,361.0	32,817	33,377	(560)	(1.7)
Capital grants and contributions	44,542	33,548	10,994	32.8	51,868	53,569	(1,701)	(3.2)	96,410	87,117	9,293	10.7
General Revenues												
Taxes												
Sales and use	128,687	130,722	(2,035)	(1.6)	-	-	-	-	128,687	130,722	(2,035)	(1.6)
Property	29,799	26,733	3,066	11.5	-	-	-	-	29,799	26,733	3,066	11.5
Franchise	10,184	8,778	1,406	16.0	-	-	-	-	10,184	8,778	1,406	16.0
Lodgers	3,044	3,232	(188)	(5.8)	-	-	-	-	3,044	3,232	(188)	(5.8)
Occupational privilege	3,684	3,825	(141)	(3.7)	-	-	-	-	3,684	3,825	(141)	(3.7)
Other	4,865	4,430	435	9.8	-	-	-	-	4,865	4,430	435	9.8
Grants and contributions												
not restricted to specific programs	832	884	(52)	(5.9)	-	-	-	-	832	884	(52)	(5.9)
Unrestricted investment earnings	3,265	7,397	(4,132)	(55.9)	1,680	5,807	(4,127)	(71.1)	4,945	13,204	(8,259)	(62.5)
Total revenues	<u>288,122</u>	<u>279,361</u>	<u>8,761</u>	3.1	<u>129,674</u>	<u>132,799</u>	<u>(3,125)</u>	(2.4)	<u>417,796</u>	<u>412,160</u>	<u>5,636</u>	1.4
EXPENSES												
General government	29,668	25,534	4,134	16.2	-	-	-	-	29,668	25,534	4,134	16.2
Judicial	6,413	6,108	305	5.0	-	-	-	-	6,413	6,108	305	5.0
Police	64,280	61,059	3,221	5.3	-	-	-	-	64,280	61,059	3,221	5.3
Fire	30,113	28,288	1,825	6.5	-	-	-	-	30,113	28,288	1,825	6.5
Other public safety	5,847	4,209	1,638	38.9	-	-	-	-	5,847	4,209	1,638	38.9
Public works	25,024	27,002	(1,978)	(7.3)	-	-	-	-	25,024	27,002	(1,978)	(7.3)
Economic development	15,822	15,840	(18)	(0.1)	-	-	-	-	15,822	15,840	(18)	(0.1)
Community services	9,049	7,410	1,639	22.1	-	-	-	-	9,049	7,410	1,639	22.1

(continued)

	Primary Government											
	Governmental Activities				Business-type Activities				Totals			
	2003	2002	Increase (Decrease)	% Change	2003	2002	Increase (Decrease)	% Change	2003	2002	Increase (Decrease)	% Change
EXPENSES (continued)												
Culture and recreation	\$ 31,612	\$ 31,302	\$ 310	1.0	\$ -	\$ -	\$ -	-	\$ 31,612	\$ 31,302	\$ 310	1.0
Unallocated depreciation	2,529	944	1,585	167.9	-	-	-	-	2,529	944	1,585	167.9
Interest on debt	9,478	9,625	(147)	(1.5)	-	-	-	-	9,478	9,625	(147)	(1.5)
Water	-	-	-	-	40,785	34,046	6,739	19.8	40,785	34,046	6,739	19.8
Sewer	-	-	-	-	24,808	22,269	2,539	11.4	24,808	22,269	2,539	11.4
Golf	-	-	-	-	8,545	8,642	(97)	(1.1)	8,545	8,642	(97)	(1.1)
Total expenses	<u>229,835</u>	<u>217,321</u>	<u>12,514</u>	5.4	<u>74,138</u>	<u>64,957</u>	<u>9,181</u>	14.1	<u>303,973</u>	<u>282,278</u>	<u>21,695</u>	7.7
Gain (loss) disposal of capital assets	<u>(2,438)</u>	<u>1,380</u>	<u>(3,818)</u>	(276.7)	<u>(656)</u>	<u>(325)</u>	<u>(331)</u>	101.8	<u>(3,094)</u>	<u>1,055</u>	<u>(4,149)</u>	(393.3)
Excess of revenues over expenses before transfers	55,849	63,420	(7,571)	(11.9)	54,880	67,517	(12,637)	(18.7)	110,729	130,937	(20,208)	(15.4)
Transfers in (out)	<u>10</u>	<u>2</u>	<u>8</u>	400.0	<u>(10)</u>	<u>(2)</u>	<u>(8)</u>	400.0	<u>-</u>	<u>-</u>	<u>-</u>	-
Net change in net assets	55,859	63,422	(7,563)	(11.9)	54,870	67,515	(12,645)	(18.7)	110,729	130,937	(20,208)	(15.4)
Net assets January 1	<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
Net assets December 31	<u>\$ 2,457,410</u>	<u>\$ 2,401,551</u>	<u>\$ 55,859</u>	2.3	<u>\$ 769,954</u>	<u>\$ 715,084</u>	<u>\$ 54,870</u>	7.7	<u>\$ 3,227,364</u>	<u>\$ 3,116,635</u>	<u>\$ 110,729</u>	3.6
											(concluded)	

Chart 5

IV. Financial Analysis (continued)

D. Revenues and Expenses

Chart 5 shows a comparison of the citywide activities for 2003 compared to 2002.

Governmental activities

Total revenues for governmental activities increased \$8.8 million (3.1%) due to the following:

- An increase in charges for services of \$1.4 million due mainly to an increase special assessment deferred revenue recognized as revenue in 2003.
- A decrease of \$2.0 million in operating grants and contributions due primarily to timing of related grant expenditures.
- An increase of \$11.0 million in capital grants and contributions due mainly to the contribution of streets by developers.
- A decrease in sales and use taxes of \$2.0 million due to a one time collection in 2002 of \$3.0 million and a one time refund in 2002 of \$1.0 million that did not repeat in 2003.
- A \$3.1 million increase in property tax revenue due mainly to a voter approved retainage of excess TABOR revenue.
- An increase in franchise tax of \$1.4 million due to increased electrical rates and a one-time receipt of telephone occupational tax.
- A decrease in investment earnings of \$4.1 million due to lower investment balances and a decrease in the adjustment to fair value.

Total governmental expenses increased \$12.5 million (5.4%). The general government function increased due primarily to an increase in tax incentive payments to developers over the prior year. Governmental expenses also increased in the police function due mainly to increased costs associated with funding two police officers per 1,000 citizens. The increase in other public safety was due to the move of detention center activity in 2003 from the Police Department to Municipal Courts. The public works function decreased as more expenses were capitalized, and therefore recorded directly to capital assets, in 2003 as compared to the prior year. Generally, most functions saw an increase in expenses in 2003 over 2002 due to the allocation of the Internal Service Fund operating loss of \$1.7 million in 2003 compared to a profit allocation of \$1.1 million in 2002. Additionally, depreciation expense increased due to first time depreciation on many City facilities including the Aurora Municipal Center.

EXHIBIT I

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003

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 (10%), operating grants and contributions (which include state and county shared revenues and police and community development operating grants) (11%), and capital grants and contributions (16%). Property tax provides 10% of City revenues.

2003 Revenues by Source - Governmental Activities

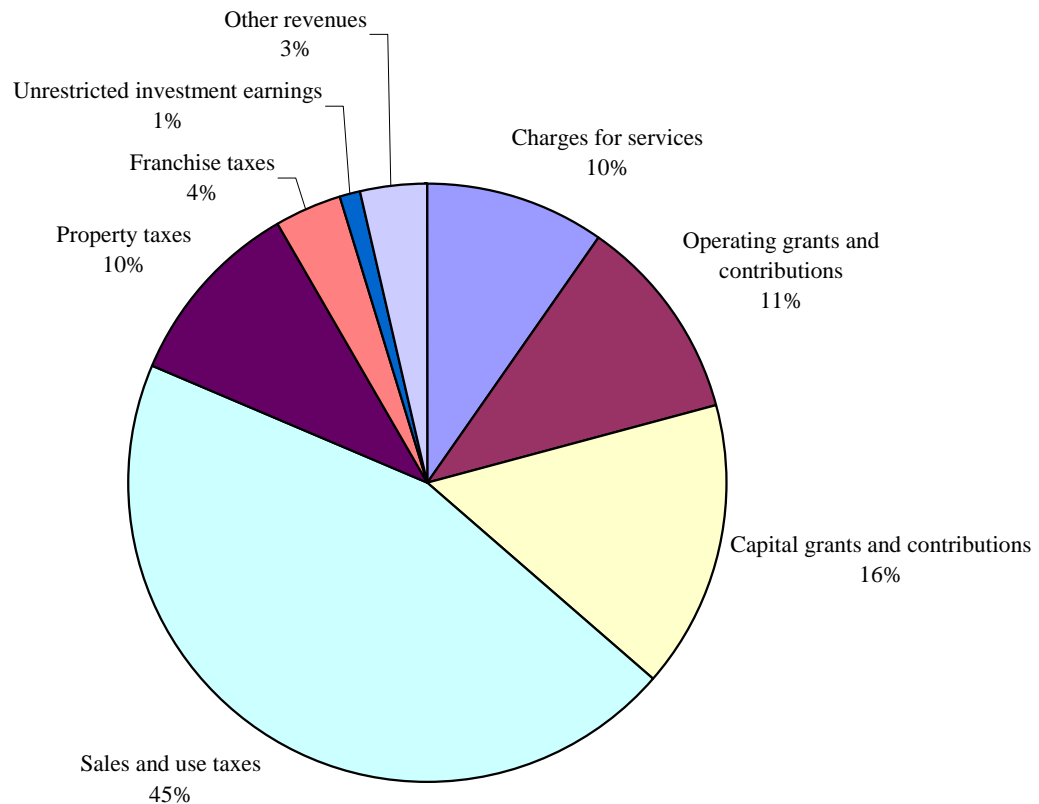


Chart 6

EXHIBIT I

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003

IV. Financial Analysis (continued)

D. Revenues and Expenses (continued)

Governmental activities (continued)

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

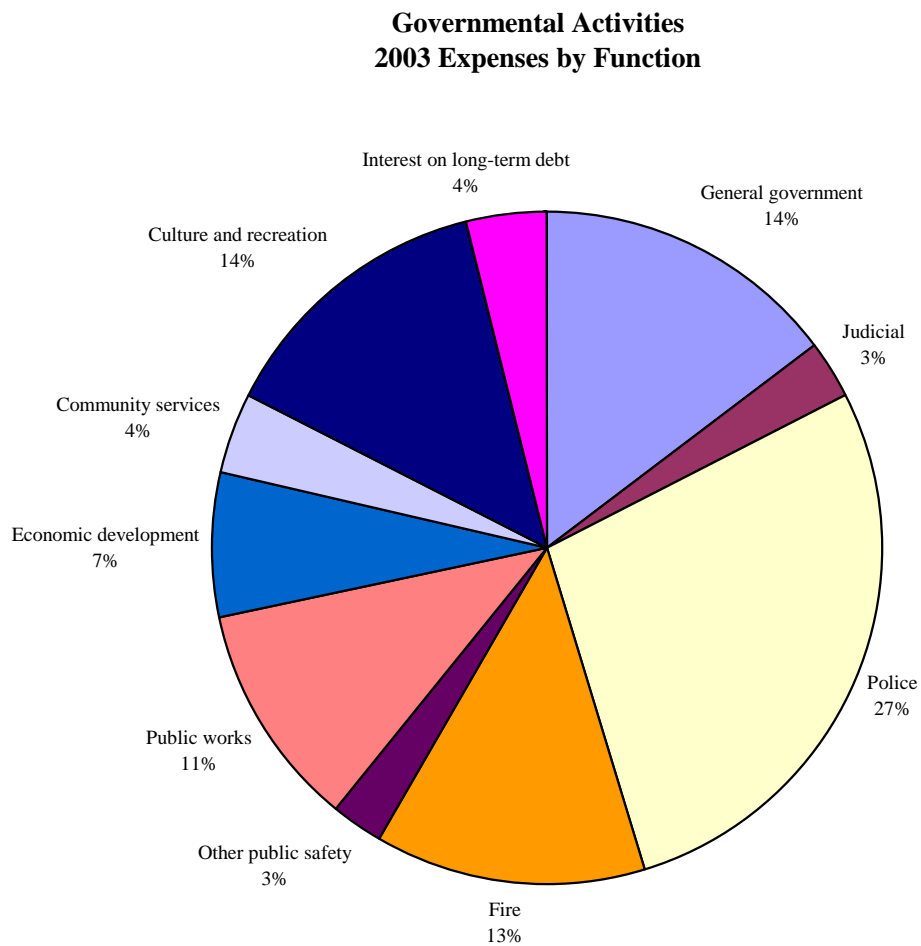


Chart 7

EXHIBIT I**CITY OF AURORA, COLORADO****MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003****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 \$43.2 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.

**Governmental Activities
2003 Expenses Compared to Program Revenues**

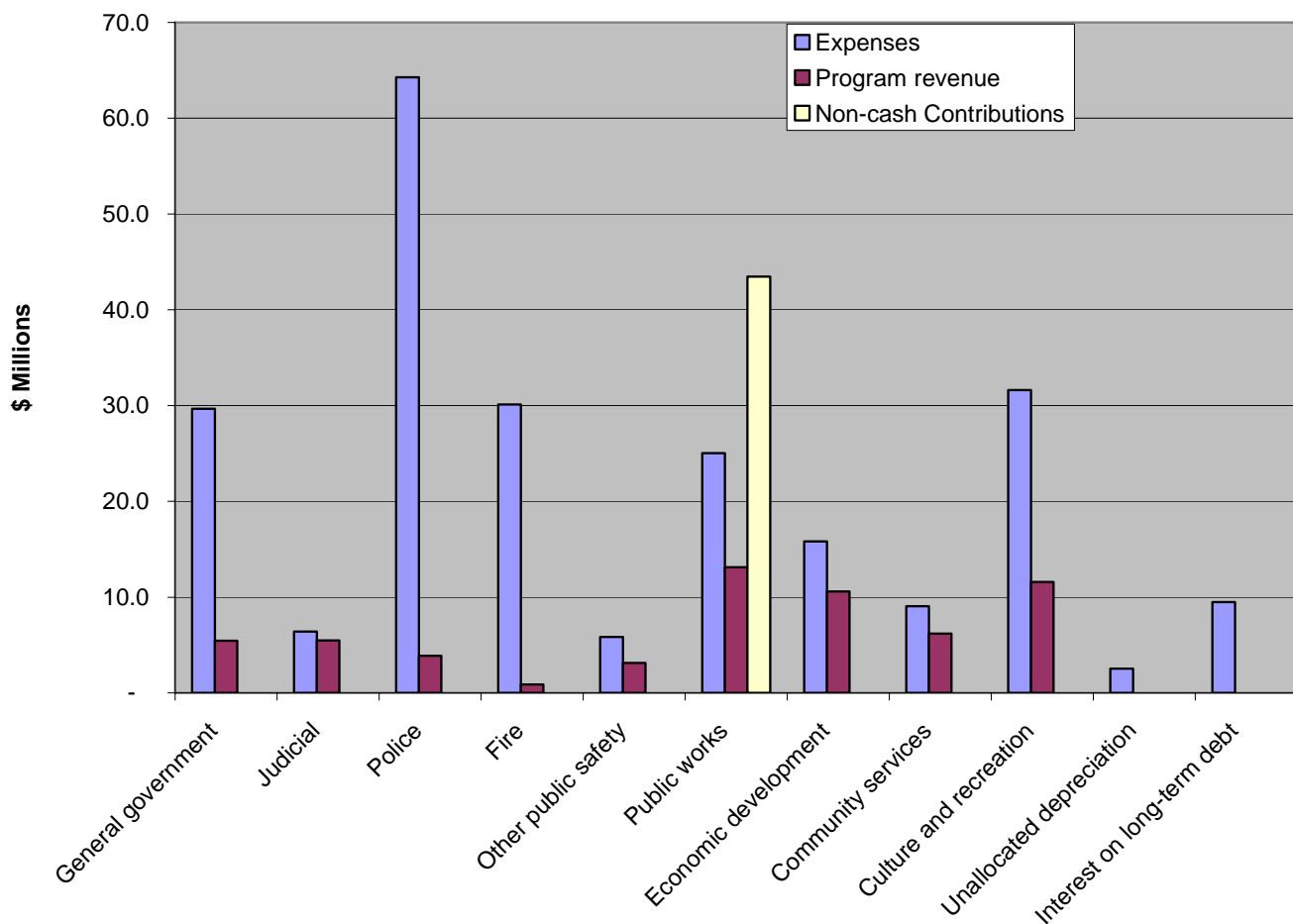


Chart 8

EXHIBIT I

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003

IV. Financial Analysis (continued)

D. Revenues and Expenses (continued)

Business-type activities

Total revenues for business-type activities decreased \$3.1 million due primarily to a decrease in unrestricted investment earnings, which resulted from a decrease in the fair value adjustment as compared to the prior year.

Expenses for business-type activities increased \$3.5 million due to the following:

- The addition in 2003 of 19 new Utility Department positions. These positions were mainly in the areas of cleaning, maintenance, irrigation and engineering services.
- An increase in purchased water to adequately meet demand during the drought.
- An increase in supply and service expenses due to increased electrical costs and increased repair and maintenance activities associated with higher water demand.
- An increase in sewer treatment charges paid by the City to a third party.

Chart 9 below compares the revenue sources for business-type activities. Revenues of the business-type activities are primarily from user charges. Other grants and contributions are primarily 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.

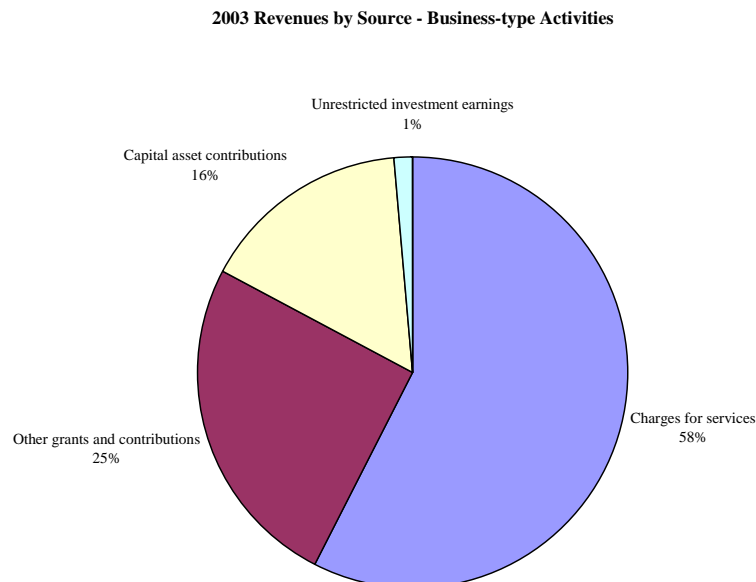


Chart 9

EXHIBIT I

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003

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 2003, charges for services exceeded expenses. While recorded as 2003 revenue, capital grants and contributions (the primary component of other grants and contributions) and capital asset contributions are not used to fund operations.

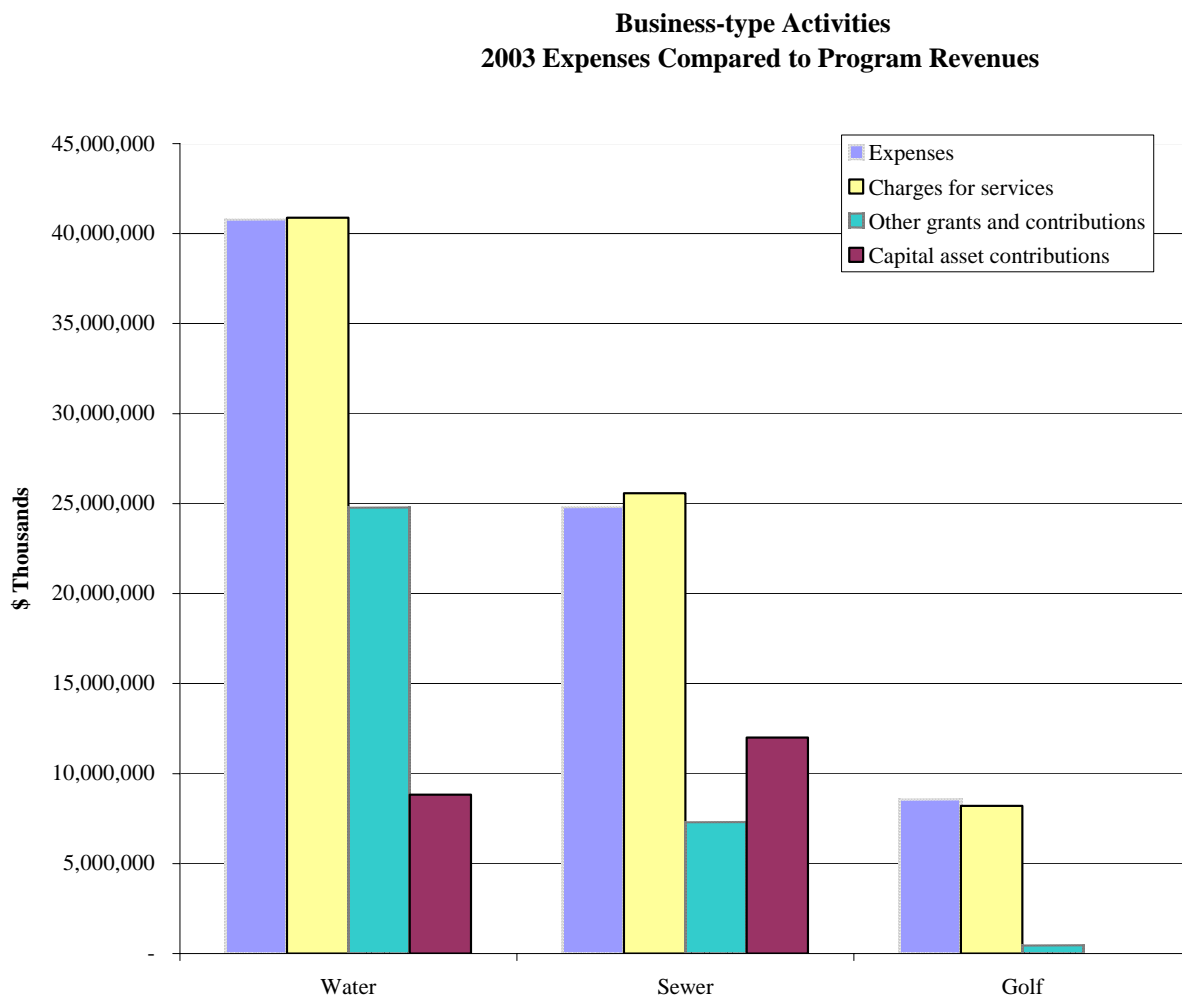


Chart 10

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

The General Fund is the main operating fund of the City. At the end of 2003, total fund balance for the General Fund was \$28.9 million. A portion of this fund balance (6%) is reserved. Reserves primarily represent purchase orders for which the goods or services have not yet been received. Of the \$27.2 million unreserved fund balance, \$20.3 million was designated for specific future spending. A remaining \$7.0 million was available for appropriation at the end of the year. This available balance remains relatively stable from the 2002 amount of \$6.8 million. Total General Fund fund balance decreased from 2002 to 2003 by \$9.7 million due to the use of \$5.8 million in restricted fund balance to fund a police staffing program of two police officers per 1,000 citizens (2/1000). Designated fund balances decreased \$4.6 million due to planned use of one-time revenues for capital purposes.

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 3.2% of total General Fund expenditures (including other financing uses) in 2003, compared to 3.4% in 2002. This translates to 3.4% and 3.3% of General Fund revenues (including other financing sources) for 2003 and 2002, respectively. Total fund balance was 13.2% of total General Fund expenditures (13.8% of revenues) in 2003, compared to 19.3% (18.7% of revenues) in 2002.

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. General Fund adjusted budgetary operating expenditures exclude capital and development related expenditures and 2/1000 expenditures funded with voter approved sales and use taxes. At the end of 2003, Policy Reserve Fund funds available was over the minimum 10% requirement. Additionally, the total of the General Fund's unreserved and undesignated funds available and the Policy Reserve Fund's funds available was 15% of the General Fund's 2003 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, 2003 was \$69.3 million. Of this amount, \$40.4 million is reserved for specific purposes. Of the total unreserved amount, \$21.5 million was designated for continuing appropriations. The remaining \$7.4 million was available for appropriation. The \$21.2 million decrease in fund balance was primarily due to spending of the general obligation bond series 2000 proceeds for construction of various City facilities.

IV. Financial Analysis (continued)

E. Individual Funds (continued)

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 acquisitions. Total fund balance in the ACLC Capital Projects Fund at the end of 2003 was \$5.7 million, which was reserved for use on capital projects. Fund balance decreased \$11.0 million primarily due to the spending of series 2002 COPs proceeds for construction and installation of a public safety communications system.

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 \$8.3 million fund balance in its debt service funds that are reserved for the payment of debt service. The majority of the reserved fund balance, \$7.3 million, is held in the ACLC Debt Service Fund for future debt service.

F. General Fund Budgetary Highlights

General Fund sales tax collected in 2003 was \$103.1 million, which was \$5.6 million (5.2%) below budget. The difference between the original expenditure budget and the final amended expenditure budget for 2003 reflects an overall increase in appropriations of \$0.4 million (0.2%). General Fund expenditures were \$8.1 million below final appropriations, resulting from management's response to slower than anticipated revenue growth.

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 reduction in acquisition of non-essential capital assets.

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, 5th Floor, 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, 2003**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Fitzsimons Redevelopment Authority
ASSETS				
Cash and cash equivalents	\$ 3,168,155	\$ 1,670,468	\$ 4,838,623	\$ 3,590,784
Investments	95,083,676	110,009,900	205,093,576	—
Receivables (net of allowance)	43,092,635	7,852,690	50,945,325	419,441
Internal balances	335,810	(335,810)	—	—
Inventories	346,547	295,109	641,656	—
Deferred charges	49,538	830,197	879,735	36,162
Restricted assets	104,572,365	17,059,966	121,632,331	128,387
Notes receivable	3,817,651	310,747	4,128,398	—
Equity in joint venture	—	2,642,906	2,642,906	—
<i>Capital assets (net of accumulated depreciation)</i>				
Land and water rights	187,804,779	197,898,534	385,703,313	2,276,166
Buildings and improvements	148,112,272	47,687,657	195,799,929	7,732,032
Infrastructure	2,089,044,290	480,213,372	2,569,257,662	—
Machinery and equipment	20,914,905	16,542,023	37,456,928	66,127
Construction in progress	25,214,496	66,155,164	91,369,660	46,489
Total assets	2,721,557,119	948,832,923	3,670,390,042	14,295,588
LIABILITIES				
Accounts payable and other current liabilities	9,392,104	11,244,756	20,636,860	492,441
Unearned revenues	20,963,171	65,762	21,028,933	48,423
Payable from restricted assets	28,766,652	1,109,550	29,876,202	—
<i>Non-current liabilities</i>				
Due within one year	13,501,937	11,391,291	24,893,228	20,484
Due within one year payable from restricted assets	—	985,678	985,678	—
Due beyond one year	161,013,068	146,211,262	307,224,330	4,021,506
Due beyond one year payable from restricted assets	30,510,407	7,870,331	38,380,738	—
Total liabilities	264,147,339	178,878,630	443,025,969	4,582,854
NET ASSETS				
Invested in capital assets, net of related debt	2,333,052,302	653,136,248	2,986,188,550	6,975,264
<i>Restricted</i>				
Construction	3,310,450	3,994,407	7,304,857	128,387
Police	1,040,402	—	1,040,402	—
E-911 equipment and services	3,227,306	—	3,227,306	—
Parks and recreation	6,948,069	—	6,948,069	—
Emergencies	6,339,676	—	6,339,676	—
Gifts and grants	8,655,457	—	8,655,457	—
Debt related	—	3,100,000	3,100,000	—
Agreements	5,325,373	—	5,325,373	—
Urban renewal	2,110,891	—	2,110,891	—
Pension benefits	8,337,682	—	8,337,682	—
Unrestricted	79,062,172	109,723,638	188,785,810	2,609,083
Total net assets	\$ 2,457,409,780	\$ 769,954,293	\$ 3,227,364,073	\$ 9,712,734

See notes to the basic financial statements.

EXHIBIT III

CITY OF AURORA, COLORADO

CITYWIDE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2003

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Fitzsimons Redevelopment Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 29,667,914	\$ 1,766,942	\$ 3,194,104	\$ 468,988	\$ (24,237,880)	\$ —	\$ (24,237,880)	
Judicial	6,412,905	5,473,368	13,528	—	(926,009)	—	(926,009)	
Police	64,279,691	1,640,253	2,232,399	—	(60,407,039)	—	(60,407,039)	
Fire	30,113,236	522,448	349,527	—	(29,241,261)	—	(29,241,261)	
Other public safety	5,847,178	900	2,808,253	323,888	(2,714,137)	—	(2,714,137)	
Public works	25,023,998	360,109	12,741,282	43,472,552	31,549,945	—	31,549,945	
Economic development	15,822,183	10,214,741	378,787	210	(5,228,445)	—	(5,228,445)	
Community services	9,049,017	2,554,164	3,653,964	—	(2,840,889)	—	(2,840,889)	
Culture and recreation	31,612,407	5,321,819	5,992,823	276,667	(20,021,098)	—	(20,021,098)	
Unallocated depreciation	2,528,558	—	—	—	(2,528,558)	—	(2,528,558)	
Interest on long-term debt	9,478,162	—	—	—	(9,478,162)	—	(9,478,162)	
Total governmental activities	229,835,249	27,854,744	31,364,667	44,542,305	(126,073,533)	—	(126,073,533)	
Business-type activities								
Water	40,784,896	40,888,236	951,200	32,656,102	—	33,710,642	33,710,642	
Sewer	24,807,909	25,580,371	224,892	19,052,401	—	20,049,755	20,049,755	
Golf	8,545,279	8,205,072	276,457	159,630	—	95,880	95,880	
Total business-type activities	74,138,084	74,673,679	1,452,549	51,868,133	—	53,856,277	53,856,277	
Total primary government	\$ 303,973,333	\$ 102,528,423	\$ 32,817,216	\$ 96,410,438	(126,073,533)	53,856,277	(72,217,256)	
Component unit								
Fitzsimons Redevelopment Authority	\$ 3,941,640	\$ 3,548,597	\$ 77,600	\$ —				\$ (315,443)

See notes to the basic financial statements.

	Primary Government			Component Unit
	Governmental	Business-Type		Fitzsimons
	Activities	Activities	Total	Redevelopment
				Authority
General Revenues				
<i>Taxes</i>				
Sales and use taxes	\$ 128,687,061	\$ —	\$ 128,687,061	\$ —
Property taxes	29,799,273	—	29,799,273	—
Franchise taxes	10,183,683	—	10,183,683	—
Lodgers taxes	3,044,341	—	3,044,341	—
Occupational privilege taxes	3,684,159	—	3,684,159	—
Other taxes	4,864,920	—	4,864,920	—
Grants and contributions not restricted to specific purpose	832,315	—	832,315	—
Unrestricted investment earnings	3,264,743	1,680,139	4,944,882	35,936
Gain (loss) on disposal of capital assets	(2,438,459)	(656,247)	(3,094,706)	1,700
Transfers	9,970	(9,970)	—	—
Total general revenues and transfers	181,932,006	1,013,922	182,945,928	37,636
INCREASE IN NET ASSETS	55,858,473	54,870,199	110,728,672	(277,807)
NET ASSETS - January 1	2,401,551,307	715,084,094	3,116,635,401	9,990,541
NET ASSETS - December 31	<u>\$ 2,457,409,780</u>	<u>\$ 769,954,293</u>	<u>\$ 3,227,364,073</u>	<u>\$ 9,712,734</u>



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 bond proceeds.

EXHIBIT IV

CITY OF AURORA, COLORADO

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2003

	General	City Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 934,529	\$ 855,630	\$ 3,643,957	\$ 5,434,116
Investments	15,012,220	41,773,854	41,690,775	98,476,849
Receivables (net of allowance)	39,744,846	919,612	4,041,381	44,705,839
Due from other funds	407,793	—	—	407,793
Restricted assets	162,671	30,894,505	36,579,235	67,636,411
Notes receivable	—	1,478,271	9,868,072	11,346,343
Total assets	<u>\$ 56,262,059</u>	<u>\$ 75,921,872</u>	<u>\$ 95,823,420</u>	<u>\$ 228,007,351</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities</i>				
Accounts payable and other				
current liabilities	\$ 5,927,623	\$ 2,136,175	\$ 1,337,533	\$ 9,401,331
Due to other funds	—	—	407,793	407,793
Deferred revenues	21,354,288	1,688,188	13,631,968	36,674,444
Payable from restricted assets	45,534	2,788,348	13,198,223	16,032,105
Total liabilities	<u>27,327,445</u>	<u>6,612,711</u>	<u>28,575,517</u>	<u>62,515,673</u>
<i>Fund balances</i>				
<i>Reserved</i>				
Encumbrances	1,593,938	12,311,574	1,226,516	15,132,028
Construction	117,137	19,589,522	5,827,891	25,534,550
Police	—	—	1,040,402	1,040,402
Gifts and grants	—	8,051,424	—	8,051,424
Debt related	—	—	8,286,308	8,286,308
Arbitrage	—	465,211	2,076,489	2,541,700
Agreements	—	—	5,325,373	5,325,373
Urban renewal	—	—	824,549	824,549
<i>Unreserved</i>				
Designated				
General Fund	20,258,984	—	—	20,258,984
Special revenue funds	—	—	6,683,189	6,683,189
Debt service funds	—	—	4,500	4,500
Capital project funds	—	21,529,480	—	21,529,480
Undesignated				
General Fund	6,964,555	—	—	6,964,555
Special revenue funds	—	—	35,232,897	35,232,897
Debt service funds	—	—	719,789	719,789
Capital project funds	—	7,361,950	—	7,361,950
Total fund balances	<u>28,934,614</u>	<u>69,309,161</u>	<u>67,247,903</u>	<u>165,491,678</u>
Total liabilities and fund balances	<u>\$ 56,262,059</u>	<u>\$ 75,921,872</u>	<u>\$ 95,823,420</u>	<u>\$ 228,007,351</u>

See notes to the basic financial statements.

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, 2003**

	Total Governmental Funds	Governmental Activities Adjustments	Internal Service Funds	Citywide Governmental Activities
ASSETS				
Cash and cash equivalents	\$ 5,434,116	\$ (2,546,719)	\$ 280,758	\$ 3,168,155
Investments	98,476,849	(16,969,276)	13,576,103	95,083,676
Receivables (net of allowance)	44,705,839	(1,716,256)	103,052	43,092,635
Due from other funds	407,793	(407,793)	—	—
Internal balances	—	335,810	—	335,810
Inventories	—	—	346,547	346,547
Deferred charges	—	49,538	—	49,538
Restricted assets	67,636,411	36,935,954	—	104,572,365
Notes receivable	11,346,343	(7,528,692)	—	3,817,651
<i>Capital assets (net of accumulated depreciation)</i>				
Land	—	187,804,779	—	187,804,779
Buildings and improvements	—	148,112,272	—	148,112,272
Infrastructure	—	2,088,521,001	523,289	2,089,044,290
Machinery and equipment	—	20,695,838	219,067	20,914,905
Construction in progress	—	25,214,496	—	25,214,496
Total assets	228,007,351	2,478,500,952	15,048,816	2,721,557,119
LIABILITIES				
Accounts payable and other current liabilities	9,401,331	(250,492)	241,265	9,392,104
Due to other funds	407,793	(407,793)	—	—
Deferred revenue / unearned revenue	36,674,444	(15,711,273)	—	20,963,171
Payable from restricted assets	16,032,105	12,734,547	—	28,766,652
<i>Noncurrent liabilities</i>				
Due within one year	—	10,057,723	3,444,214	13,501,937
Due beyond one year	—	154,819,472	6,193,596	161,013,068
Due beyond one year payable from restricted assets	—	30,510,407	—	30,510,407
Total liabilities	62,515,673	191,752,591	9,879,075	264,147,339
FUND BALANCE / NET ASSETS				
Invested in capital assets net of related debt	—	2,332,436,865	615,437	2,333,052,302
<i>Reserved / Restricted</i>				
Encumbrances	15,132,028	(15,132,028)	—	—
Construction	25,534,550	(22,224,100)	—	3,310,450
Police	1,040,402	—	—	1,040,402
E-911 equipment and services	—	3,227,306	—	3,227,306
Parks and recreation	—	6,948,069	—	6,948,069
Emergencies	—	6,339,676	—	6,339,676
Gifts and grants	8,051,424	604,033	—	8,655,457
Debt related	8,286,308	(8,286,308)	—	—
Arbitrage	2,541,700	(2,541,700)	—	—
Agreements	5,325,373	—	—	5,325,373
Urban renewal	824,549	1,286,342	—	2,110,891
Pension benefits	—	8,337,682	—	8,337,682
<i>Unreserved / Unrestricted</i>				
Designated	48,476,153	(48,476,153)	—	—
Undesignated / Unrestricted	50,279,191	24,228,677	4,554,304	79,062,172
Total fund balances / net assets	\$ 165,491,678	\$ 2,286,748,361	\$ 5,169,741	\$ 2,457,409,780

See notes to the basic financial statements.

EXHIBIT VI

CITY OF AURORA, COLORADO

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	General	City Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
<i>Taxes</i>				
Sales and use	\$ 128,050,504	\$ —	\$ 623,922	\$ 128,674,426
Property	23,130,489	—	6,668,784	29,799,273
Franchise	10,183,683	—	—	10,183,683
Lodgers	3,044,341	—	—	3,044,341
Occupational privilege	3,669,473	—	14,686	3,684,159
Other	4,864,920	—	—	4,864,920
Charges for services	8,128,460	37,000	7,133,009	15,298,469
Licenses and permits	8,902,351	—	—	8,902,351
Fines and forfeitures	4,547,241	—	765,387	5,312,628
Special assessments	—	—	264,002	264,002
Intergovernmental	10,468,042	1,820,181	10,492,735	22,780,958
Surcharges	—	—	2,604,231	2,604,231
Miscellaneous	424,430	1,229,445	2,629,871	4,283,746
Investment earnings	1,103,872	2,474,825	1,749,180	5,327,877
Total revenues	206,517,806	5,561,451	32,945,807	245,025,064
EXPENDITURES				
<i>Current</i>				
General government	22,962,760	2,691,221	7,320,762	32,974,743
Judicial	6,199,550	—	96,505	6,296,055
Police	58,673,875	4,338	2,733,532	61,411,745
Fire	28,440,321	188,685	129,592	28,758,598
Other public safety	4,266,753	9,811	984,066	5,260,630
Public works	16,238,226	3,022,448	—	19,260,674
Economic development	12,633,602	—	3,119,457	15,753,059
Community services	4,699,139	—	4,130,227	8,829,366
Culture and recreation	17,531,890	777,531	11,054,941	29,364,362
<i>Debt service</i>				
Principal	392,362	—	7,260,000	7,652,362
Interest	29,391	—	9,499,275	9,528,666
Capital outlay	1,626,719	43,494,192	16,181,203	61,302,114
Total expenditures	173,694,588	50,188,226	62,509,560	286,392,374
Excess (deficiency) of revenues over (under) expenditures	32,823,218	(44,626,775)	(29,563,753)	(41,367,310)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,515,034	24,542,739	28,146,576	55,204,349
Transfers out	(46,161,258)	(1,152,984)	(7,980,137)	(55,294,379)
Proceeds of refunding bonds	—	—	2,549,559	2,549,559
Payment to refunded bond escrow agent	—	—	(2,490,000)	(2,490,000)
Proceeds from disposal of capital assets	1,169,692	—	1,525,697	2,695,389
Total other financing sources (uses)	(42,476,532)	23,389,755	21,751,695	2,664,918
DECREASE IN FUND BALANCES	(9,653,314)	(21,237,020)	(7,812,058)	(38,702,392)
FUND BALANCES - January 1	38,587,928	90,546,181	75,059,961	204,194,070
FUND BALANCES - December 31	\$ 28,934,614	\$ 69,309,161	\$ 67,247,903	\$ 165,491,678

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, 2003**

	Total Governmental Funds	Governmental Activities Adjustments	Internal Service Funds	Citywide Governmental Activities
REVENUES				
<i>Taxes</i>				
Sales and use	\$ 128,674,426	\$ 12,635	\$ —	\$ 128,687,061
Property	29,799,273	—	—	29,799,273
Franchise	10,183,683	—	—	10,183,683
Lodgers	3,044,341	—	—	3,044,341
Occupational privilege	3,684,159	—	—	3,684,159
Other	4,864,920	—	—	4,864,920
<i>Charges for services - citywide</i>				
Charges for services	15,298,469	(13,373,499)	11,011,994	12,936,964
Licenses and permits	8,902,351	—	—	8,902,351
Fines and forfeitures	5,312,628	—	—	5,312,628
Special assessments	264,002	438,799	—	702,801
<i>Grants and contributions - citywide</i>				
Intergovernmental	22,780,958	—	—	22,780,958
Surcharges	2,604,231	—	—	2,604,231
Miscellaneous	4,283,746	43,232,786	395,775	47,912,307
Restricted investment earnings - operating	—	2,985,865	—	2,985,865
Restricted investment earnings - capital	—	455,926	—	455,926
Investment earnings (unrestricted)	5,327,877	(2,325,932)	262,798	3,264,743
Total revenues	<u>245,025,064</u>	<u>31,426,580</u>	<u>11,670,567</u>	<u>288,122,211</u>
EXPENDITURES				
<i>Current</i>				
General government	32,974,743	(15,998,642)	12,691,813	29,667,914
Judicial	6,296,055	116,850	—	6,412,905
Police	61,411,745	2,867,946	—	64,279,691
Fire	28,758,598	1,354,638	—	30,113,236
Other public safety	5,260,630	586,548	—	5,847,178
Public works	19,260,674	5,763,324	—	25,023,998
Economic development	15,753,059	69,124	—	15,822,183
Community services	8,829,366	219,651	—	9,049,017
Culture and recreation	29,364,362	2,248,045	—	31,612,407
Unallocated depreciation	—	2,528,558	—	2,528,558
<i>Debt service</i>				
Principal	7,652,362	(7,652,362)	—	—
Interest	9,528,666	(55,955)	5,451	9,478,162
<i>Capital outlay</i>	<u>61,302,114</u>	<u>(61,302,114)</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>286,392,374</u>	<u>(69,254,389)</u>	<u>12,697,264</u>	<u>229,835,249</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(41,367,310)</u>	<u>100,680,969</u>	<u>(1,026,697)</u>	<u>58,286,962</u>
OTHER FINANCING SOURCES (USES)				
<i>Transfers - citywide</i>				
Transfers in	55,204,349	—	850,000	56,054,349
Transfers out	(55,294,379)	—	(750,000)	(56,044,379)
Proceeds of refunding bonds issued	2,549,559	(2,549,559)	—	—
Payment to refunded bond escrow agent	(2,490,000)	2,490,000	—	—
Proceeds / gain (loss) disposal of capital assets	<u>2,695,389</u>	<u>(5,128,159)</u>	<u>(5,689)</u>	<u>(2,438,459)</u>
Total other financing sources (uses)	<u>2,664,918</u>	<u>(5,187,718)</u>	<u>94,311</u>	<u>(2,428,489)</u>
INCREASE (DECREASE) IN FUND BALANCES / NET ASSETS	<u>(38,702,392)</u>	<u>95,493,251</u>	<u>(932,386)</u>	<u>55,858,473</u>
FUND BALANCES / NET ASSETS - January 1	<u>204,194,070</u>	<u>2,191,255,110</u>	<u>6,102,127</u>	<u>2,401,551,307</u>
FUND BALANCES / NET ASSETS - December 31	<u>\$ 165,491,678</u>	<u>\$ 2,286,748,361</u>	<u>\$ 5,169,741</u>	<u>\$ 2,457,409,780</u>

See notes to the basic financial statements.

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, 2003**

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds		Non-Major Fund	Total Enterprise Funds	Activities Internal Service Funds
	Water	Sewer	Golf		
ASSETS					
<i>Current Assets</i>					
Cash and cash equivalents	\$ 659,726	\$ 944,389	\$ 66,353	\$ 1,670,468	\$ 280,758
Investments	79,606,579	29,593,038	810,283	110,009,900	13,576,103
Receivables (net of allowance)	4,653,150	3,147,066	52,474	7,852,690	103,052
Current portion of interfund loan	—	256,000	—	256,000	—
Inventories	—	—	295,109	295,109	346,547
Total current assets	84,919,455	33,940,493	1,224,219	120,084,167	14,306,460
<i>Non-current/non-capital assets</i>					
Deferred charges	686,051	55,996	88,150	830,197	—
Restricted assets	7,564,519	8,216,728	1,278,719	17,059,966	—
Notes receivable	105,667	—	205,080	310,747	—
Interfund loan	—	5,376,000	—	5,376,000	—
Equity in joint venture	2,642,906	—	—	2,642,906	—
Total non-current/non-capital assets	10,999,143	13,648,724	1,571,949	26,219,816	—
<i>Capital assets (net of accumulated depreciation)</i>					
Land and water rights	176,164,089	6,442,842	15,291,603	197,898,534	—
Buildings and improvements	34,339,255	10,415,748	2,932,654	47,687,657	—
Infrastructure	287,842,326	177,604,259	14,766,787	480,213,372	523,289
Machinery and equipment	12,522,284	2,724,535	1,295,204	16,542,023	219,067
Construction in progress	33,130,845	33,024,319	—	66,155,164	—
Total capital assets	543,998,799	230,211,703	34,286,248	808,496,750	742,356
Total assets	639,917,397	277,800,920	37,082,416	954,800,733	15,048,816
LIABILITIES					
<i>Current liabilities</i>					
Accounts payable and other current liabilities	6,559,354	4,315,240	431,732	11,306,326	241,265
Unearned revenues	—	—	65,762	65,762	—
Payable from restricted assets	807,373	302,177	—	1,109,550	—
Current portion - interfund loan	—	—	256,000	256,000	—
Current portion - long-term liabilities	9,911,103	876,480	542,138	11,329,721	3,444,214
Current portion - payable from restricted assets	377,904	607,774	—	985,678	—
Total current liabilities	17,655,734	6,101,671	1,295,632	25,053,037	3,685,479
<i>Non-current liabilities</i>					
Interfund loan	—	—	5,376,000	5,376,000	—
Due beyond one year	125,637,001	15,535,695	5,038,566	146,211,262	6,193,596
Due beyond one year payable from restricted assets	5,129,242	2,062,370	678,719	7,870,331	—
Total non-current liabilities	130,766,243	17,598,065	11,093,285	159,457,593	6,193,596
Total liabilities	148,421,977	23,699,736	12,388,917	184,510,630	9,879,075
NET ASSETS					
Invested in capital assets net of related debt	409,665,803	214,358,541	23,479,904	647,504,248	615,437
<i>Restricted</i>					
Construction	—	3,994,407	—	3,994,407	—
Debt related	1,250,000	1,250,000	600,000	3,100,000	—
Unrestricted	80,579,617	34,498,236	613,595	115,691,448	4,554,304
Total net assets	\$ 491,495,420	\$ 254,101,184	\$ 24,693,499	\$ 770,290,103	\$ 5,169,741

See notes to the basic financial statements.



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, 2003**

	Total Enterprise Funds	Business-type Activities Adjustments	Total Business-type Activities
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ 1,670,468	\$ —	\$ 1,670,468
Investments	110,009,900	—	110,009,900
Receivables (net of allowance)	7,852,690	—	7,852,690
Internal balances	—	(335,810)	(335,810)
Current portion of interfund loan	256,000	(256,000)	—
Inventories	295,109	—	295,109
<i>Non-current/non-capital assets</i>			
Deferred charges	830,197	—	830,197
Restricted assets	17,059,966	—	17,059,966
Notes receivable	310,747	—	310,747
Interfund loan	5,376,000	(5,376,000)	—
Equity in joint venture	2,642,906	—	2,642,906
<i>Capital assets (net of accumulated depreciation)</i>			
Land and water rights	197,898,534	—	197,898,534
Buildings and improvements	47,687,657	—	47,687,657
Infrastructure	480,213,372	—	480,213,372
Machinery and equipment	16,542,023	—	16,542,023
Construction in progress	66,155,164	—	66,155,164
Total assets	954,800,733	(5,967,810)	948,832,923
LIABILITIES			
<i>Current liabilities</i>			
Accounts payable and other current liabilities	11,306,326	(61,570)	11,244,756
Unearned revenues	65,762	—	65,762
Payable from restricted assets	1,109,550	—	1,109,550
Current portion - interfund loan	256,000	(256,000)	—
Current portion - long-term debt	11,329,721	61,570	11,391,291
Current portion - payable from restricted assets	985,678	—	985,678
<i>Non-current liabilities</i>			
Interfund loans	5,376,000	(5,376,000)	—
Due beyond one year	146,211,262	—	146,211,262
Due beyond on year payable from restricted assets	7,870,331	—	7,870,331
Total liabilities	184,510,630	(5,632,000)	178,878,630
NET ASSETS			
Invested in capital assets net of related debt	647,504,248	5,632,000	653,136,248
<i>Restricted</i>			
Construction	3,994,407	—	3,994,407
Debt related	3,100,000	—	3,100,000
Unrestricted	115,691,448	(5,967,810)	109,723,638
Total net assets	\$ 770,290,103	\$ (335,810)	\$ 769,954,293

See notes to the basic financial statements.

EXHIBIT X**CITY OF AURORA, COLORADO****PROPRIETARY FUNDS****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS****FOR THE YEAR ENDED DECEMBER 31, 2003**

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds		Non-Major Fund	Total Enterprise Funds	Activities
	Water	Sewer	Golf		Internal Service Funds
OPERATING REVENUES					
<i>Charges for services</i>					
Customers	\$ 40,503,938	\$ 25,580,371	\$ 8,205,072	\$ 74,289,381	\$ 11,011,994
Fire protection	384,297	—	—	384,297	—
Total operating revenues	40,888,235	25,580,371	8,205,072	74,673,678	11,011,994
OPERATING EXPENSES					
Cost of sales and services	27,317,673	20,538,865	6,441,702	54,298,240	8,256,055
Claims losses	—	—	—	—	4,249,627
Administrative expenses	1,376,473	437,459	760,487	2,574,419	98,302
Depreciation	6,662,885	3,550,451	936,666	11,150,002	87,829
Total operating expenses	35,357,031	24,526,775	8,138,855	68,022,661	12,691,813
Operating income (loss)	5,531,204	1,053,596	66,217	6,651,017	(1,679,819)
NONOPERATING REVENUES (EXPENSES)					
Investment income	1,869,029	936,271	69,095	2,874,395	262,798
Miscellaneous revenues	198,638	6,956	276,457	482,051	395,775
Interest expense	(4,226,163)	(180,069)	(592,380)	(4,998,612)	(5,451)
Amortization expense	(1,022,047)	(8,206)	(12,942)	(1,043,195)	—
Loss on disposal of assets	(425,383)	(168,428)	(62,436)	(656,247)	(5,689)
Loss on equity in joint venture	(39,052)	—	—	(39,052)	—
Net nonoperating revenues (expenses)	(3,644,978)	586,524	(322,206)	(3,380,660)	647,433
Income (loss) before contributions and transfers	1,886,226	1,640,120	(255,989)	3,270,357	(1,032,386)
Capital contributions	32,656,102	19,050,164	159,630	51,865,896	—
Transfers in	—	—	—	—	850,000
Transfers out	—	—	(9,970)	(9,970)	(750,000)
CHANGE IN NET ASSETS	34,542,328	20,690,284	(106,329)	55,126,283	(932,386)
NET ASSETS - January 1	456,953,092	233,410,900	24,799,828	715,163,820	6,102,127
NET ASSETS - December 31	\$491,495,420	\$254,101,184	\$ 24,693,499	\$770,290,103	\$ 5,169,741

See notes to the basic financial statements.

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, 2003**

	Total Enterprise Funds	Business-type Activities Adjustments	Total Business-type Activities
OPERATING REVENUES			
<i>Charges for services</i>			
Customers	\$ 74,289,381	\$ —	\$ 74,289,381
Fire protection	384,297	—	384,297
Total operating revenues	74,673,678	—	74,673,678
OPERATING EXPENSES			
Cost of sales and services	54,298,240	285,134	54,583,374
Administrative expenses	2,574,419	—	2,574,419
Depreciation	11,150,002	10,002	11,160,004
Total operating expenses	68,022,661	295,136	68,317,797
Operating income	6,651,017	(295,136)	6,355,881
NONOPERATING REVENUES (EXPENSES)			
Investment income	2,874,395	(221,520)	2,652,875
Miscellaneous revenues	482,051	—	482,051
Interest expense	(4,998,612)	221,520	(4,777,092)
Amortization expense	(1,043,195)	—	(1,043,195)
Loss on disposal of assets	(656,247)	—	(656,247)
Loss on equity in joint venture	(39,052)	39,052	—
Net nonoperating revenues (expenses)	(3,380,660)	39,052	(3,341,608)
Income before contributions and transfers	3,270,357	(256,084)	3,014,273
Capital contributions	51,865,896	—	51,865,896
Transfers out	(9,970)	—	(9,970)
CHANGE IN NET ASSETS	55,126,283	(256,084)	54,870,199
NET ASSETS - January 1	715,163,820	(79,726)	715,084,094
NET ASSETS - December 31	\$ 770,290,103	\$ (335,810)	\$ 769,954,293

EXHIBIT XII
CITY OF AURORA, COLORADO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds		Non-Major	Total	Activities
	Water	Sewer	Fund	Enterprise	Internal
			Golf	Funds	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash received from:</i>					
Customers and others	\$ 39,996,146	\$ 26,216,930	\$ 8,290,682	\$ 74,503,758	\$ 410,587
Interfund services provided	—	—	—	—	11,000,943
<i>Cash payments to:</i>					
Employees	(10,282,446)	(5,717,814)	(4,077,606)	(20,077,866)	(2,927,566)
Suppliers for goods and services	(20,303,669)	(14,840,710)	(2,702,935)	(37,847,314)	(8,872,245)
Net cash provided by (used in) operating activities	9,410,031	5,658,406	1,510,141	16,578,578	(388,281)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash transfers in	—	256,000	—	256,000	850,000
Cash transfers out	—	—	(265,970)	(265,970)	(750,000)
Net cash provided by (used in) noncapital financing activities	—	256,000	(265,970)	(9,970)	100,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
<i>Proceeds from:</i>					
Capital debt	122,743,597	—	—	122,743,597	—
Capital contributions	23,825,078	7,105,931	159,630	31,090,639	—
Sale of capital assets	24,584	42,575	858	68,017	—
<i>Payments for:</i>					
Capital assets	(84,118,054)	(18,406,964)	(1,246,291)	(103,771,309)	(7,316)
Principal on capital debt	(70,485,815)	(1,426,363)	(558,941)	(72,471,119)	(33,243)
Interest on capital debt	(3,767,793)	(756,247)	(602,616)	(5,126,656)	(5,880)
Debt issue and discount costs	(1,079,681)	—	—	(1,079,681)	—
Contributions to joint venture	(10,500)	—	—	(10,500)	—
Net cash used in capital and related financing activities	(12,868,584)	(13,441,068)	(2,247,360)	(28,557,012)	(46,439)
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) / Decrease in equity in pooled investments	1,742,152	4,578,449	728,596	7,049,197	(1,684,795)
Increase in investments	(5,488,669)	—	—	(5,488,669)	—
Sales of investments	—	422,063	647	422,710	574,780
Interest received	3,224,766	1,580,008	85,223	4,889,997	462,465
Net cash provided by (used in) investing activities	(521,751)	6,580,520	814,466	6,873,235	(647,550)

See notes to the basic financial statements.

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds		Non-Major	Total	Activities
			Fund	Enterprise	Internal
	Water	Sewer	Golf	Funds	Service Funds
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,980,304)	(946,142)	(188,723)	(5,115,169)	(982,270)
TOTAL CASH AND CASH EQUIVALENTS, January 1	4,640,030	1,890,531	255,076	6,785,637	1,263,028
TOTAL CASH AND CASH EQUIVALENTS, December 31	<u>\$ 659,726</u>	<u>\$ 944,389</u>	<u>\$ 66,353</u>	<u>\$ 1,670,468</u>	<u>\$ 280,758</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
OPERATING INCOME (LOSS)	<u>\$ 5,531,204</u>	<u>\$ 1,053,596</u>	<u>\$ 66,217</u>	<u>\$ 6,651,017</u>	<u>\$ (1,679,819)</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Depreciation	6,662,885	3,550,451	936,666	11,150,002	87,829
Miscellaneous nonoperating revenues	198,638	6,956	276,457	482,051	395,775
<i>Changes in operating assets and liabilities</i>					
Receivables	(1,090,727)	629,603	(205,081)	(666,205)	3,762
Inventories	—	—	114,217	114,217	(41,433)
Accounts payable and other current liabilities	(1,891,969)	417,800	307,431	(1,166,738)	845,605
Unearned revenues	<u>—</u>	<u>—</u>	<u>14,234</u>	<u>14,234</u>	<u>—</u>
Total adjustments	<u>3,878,827</u>	<u>4,604,810</u>	<u>1,443,924</u>	<u>9,927,561</u>	<u>1,291,538</u>
Net cash provided by (used in) operating activities	<u><u>\$ 9,410,031</u></u>	<u><u>\$ 5,658,406</u></u>	<u><u>\$ 1,510,141</u></u>	<u><u>\$ 16,578,578</u></u>	<u><u>\$ (388,281)</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Borrowing under capital lease	\$ —	\$ —	\$ 149,734	\$ 149,734	\$ —
Acquisition of capital assets by lease	—	—	(149,734)	(149,734)	—
Contribution of capital assets	8,831,025	11,944,233	—	20,775,258	—
Decrease in fair value of investments	(1,194,357)	(577,433)	(56,983)	(1,828,773)	(178,813)



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, 2003**

	Pension Trust Funds	Agency Fund
<hr/>		
ASSETS		
<i>Current assets</i>		
Cash and equivalents	\$ 5,238,418	\$ 6,781,894
Investments		
Equity securities and funds	117,480,803	—
U.S. government and U.S. government agency obligations	11,091,250	—
Corporate bonds and funds	75,382,382	—
Real estate funds	19,236,419	—
Alternative investments	314,404	—
Receivables (net of allowance)	2,119,827	—
	<hr/>	<hr/>
Total current assets	230,863,503	6,781,894
<i>Capital assets (net of accumulated depreciation)</i>		
Machinery and equipment	2,476	—
	<hr/>	<hr/>
Total assets	230,865,979	\$ 6,781,894
	<hr/>	<hr/>
LIABILITIES		
<i>Current liabilities</i>		
Accounts payable and other current liabilities	1,381,165	\$ 6,781,894
	<hr/>	<hr/>
Total liabilities	1,381,165	\$ 6,781,894
	<hr/>	<hr/>
NET ASSETS		
Held in trust for pension benefits	229,484,814	
	<hr/>	
Total net assets	\$ 229,484,814	
	<hr/>	

EXHIBIT XIV**CITY OF AURORA, COLORADO****FIDUCIARY FUNDS****STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Pension Trust Funds
<hr/>	
ADDITIONS	
<i>Contributions</i>	
City	\$ 4,247,162
Plan members	3,846,264
	<hr/>
Total contributions	8,093,426
	<hr/>
<i>Investment activity</i>	
Investment income	35,467,033
Investment expense	(859,999)
	<hr/>
Net investment income	34,607,034
	<hr/>
Other income	21,378
	<hr/>
Total additions	42,721,838
	<hr/>
DEDUCTIONS	
Benefits	6,042,773
Administrative expenses	374,067
	<hr/>
Total deductions	6,416,840
	<hr/>
INCREASE IN NET ASSETS	36,304,998
NET ASSETS - January 1	193,179,816
	<hr/>
NET ASSETS - December 31	\$ 229,484,814
	<hr/> <hr/>

NOTES TO THE BASIC FINANCIAL STATEMENTS

EXHIBIT XV

CITY OF AURORA, COLORADO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003**

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.

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 included 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) **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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**A. Financial Reporting Entity (continued)****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. In 2003, the City Council declared the Fletcher Plaza Enhancement Area 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 general fund and 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.

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.

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

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

1) Governmental Funds

Governmental funds are used to account for traditional governmental type activities. The City maintains twenty-one (21) 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 thirteen (13) 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, TABOR Reserve and AURA General Fund.

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 five (5) debt service funds are: City Debt Service, SID 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 City facilities 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 six (6) individual proprietary funds. These funds are classified into two fund types: enterprise and internal service.

Enterprise Funds account for activities for which a fee is charged to external users for goods and services. Activities must be reported as enterprise funds if any of the following conditions exist: the activity is financed with debt that is secured solely by a pledge of revenues from fees and charges; laws or regulations require that the activity's costs, including capital costs, be recovered with fees and charges; or the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs. 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 three (3) internal service funds: Fleet Management, Print Shop, and Risk Management.

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. Although the Agency Fund is a fiduciary fund, it only reports assets and liabilities and, therefore, does not have a measurement focus.

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 and compensated absences, which are recognized when matured. The City considers revenues, other than grants, to be available and spendable if collected within two months after year-end. Grants are considered available and spendable within one year 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 the modified accrual basis include charges for services, intergovernmental, grants, interest and the following taxes: property, sales, use, lodgers, occupational privilege, and franchise.

For governmental funds, property tax is reported as receivable and deferred revenue in the year it is levied. An enforceable legal claim occurs at this time. The tax is recognized as revenue in the fund and in the citywide statements in the year it is budgeted to spend, which is the year the tax is collected.

Grants are recognized as revenue when all applicable eligibility requirements, including incurring allowable costs, have been met and when the resources are available. 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 and the City 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.

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 charges for services provided 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 based upon quoted market prices in brokerage service reports.

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 \$5,000 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 to the extent earned.

Maximum Annual Leave Hours

Employees	Maximum Hours
Police and Career Service	260
Fire Civil Service 8-hour shift	256
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

Employees	Minimum Accrual Hours	Maximum Payment Hours
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 every 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).

The 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 capital 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 capital 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, 2003****2. RECONCILIATION OF CITYWIDE AND FUND FINANCIAL STATEMENTS****Reconciliation of Fund Balances on the Governmental Funds Balance Sheet to Net Assets on the Citywide Statement of Net Assets**

Fund balances - Governmental Funds Balance Sheet	\$	165,491,678
Cash, investments, receivables, notes receivable		(28,760,943)
Deferred charges		49,538
Due from other funds		(407,793)
Internal balances		335,810
Restricted assets		36,935,954
Capital assets		2,470,348,386
Accounts payable and other current liabilities		250,492
Due to other funds		407,793
Deferred revenue / unearned revenue		15,711,273
Payable from restricted assets		(12,734,547)
Non-current liabilities		(195,387,602)
Internal service funds - total net assets		<u>5,169,741</u>
Net assets - Citywide Statement of Net Assets	\$	<u>2,457,409,780</u>

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

Net change in fund balances - Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances	\$	(38,702,392)
Sales and use tax audit revenue		12,635
Charges for services		(12,934,700)
Miscellaneous revenues		45,900,436
Restricted investment income		3,441,791
Investment earnings		(2,325,932)
Current expenditures		(2,423,692)
Debt service		7,708,317
Capital outlay		61,302,114
Proceeds from refunding bond		(2,549,559)
Payment to refunded bond escrow agent		2,490,000
Proceeds / gain (loss) from disposal of capital assets		(5,128,159)
Internal service funds - total change in net assets		<u>(932,386)</u>
Change in net assets - Citywide Statement of Activities	\$	<u>55,858,473</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) Deferred charges

The deferred charge represents unamortized bond issue costs. Issue costs are recognized immediately in the governmental funds but are deferred and amortized in the Citywide Financial Statements.

3) Due to / Due from

Amounts due to and due from funds are eliminated through the governmental activities adjustment.

4) 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.

5) Restricted assets

As explained in 1) above, assets from certain governmental funds, totaling \$28,435,601, have been reclassified to restricted assets for citywide reporting. The net pension asset of \$8,337,682, 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 (\$162,671), recorded in the Governmental Funds Balance Sheet, are eliminated here.

6) Capital assets

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

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 (continued)*****7) Accounts payable and other current liabilities**

Interest payable on bonds (\$1,115,611) is not recorded in the Governmental Funds Balance Sheet. The funded portion of the sick and annual leave accrual of \$612,030 is reclassified to non-current liabilities "due within one year" in the citywide financial statements. The liabilities of certain governmental funds, totaling \$754,073, 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.

8) 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 \$6,109,830, are recognized as revenues for citywide reporting, leaving only unearned revenue on the statement of net assets at year-end. Deferred revenues of \$9,601,443 are reclassified to "payable from restricted assets" as they represent deferred revenue from a restricted source.

9) Payable from restricted assets

Payables (\$754,073) and deferred revenues (\$9,601,443) are reclassified to "payable from restricted assets" where the corresponding asset is restricted. Arbitrage liability (\$2,541,700), 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 \$162,671, recorded in the Governmental Funds Balance Sheet, are eliminated.

10) Non-current liabilities

Non-current liabilities include amounts: "due within one year" of \$10,057,723, "due beyond one year" of \$154,819,472 and "due beyond one year payable from restricted assets" of \$30,510,407. These amounts representing 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 \$612,030 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 non-current liabilities "due within one year" for the Citywide Statement of Net Assets.

11) 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.

2. RECONCILIATION OF CITYWIDE AND FUND FINANCIAL STATEMENTS (continued)

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 audit revenue

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.

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 (\$15,039,644), change in arbitrage rebate of \$149,300, change in net pension asset/obligation of \$12,100, and certain accrued compensated absences of (\$1,327,023). Additionally, internal service charge expenditures of \$13,781,575, recorded in the governmental fund financial statements, are eliminated here.

6) Debt service

The repayment of principal of \$7,652,362 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 \$55,955 for debt service interest is made for citywide reporting only.

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)

7) Capital outlay

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

8) Proceeds from refunding bond issues

The proceeds from refunding bond issuance of \$2,530,000 are recorded in the governmental fund financial statements but have no effect on net assets. In addition, the debt premium of \$19,559 is recognized immediately in the governmental funds but is deferred and amortized in the Citywide Statement of Activities.

9) Payment to refunded bond escrow agent

The payment to refunded bond escrow agent of \$2,490,000 is recorded in the governmental fund financial statements but has no effect on net assets.

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. RECONCILIATION OF CITYWIDE AND FUND FINANCIAL STATEMENTS (continued)

C. Reconciliation of Net Assets and Change in Net Assets on Proprietary Funds Financial Statements to Citywide Financial Statements (continued)

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) Interest Income/ Interest Expense

The interest income / interest expense on the interfund loan between the Sewer Fund and the Golf Fund is eliminated.

6) 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, 2003

3. DEPOSITS AND INVESTMENTS

Classifications of Cash and Investments per Citywide and Fiduciary Statements of Net Assets
December 31, 2003

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Totals
Cash and cash equivalents	\$ 3,168,155	\$ 1,670,468	\$ 3,590,784	\$ 12,020,312	\$ 20,449,719
Investments	95,083,676	110,009,900	—	223,505,258	428,598,834
Restricted assets	79,246,164	17,019,205	128,387	—	96,393,756
Total cash and investments	<u>\$ 177,497,995</u>	<u>\$ 128,699,573</u>	<u>\$ 3,719,171</u>	<u>\$ 235,525,570</u>	<u>\$ 545,442,309</u>

Summary of Deposits and Investments by Fund and Type
December 31, 2003

Fund	Petty cash	Deposits	Investments	Equity in City pool	Totals
Governmental Activities					
General Fund					
Cash and equivalents	\$ 26,514	\$ 197,684	\$ —	\$ 710,331	\$ 934,529
Investments	—	—	—	15,012,220	15,012,220
Restricted assets	—	—	—	45,534	45,534
City Capital Projects					
Cash and equivalents	—	—	—	855,630	855,630
Investments	—	—	—	41,773,854	41,773,854
Restricted assets	—	—	19,526,662	10,594,220	30,120,882
Other Governmental Funds					
Cash and equivalents	4,776	2,998	—	3,636,183	3,643,957
Investments	—	—	—	41,690,775	41,690,775
Restricted assets	—	—	21,537,882	8,025,873	29,563,755
Internal Service Funds					
Cash and equivalents	300	—	—	280,458	280,758
Investments	—	—	—	13,576,103	13,576,103
Governmental activities adjustments					
Cash and equivalents	—	—	—	(2,546,719)	(2,546,719)
Investments	—	—	—	(16,969,276)	(16,969,276)
Restricted assets	—	—	—	19,515,993	19,515,993
Total governmental activities	<u>31,590</u>	<u>200,682</u>	<u>41,064,544</u>	<u>136,201,179</u>	<u>177,497,995</u>

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

3. DEPOSITS AND INVESTMENTS (continued)

Summary of Deposits and Investments by Fund and Type
December 31, 2003

Fund	Petty cash	Deposits	Investments	Equity in City pool	Totals
Business-type Activities					
Water Fund					
Cash and equivalents	\$ 1,420	\$ —	\$ —	\$ 658,306	\$ 659,726
Investments	—	—	—	79,606,579	79,606,579
Restricted assets	—	—	5,088,481	2,435,277	7,523,758
Sewer Fund					
Cash and equivalents	—	—	—	944,389	944,389
Investments	—	—	—	29,593,038	29,593,038
Restricted assets	—	—	6,056,777	2,159,951	8,216,728
Golf Fund					
Cash and equivalents	13,310	—	—	53,043	66,353
Investments	—	—	—	810,283	810,283
Restricted assets	—	—	678,719	600,000	1,278,719
Total business-type	14,730	—	11,823,977	116,860,866	128,699,573
Component Unit					
Fitzsimons Redevelopment Authority					
Cash and equivalents	—	1,624,496	1,966,288	—	3,590,784
Restricted assets	—	—	128,387	—	128,387
Total component unit	—	1,624,496	2,094,675	—	3,719,171
Pension Trust and Agency					
Payroll Clearing Agency Fund					
Cash and equivalents	—	—	—	6,781,894	6,781,894
Pension Trust Funds					
Cash and equivalents	—	58,678	5,179,740	—	5,238,418
Investments	—	—	223,505,258	—	223,505,258
Total Pension Trust and Agency	—	58,678	228,684,998	6,781,894	235,525,570
Total Deposits and Investments					
Total All Funds	\$ 46,320	1,883,856	283,668,194	259,843,939	\$ 545,442,309
City Pool Deposits		4,469,274		(4,469,274)	
City Pool Investments			255,374,665	(255,374,665)	
Total Deposits and Investments		\$ 6,353,130	\$ 539,042,859	\$ —	

(concluded)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

3. DEPOSITS AND INVESTMENTS (continued)

*A. Deposits*Summary of Deposits
December 31, 2003

Risk Category	Carrying Amount	Bank Balance
CITY POOL DEPOSITS		
1	\$ 100,000	\$ 100,000
2	<u>4,369,274</u>	<u>7,217,325</u>
Total City Pool	<u>4,469,274</u>	<u>7,317,325</u>
NON-POOLED DEPOSITS		
Governmental Activities		
General Fund		
1	100,000	100,000
2	<u>97,684</u>	<u>97,684</u>
Total General Fund	<u>197,684</u>	<u>197,684</u>
Designated Revenues Fund		
1	<u>2,998</u>	<u>2,998</u>
Total governmental activities	<u>200,682</u>	<u>200,682</u>
Component Unit		
FRA		
1	<u>1,624,496</u>	<u>1,624,496</u>
Fiduciary Funds		
GERP		
1	<u>58,678</u>	<u>58,678</u>
TOTAL DEPOSITS	<u>\$6,353,130</u>	<u>\$9,201,181</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, 2003**

Security	Category	Carrying / Fair Value
CITY POOL INVESTMENTS		
U.S. Government and agency securities	1	\$119,369,653
Certificates of deposit	1	18,000,000
Commercial paper	1	25,273,455
Corporate notes	1	81,224,725
COLOTRUST	uncategorized	<u>11,506,832</u>
Total City Pool		<u>255,374,665</u>

(continued)

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

3. DEPOSITS AND INVESTMENTS (continued)

B. Investments (continued)

Investments
December 31, 2003 (continued)

Security	Category	Carrying / Fair Value
NON-POOLED INVESTMENTS		
Governmental Activities		
City Capital Projects Fund		
Repurchase agreements	1	\$18,703,042
U.S. government securities – held by and in the name of Urban Drainage and Flood Control District	3	<u>823,620</u>
Total City Capital Projects Fund		<u>19,526,662</u>
Other Governmental Funds		
<i>Gifts and Grants Fund</i>		
U.S. government securities – held by and in the name of Urban Drainage and Flood Control District	3	70,000
<i>Conservation Trust Fund</i>		
U.S. government securities – held by and in the name of Urban Drainage and Flood Control District	3	100,000
<i>City Debt Service</i>		
Repurchase agreements	1	451,321
<i>ACLC Debt Service</i>		
U.S. government securities	1	7,053,894
Money market funds	uncategorize	1,689,826
<i>AURA Debt Service</i>		
Money market funds	uncategorize	1,058,911
<i>ACLC Capital Projects Fund</i>		
Repurchase agreements	1	<u>11,113,930</u>
Total other governmental funds		<u>21,537,882</u>
Total governmental activities		<u>41,064,544</u>
Business-type Activities		
Water Fund		
U.S. government securities	1	5,088,481
Sewer Fund		
COLOTRUST	uncategorize	2,062,370
U.S. government securities – held by and in the name of Urban Drainage and Flood Control District	3	<u>3,994,407</u>
Total Sewer Fund		<u>6,056,777</u>
Golf Fund		
U.S. government securities	1	<u>678,719</u>
Total business-type activities		<u>11,823,977</u>

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

3. DEPOSITS AND INVESTMENTS (continued)

B. Investments (continued)

Investments December 31, 2003 (continued)		
Security	Category	Carrying / Fair Value
NON-POOLED INVESTMENTS		
Component Unit		
Fitzsimons Redevelopment Authority		
Mutual funds	uncategorized	\$ 2,094,675
Fiduciary Funds		
General Employees' Retirement Plan (GERP)		
Equity securities	1	117,480,803
U.S. government and agency securities	1	11,091,250
Corporate bonds	1	75,382,382
Money market funds	uncategorized	3,492,864
Real estate funds	uncategorized	19,236,419
Alternative investments	uncategorized	314,404
Total GERP		226,998,122
Elected Officials' and Executive Personnel Defined Benefit Plan (EOEP)		
Money market funds	uncategorized	1,686,876
Total Fiduciary Funds		228,684,998
TOTAL ALL INVESTMENTS		
Total Investments		\$ 539,042,859
(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.

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

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.

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 decrease in the fair value of pooled investments during 2003 was \$(4,029,707). This amount represents the change in value during 2003 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 pooled investments held at year-end was \$1,122,093. 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

Security	Minimum Rating & Requirements
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 A+, Moody's A1
Money market funds	According to statute and City policy
Repurchase agreements	Collateralized by authorized securities
Local government investment pools	Standard & Poor's AAAm

During 2003, the City invested in repurchase agreements, U.S. Government and agency securities, commercial paper rated A1/P1 or better, bank certificates of deposit, corporate notes rated A1, A+ or better, and COLOTRUST.

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

3. DEPOSITS AND INVESTMENTS (continued)

C. City Pool Investment Policies (continued)

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.

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, 2003

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Totals
Receivables (net of allowance)	\$43,092,635	\$7,852,690	\$419,441	\$2,119,827	\$53,484,593
Restricted assets	25,326,201	40,761	-	-	25,366,962
Notes receivable	<u>3,817,651</u>	<u>310,747</u>	<u>-</u>	<u>-</u>	<u>4,128,398</u>
Total receivables	<u>\$72,236,487</u>	<u>\$8,204,198</u>	<u>\$419,441</u>	<u>\$2,119,827</u>	<u>\$82,979,953</u>

Receivables by Fund and Type
December 31, 2003

Fund	Taxes	Accounts	Interest	Due from Other Govern- ments	Other	Notes	Total Receivables	Collection not expected within one year
Governmental Activities								
General Fund								
Receivables (net)	\$37,016,712	\$199,845	\$661,952	\$1,243,313	\$623,024	\$-	\$39,744,846	\$-
Restricted assets	-	-	-	-	117,137	-	117,137	-
Capital Projects Fund								
Receivables (net)	-	68,597	528,296	-	322,719	-	919,612	-
Restricted assets	-	322,719	88,144	362,760	-	-	773,623	-
Notes receivable	-	-	-	-	-	1,478,271	1,478,271	1,478,271

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

4. RECEIVABLES (continued)

Receivables by Fund and Type
December 31, 2003 (continued)

Fund	Taxes	Accounts	Interest	Due from Other Governments	Other	Notes	Total Receivables	Collection not expected within one year
Governmental Activities								
General Fund								
Receivables (net)	\$ 37,016,712	\$ 199,845	\$ 661,952	\$ 1,243,313	\$ 623,024	\$ -	\$ 39,744,846	\$ -
Capital Projects Fund								
Receivables (net)	-	68,597	528,296	-	322,719	-	919,612	-
Restricted assets	-	322,719	88,145	362,760	-	-	773,624	-
Notes receivable	-	-	-	-	-	1,478,271	1,478,271	1,478,271
Other Governmental Funds								
Receivables (net)	-	360,094	1,248,792	1,552,962	879,536	-	4,041,384	-
Restricted assets	6,225,140	6,268	72,680	-	665,857	-	6,969,945	-
Notes receivable	-	-	-	-	-	9,868,072	9,868,072	9,868,072
Internal Service								
Receivables (net)	-	3,296	97,958	-	1,800	-	103,054	-
Governmental activities adjustments								
Receivables (net)	-	(71,183)	(50,851)	(1,405,371)	(188,852)	-	(1,716,257)	-
Restricted assets	-	71,183	50,851	1,405,371	8,520,931	7,528,692	17,577,028	7,528,692
Notes receivable	-	-	-	-	-	(7,528,692)	(7,528,692)	(7,528,692)
Total governmental activities	43,241,852	960,819	2,697,823	3,159,035	10,825,015	11,346,343	72,230,887	11,346,343
Business-type Activities								
Water Fund								
Receivables (net)	-	3,977,671	670,968	-	4,512	-	4,653,151	-
Restricted assets	-	-	40,761	-	-	-	40,761	-
Notes receivable	-	-	-	-	-	105,667	105,667	105,667
Sewer Fund								
Receivables (net)	-	2,852,133	294,932	-	-	-	3,147,065	-
Golf Fund								
Receivables (net)	-	-	52,474	-	-	-	52,474	11,619
Notes receivable	-	-	-	-	-	205,080	205,080	205,080
Total business-type	-	6,829,804	1,059,135	-	4,512	310,747	8,204,198	322,366
Component Unit								
FRA								
Receivables (net)	-	-	-	-	-	-	-	-
Total component unit	-	-	-	-	-	-	-	-
Fiduciary Funds								
GERP								
Receivables (net)	-	-	959,178	399,999	760,650	-	2,119,827	-
Total fiduciary funds	-	-	959,178	399,999	760,650	-	2,119,827	-
Total								
Total all funds	\$ 43,241,852	\$ 7,790,623	\$ 4,716,136	\$ 3,559,034	\$ 11,590,177	\$ 11,657,090	\$ 82,554,912	\$ 11,668,709

4. RECEIVABLES (continued)

A. Taxes

1) Property Tax

Property tax is levied on December 15 and attaches as a lien on property the following January 1. The tax is payable in full by April 30 or in two equal installments due February 28 and June 15. Each county bills and collects property tax 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 tax is 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 tax and is deducted from the deferred revenue and the receivable for reporting purposes. Total allowance at December 31, 2003 is \$427,698.

2) Sales, Use and Lodgers Taxes

Sales, use and lodgers taxes are recognized as revenue when earned. Sales tax collected and use tax incurred 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, 2003 is \$217,597.

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003**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 tax, state highway users tax, lottery proceeds, cigarette tax 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, 2003**

Fund	Economic Development	Community Services	E-470	FRA	Total Notes Receivable
Gifts and Grants	\$ 216,880	\$ -	\$ -	\$ -	\$ 216,880
Community Maintenance	-	-	2,339,380	-	2,339,380
Community Development	-	7,311,812	-	-	7,311,812
Capital Projects	328,271	-	-	1,150,000	1,478,271
Water	-	105,667	-	-	105,667
Golf	-	-	-	205,080	205,080
Total	\$ 545,151	\$ 7,417,479	\$ 2,339,380	\$ 1,355,080	\$ 11,657,090

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.

During 2003, the City entered into a promissory note with John Q. Hammons Hotels, L.P., in the amount of \$328,271 for reimbursement of expenses incurred for improvements on 40th Avenue. In the first quarter of 2004 the borrower repaid \$243,271 plus accrued interest. The remaining \$85,000 is held in escrow until final approval of certain landscaping improvements is granted.

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.

In December of 2003 the City entered into a payment plan with Owens Brothers Concrete in the amount of \$105,667 for the deferral of water and sewer connection fees. Payments are to be made monthly beginning in January 2004 for 60 months at an interest rate of 5% per annum.

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.

In addition, the City entered into an agreement to assist FRA with the initial purchase of equipment and startup costs of the Fitzsimons Golf Course. The City has recorded a \$205,080

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003**4. RECEIVABLES (continued)***F. Notes (continued)***4) FRA (continued)**

loan valuation, plus \$40,855 in accrued interest, in the Golf Fund at December 31, 2003. On January 1, 2004 the City entered into a new agreement with FRA, replacing the aforementioned agreement, in the amount of \$245,935. This note will be paid to the City in ten equal annual installments of principal and interest beginning December 1, 2004.

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, 2003**

	Governmental Activities	Business-type Activities	Component Unit	Totals
Cash and investments	\$ 79,246,164	\$ 17,019,205	\$ 128,387	\$ 96,393,756
Receivables	25,326,201	40,761	-	25,366,962
Total restricted assets per citywide statement of net assets	<u>\$ 104,572,365</u>	<u>\$ 17,059,966</u>	<u>\$ 128,387</u>	<u>\$ 121,760,718</u>

**Payable from Restricted Assets
December 31, 2003**

	Governmental Activities	Business-type Activities	Component Unit	Totals
Payables - current and other	\$ 12,754,270	\$ 1,109,550	\$ -	\$ 13,863,820
Unearned Revenues	16,012,382	-	-	16,012,382
Due within one year payable from restricted assets	-	985,678	-	985,678
Due beyond one year payable from restricted assets	<u>30,510,407</u>	<u>7,870,331</u>	<u>-</u>	<u>38,380,738</u>
Total payable from restricted assets per citywide statement of net assets	<u>\$ 59,277,059</u>	<u>\$ 9,965,559</u>	<u>\$ -</u>	<u>\$ 69,242,618</u>

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

Restricted Balances by Purpose
December 31, 2003

	Construction	Arbitrage	Debt Service	Other	Total Restricted Assets	Payable from Restricted Assets	Reserved Fund Balance/ Restricted Net Assets
Governmental Activities							
General Fund							
Sales taxes due to AURA	\$ —	\$ —	\$ —	\$ 45,534	\$ 45,534	\$ (45,534)	\$ —
Due from ACLC Capital Projects	117,137	—	—	—	117,137	—	117,137
Total General Fund	117,137	—	—	45,534	162,671	(45,534)	117,137
City Capital Projects Fund							
2000 GO bonds FMP	17,857,986	465,211	—	—	18,323,197	(2,424,203)	15,898,994
1999 General Fund - Sports Park	342,132	—	—	—	342,132	(33,327)	308,805
Adams County road and bridge	3,023,314	—	—	—	3,023,314	—	3,023,314
Urban Drainage	823,620	—	—	—	823,620	—	823,620
Gifts and Grants	—	—	—	8,382,242	8,382,242	(330,818)	8,051,424
Total City Capital Projects	22,047,052	465,211	—	8,382,242	30,894,505	(2,788,348)	28,106,157
Other Governmental Funds							
<i>Gifts and Grants</i>							
Police - seizure funds	—	—	—	1,380,054	1,380,054	(339,652)	1,040,402
Urban Drainage	—	—	—	70,000	70,000	—	70,000
<i>Conservation Trust</i>							
Urban Drainage	—	—	—	100,000	100,000	—	100,000
<i>Recreation</i>							
Agreements	—	—	—	981,473	981,473	(234,676)	746,797
<i>Designated Revenues</i>							
Agreements	—	—	—	5,450,193	5,450,193	(871,617)	4,578,576
<i>City Debt Service</i>							
Dedicated property taxes	—	636,489	6,848,786	—	7,485,275	(6,225,051)	1,260,224
<i>AURA Debt Service</i>							
1996 refunding bond reserve	—	—	358,000	—	358,000	—	358,000
Urban renewal	—	—	—	824,549	824,549	—	824,549
<i>ACLC Debt Service</i>							
1994 COPs	—	—	7,278,617	—	7,278,617	—	7,278,617
2000 COPs	—	1,440,000	16,450	—	1,456,450	—	1,456,450
2002 COPs	—	—	9,506	—	9,506	—	9,506
<i>ACLC Capital Projects</i>							
2000 COPs	1,383,840	—	—	—	1,383,840	(68,921)	1,314,919
2002 COPs	9,801,278	—	—	—	9,801,278	(5,458,306)	4,342,972
Total Other Governmental Funds	11,185,118	2,076,489	14,511,359	8,806,269	36,579,235	(13,198,223)	23,381,013
Total Governmental Funds	33,349,307	2,541,700	14,511,359	17,234,045	67,636,411	(16,032,105)	51,604,307

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

Restricted Balances by Purpose
December 31, 2003

	Construction	Arbitrage	Debt Service	Other	Total Restricted Assets	Payable from Restricted Assets	Reserved Fund Balance/ Restricted Net Assets
Governmental Activities (continued)							
Governmental Activities Adjustments							
Gifts and Grants	\$ —	\$ —	\$ —	\$ 2,776,296	\$ 2,776,296	\$ (2,167,953)	\$ 608,343
Community Development	—	—	—	8,297,735	8,297,735	(7,894,253)	403,482
Enhanced E-911	—	—	—	3,298,143	3,298,143	(70,837)	3,227,306
Conservation Trust	—	—	—	5,715,406	5,715,406	(222,175)	5,493,231
Parks Development	—	—	—	1,455,138	1,455,138	(300)	1,454,838
Urban Renewal-AURA General Fund	—	—	—	1,286,342	1,286,342	—	1,286,342
TABOR Reserve	—	—	—	6,339,676	6,339,676	—	6,339,676
Eliminate Internal Balances							
AURA to General Fund	—	—	—	(45,534)	(45,534)	45,534	—
ACLC Capital to General Fund	(117,137)	—	—	—	(117,137)	117,137	—
Community Development	—	—	—	(403,482)	(403,482)	—	(403,482)
Gifts and Grants	—	—	—	(4,311)	(4,311)	—	(4,311)
Pension benefit-net pension asset	—	—	—	8,337,682	8,337,682	—	8,337,682
Arbitrage	—	—	—	—	—	(2,541,700)	(2,541,700)
Bonds payable - construction	—	—	—	—	—	(22,224,099)	(22,224,099)
Bonds payable - debt service	—	—	—	—	—	(8,286,308)	(8,286,308)
Total Governmental Activities Adjustments	(117,137)	—	—	37,053,091	36,935,954	(43,244,954)	(6,309,000)
Total Governmental Activities	33,232,170	2,541,700	14,511,359	54,287,136	104,572,365	(59,277,059)	45,295,306
Business-type Activities							
Water Fund							
1999 water revenue bond -							
Operation & maintenance reserve	—	—	—	1,250,000	1,250,000	—	1,250,000
Debt payment reserve	—	—	574,286	—	574,286	(574,286)	—
2003 water revenue bond-							
Debt service reserve	—	—	5,129,242	—	5,129,242	(5,129,242)	—
Debt payment reserve	—	—	610,991	—	610,991	(610,991)	—
Total Water Fund	—	—	6,314,519	1,250,000	7,564,519	(6,314,519)	1,250,000
Sewer Fund							
1999 sewer revenue bond -							
Operation & maintenance reserve	—	—	—	1,250,000	1,250,000	—	1,250,000
1999 sewer revenue bond-proceeds	2,062,370	—	—	—	2,062,370	(2,062,370)	—
Debt payment reserve	—	—	909,951	—	909,951	(909,951)	—
Urban Drainage	3,994,407	—	—	—	3,994,407	—	3,994,407
Total Sewer Fund	6,056,777	—	909,951	1,250,000	8,216,728	(2,972,321)	5,244,407
Golf Fund							
1995 Golf Course revenue bond -							
Debt service reserve	—	—	678,719	—	678,719	(678,719)	—
Repair and replacement reserve	—	—	—	600,000	600,000	—	600,000
Total Golf Fund	—	—	678,719	600,000	1,278,719	(678,719)	600,000
Total Business-type Activities	6,056,777	—	7,903,189	3,100,000	17,059,966	(9,965,559)	7,094,407
Component Unit							
Fitzimons Redevelopment Authority	128,387	—	—	—	128,387	—	128,387
Total all Funds							
Total restricted balances	\$ 39,417,334	\$ 2,541,700	\$ 22,414,548	\$ 57,387,136	\$ 121,760,718	\$ (69,242,618)	\$ 52,518,100

(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 that 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% 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.

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 urban drainage projects as directed by the City.

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.

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. *Restricted and Reserved (continued)*

1) Restricted for Construction (continued)

c) *ACLCL Capital Projects Fund (continued)*

In 2002, ACLCL 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 ACLCL Capital Projects Fund has unexpended COPs proceeds and accumulated earnings on those proceeds that are restricted for the completion of the project.

d) *Governmental Activities Adjustments*

The amount due from ACLCL Capital Projects Fund to the General Fund for 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 urban drainage projects as directed by the City.

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) *City Capital Projects Fund*

Arbitrage amounts anticipated to be paid with proceeds from the 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)

b) City Debt Service Fund

Arbitrage amounts anticipated to be paid with funds held in the City Debt Service Fund included \$479,789 for the 2000 GO Bonds (FMP), \$18,700 for the 1998 Alameda / I225 bonds and \$138,000 for the 1999 General Fund Sports Park bonds. These amounts are reported as restricted in the City Debt Service Fund.

c) 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 tax assessed for the repayment of general obligation debt is 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.

Remaining cash from completed CIP projects has been set aside for the repayment of the 2000 and 2002 COP's and is restricted in the ACLC Debt Service Fund for the payment of debt service.

d) Water Fund

The 1999 Water Revenue Bonds require the City to maintain a debt payment reserve.

The 2003 Water Revenue Bonds require the City to maintain a debt service reserve and a debt payment reserve.

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. *Restricted and Reserved (continued)*

3) Restricted for Debt Service (continued)

e) Sewer Fund

The 1999 Sewer Revenue Bonds require the City to maintain a debt payment reserve.

f) 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.

4) Other Restrictions

a) General Fund

Sales tax collected by the General Fund within the urban renewal area and 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) 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.

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 urban drainage projects as directed by the City.

d) Conservation Trust Fund

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 urban drainage projects as directed by the City.

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. *Restricted and Reserved (continued)*

4) Other Restrictions (continued)

e) Recreation Services Fund

Grant amounts set aside in restricted cash and cash equivalents are restricted for cultural services.

f) 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.

g) AURA Debt Service Fund

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

h) 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 that are restricted for parks and recreation programs; amounts in the TABOR Reserve Fund that report emergency reserves as required by the TABOR amendment; and funds in the AURA General Fund that are restricted for urban renewal.

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.

i) 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.

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

k) 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, 2003**

Operating encumbrances	
General Fund	\$ 1,593,938
Other Governmental Funds	
Gifts and Grants	55,897
Abatement	15,899
Enhanced E-911	35,271
Recreation Services	51,635
Designated Revenues	24,497
Total operating encumbrances	1,777,137
Capital projects encumbrances (unrestricted funds)	
City Capital Projects Fund	12,311,574
Other Governmental Funds	
Gifts and Grants	851,551
Community Development	2,158
Conservation Trust	189,608
Total capital projects encumbrances	13,354,891
Total Reserve for Encumbrances	
Total reserve for encumbrances	\$ 15,132,028

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, 2003**

Fund	One-Time Expenditures	Payment of Long-term Liabilities	Subsequent Year Budgets	Project-length Appropriations	Future Operations	Total
General Fund	\$ 2,436,366	\$14,467,465	\$ 276,153	\$ —	\$3,079,000	\$20,258,984
City Capital Projects Fund	—	—	6,356,797	15,172,683	—	21,529,480
Other Governmental						
Abatement	—	—	75,760	—	—	75,760
Enhanced E-911	—	—	—	820,994	—	820,994
Conservation Trust	—	—	1,208,515	3,640,533	—	4,849,048
Parks Development	—	—	90,600	846,787	—	937,387
Surplus & Deficiency	—	—	4,500	—	—	4,500
Total designations	<u>\$ 2,436,366</u>	<u>\$14,467,465</u>	<u>\$8,012,325</u>	<u>\$ 20,480,997</u>	<u>\$3,079,000</u>	<u>\$48,476,153</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 2004 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, 2003

6. CAPITAL ASSETS

Summary of Changes in Capital Assets
For the Year Ended December 31, 2003

	Balance January 1	Additions	Disposals	Transfers	Balance December 31	Accumulated Depreciation	Capital assets net of Accumulated Depreciation
Governmental Activities							
<i>Capital assets not depreciated</i>							
Land	\$ 181,976,565	\$ 6,413,160	\$ (584,946)	\$ —	\$ 187,804,779	\$ —	\$ 187,804,779
Construction in progress	74,923,162	53,631,049	—	(103,339,715)	25,214,496	—	25,214,496
Total capital assets not depreciated	256,899,727	60,044,209	(584,946)	(103,339,715)	213,019,275	—	213,019,275
<i>Capital assets being depreciated</i>							
Building and improvements	81,782,634	—	(3,231,163)	90,704,072	169,255,543	(21,143,271)	148,112,272
Infrastructure	2,074,647,515	42,253,432	(2,472,037)	12,635,643	2,127,064,553	(38,020,263)	2,089,044,290
Machinery and equipment	59,329,570	2,244,574	(5,982,946)	—	55,591,198	(34,676,293)	20,914,905
Total capital assets being depreciated	2,215,759,719	44,498,006	(11,686,146)	103,339,715	2,351,911,294	(93,839,827)	2,258,071,467
<i>Accumulated depreciation</i>							
Building and improvements	(18,910,346)	(3,529,124)	1,296,199	—	(21,143,271)		
Infrastructure	(33,239,720)	(6,234,945)	1,454,402	—	(38,020,263)		
Machinery and equipment	(33,787,359)	(5,275,575)	4,386,641	—	(34,676,293)		
Total accumulated depreciation	(85,937,425)	(15,039,644)	7,137,242	—	(93,839,827)		
Total governmental activities	\$ 2,386,722,021	\$ 89,502,571	\$ (5,133,850)	\$ —	\$ 2,471,090,742		\$ 2,471,090,742
Business-type Activities							
<i>Capital assets not depreciated</i>							
Land and water rights	\$ 159,172,777	\$ 38,760,547	\$ (34,790)	\$ —	\$ 197,898,534	\$ —	\$ 197,898,534
Construction in progress	45,452,050	64,539,553	(17,566)	(43,818,873)	66,155,164	—	66,155,164
Total capital assets not depreciated	204,624,827	103,300,100	(52,356)	(43,818,873)	264,053,698	—	264,053,698
<i>Capital assets being depreciated</i>							
Building and improvements	57,155,477	14,650	(30,382)	7,086,261	64,226,006	(16,538,349)	47,687,657
Infrastructure	535,730,864	20,775,258	(643,969)	36,732,612	592,594,765	(112,381,393)	480,213,372
Machinery and equipment	34,424,931	1,169,542	(2,318,397)	—	33,276,076	(16,734,053)	16,542,023
Total capital assets being depreciated	627,311,272	21,959,450	(2,992,748)	43,818,873	690,096,847	(145,653,795)	544,443,052
<i>Accumulated depreciation</i>							
Building and improvements	(14,958,423)	(1,598,374)	18,448	—	(16,538,349)		
Infrastructure	(105,178,345)	(7,379,455)	176,407	—	(112,381,393)		
Machinery and equipment	(16,687,867)	(2,172,173)	2,125,987	—	(16,734,053)		
Total accumulated depreciation	(136,824,635)	(11,150,002)	2,320,842	—	(145,653,795)		
Total business-type activities	\$ 695,111,464	\$ 114,109,548	\$ (724,262)	\$ —	\$ 808,496,750		\$ 808,496,750

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

6. CAPITAL ASSETS (continued)

Summary of Changes in Capital Assets
For the Year Ended December 31, 2003 (continued)

Component Unit	Balance January 1	Additions	Disposals	Transfers	Balance December 31	Accumulated Depreciation	Capital assets net of Accumulated Depreciation
Capital assets not depreciated							
Land	\$ 2,221,280	\$ 54,886	\$ —	\$ —	\$ 2,276,166	\$ —	\$ 2,276,166
Construction in progress	139,359	6,130	(99,000)	—	46,489	—	46,489
Total capital assets not depreciated	2,360,639	61,016	(99,000)	—	2,322,655	—	2,322,655
Capital assets being depreciated							
Building and improvements	9,438,292	34,642	—	—	9,472,934	(1,740,902)	7,732,032
Machinery and equipment	313,215	28,011	—	—	341,226	(275,099)	66,127
Total capital assets being depreciated	9,751,507	62,653	—	—	9,814,160	(2,016,001)	7,798,159
Accumulated depreciation							
Building and improvements	(1,086,649)	(654,253)	—	—	(1,740,902)		
Machinery and equipment	(218,411)	(56,688)	—	—	(275,099)		
Total accumulated depreciation	(1,305,060)	(710,941)	—	—	(2,016,001)		
Total component unit	\$ 10,807,086	\$ (587,272)	\$ (99,000)	\$ —	\$ 10,120,814		\$ 10,120,814
Fiduciary Funds							
Capital assets being depreciated							
Machinery and equipment	\$ 45,317	\$ —	\$ (9,694)	\$ —	\$ 35,623	\$ (33,147)	\$ 2,476
Total capital assets being depreciated	45,317	—	(9,694)	—	35,623	(33,147)	2,476
Accumulated depreciation							
Machinery and equipment	(41,841)	(1,000)	9,694	—	(33,147)		
Total accumulated depreciation	(41,841)	(1,000)	9,694	—	(33,147)		
Total fiduciary fund	\$ 3,476	\$ (1,000)	\$ —	\$ —	\$ 2,476		\$ 2,476

(concluded)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

6. CAPITAL ASSETS (continued)

2003 Depreciation Expense by Function

Function	Depreciation
Governmental Activities	
General government	\$ 442,515
Judicial	34,456
Police	1,704,911
Fire	939,845
Other public safety	411,635
Public works	6,640,770
Economic development	167,132
Community services	178,762
Culture and recreation	1,981,058
Unallocated*	<u>2,528,558</u>
Depreciation expense governmental activities	15,029,642
Depreciation of internal service fund capital assets allocated to other functions	<u>10,002</u>
Total depreciation expense governmental activities	<u>15,039,644</u>
Business-type Activities	
Water	6,668,504
Sewer	3,554,162
Golf	<u>937,338</u>
Depreciation business-type activities	11,160,004
Depreciation of internal service fund capital assets allocated to other functions	<u>(10,002)</u>
Total depreciation business-type activities	<u>11,150,002</u>
Component Unit	
FRA	<u>710,941</u>
Fiduciary Funds	
GERP	<u>1,000</u>
Total All Funds	
Total depreciation expense all funds	<u>\$ 26,901,587</u>

* Unallocated depreciation is only depreciation on multi-use City office buildings such as the Aurora Municipal Center. 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, 2003**

6. CAPITAL ASSETS (continued)**Interest Expensed and Capitalized on Construction Projects in 2003**

Fund	Capitalized	Expensed	Totals
Water Fund	\$ -	\$ 4,226,163	\$ 4,226,163
Sewer Fund	563,252	180,069	743,321
Golf Fund	<u>-</u>	<u>592,380</u>	<u>592,380</u>
Total Enterprise Funds	<u>\$ 563,252</u>	<u>\$ 4,998,612</u>	<u>\$ 5,561,864</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.

2003 Changes in City's Equity Interest in ACSJWA

Investment at January 1	Transmission Service Fees	City's Share of Change in Net Assets	City Contributions	Investment at December 31
\$ 2,671,458	\$ 10,500	\$ (28,552)	\$ (10,500)	\$ 2,642,906

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

8. PAYABLES

Classifications of Payables per the Citywide Statement of Net Assets
December 31, 2003

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Totals
Accounts payable and other current liabilities (Accounts payable and other)	\$ 9,392,104	\$ 11,244,756	\$ 492,441	\$ 8,163,059	\$ 29,292,360
Payable from restricted assets (excluding unearned revenues of \$16,012,382)	12,754,270	1,109,550	—	—	13,863,820
Total payables	<u>\$ 22,146,374</u>	<u>\$ 12,354,306</u>	<u>\$ 492,441</u>	<u>\$ 8,163,059</u>	<u>\$ 43,156,180</u>

Payables by Fund and Type
December 31, 2003

	Vendors	Salaries & Benefits	Accrued Interest	Deposits & Refunds	Other	Total Payables (All due within one year)
Governmental Activities						
General Fund						
Accounts payable and other	\$ 3,011,932	\$ 2,260,728	\$ —	\$ 506,806	\$ 148,157	\$ 5,927,623
Payable from restricted assets	—	—	—	—	45,534	45,534
Total General Fund	<u>3,011,932</u>	<u>2,260,728</u>	<u>—</u>	<u>506,806</u>	<u>193,691</u>	<u>5,973,157</u>
City Capital Projects Fund						
Accounts payable and other	2,135,116	1,059	—	—	—	2,136,175
Payable from restricted assets	<u>2,788,348</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,788,348</u>
Total City Capital Projects Fund	<u>4,923,464</u>	<u>1,059</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,924,523</u>
Other Governmental Funds						
Accounts payable and other	695,598	117,136	—	183,137	341,662	1,337,533
Payable from restricted assets	<u>6,670,147</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>117,137</u>	<u>6,787,284</u>
Total other governmental funds	<u>7,365,745</u>	<u>117,136</u>	<u>—</u>	<u>183,137</u>	<u>458,799</u>	<u>8,124,817</u>
Internal Service Funds						
Accounts payable and other	<u>203,153</u>	<u>36,475</u>	<u>1,637</u>	<u>—</u>	<u>—</u>	<u>241,265</u>
Governmental Activities Adjustments						
Accounts payable and other	(754,074)	(612,029)	1,115,611	—	—	(250,492)
Payable from restricted assets	<u>3,295,776</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(162,672)</u>	<u>3,133,104</u>
Total governmental activities adjustments	<u>2,541,702</u>	<u>(612,029)</u>	<u>1,115,611</u>	<u>—</u>	<u>(162,672)</u>	<u>2,882,612</u>
Total Governmental Activities	<u>18,045,996</u>	<u>1,803,369</u>	<u>1,117,248</u>	<u>689,943</u>	<u>489,818</u>	<u>22,146,374</u>

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

8. PAYABLES (continued)

Payables by Type Fund and Type December 31, 2003 (continued)						
	Vendors	Salaries & Benefits	Accrued Interest	Deposits & Refunds	Other	Total Payables (All due within one year)
Business-type Activities						
Water						
Accounts payable and other	\$ 5,129,359	\$ 144,015	\$ 1,202,307	\$ 83,673	\$ —	\$ 6,559,354
Payable from restricted assets	807,373	—	—	—	—	807,373
Sewer						
Accounts payable and other	3,885,515	76,962	302,177	50,586	—	4,315,240
Payable from restricted assets	302,177	—	—	—	—	302,177
Golf						
Accounts payable and other	338,088	43,860	54,134	—	(4,350)	431,732
Business-type Activities adjustments						
Reclass compensated absences	—	(61,570)	—	—	—	(61,570)
Total Business-type Activities	10,462,512	203,267	1,558,618	134,259	(4,350)	12,354,306
Component Unit						
Fitzsimons Redevelopment Authority						
Accounts payable and other	253,558	53,384	—	185,499	—	492,441
Fiduciary Funds						
General Employees' Retirement Plan						
Accounts payable and other	1,381,165	—	—	—	—	1,381,165
Payroll Clearing Agency Fund						
Accounts payable and other	82,129	6,699,765	—	—	—	6,781,894
Total Fiduciary Funds	1,463,294	6,699,765	—	—	—	8,163,059
Total Reporting Entity						
Total Reporting Entity	\$ 30,225,359	\$ 8,759,785	\$ 2,675,866	\$ 1,009,701	\$ 485,468	\$ 43,156,180

(concluded)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

9. NON-CURRENT LIABILITIES

Non-Current Liabilities per the Citywide Statement of Net Assets
December 31, 2003

Description	Governmental Activities	Business-type Activities	Component Unit
Due in one year	\$ 13,501,937	\$ 11,391,291	\$ 20,484
Due in one year – payable from restricted assets	–	985,678	–
Due beyond one year	161,013,068	146,211,262	4,021,506
Due beyond one year - payable from restricted assets	<u>30,510,407</u>	<u>7,870,331</u>	<u>–</u>
Total non-current liabilities	<u>\$ 205,025,412</u>	<u>\$ 166,458,562</u>	<u>\$4,041,990</u>

Summary of Changes in Non-Current Long-Term Liabilities During 2003

Description	Balance January 1	Additions	Reductions	Balance December 31	Due within One year
Governmental Activities					
General obligation bonds	\$ 56,110,000	\$ 2,530,000	\$ (6,030,000)	\$ 52,610,000	\$ 3,740,000
Revenue bonds	17,805,000	–	(1,275,000)	16,530,000	1,340,000
Certificates of participation	<u>109,875,000</u>	<u>–</u>	<u>(2,445,000)</u>	<u>107,430,000</u>	<u>3,760,000</u>
Total bonds and COPs payable	183,790,000	2,530,000	(9,750,000)	176,570,000	8,840,000
Capitalized leases	932,204	–	(425,605)	506,599	333,554
Accrued compensated absences	17,293,488	2,370,545	(940,675)	18,723,358	934,046
Accrued claims payable	8,325,915	4,249,627	(3,394,337)	9,181,205	3,394,337
Net pension obligation	1,060	–	(1,060)	–	–
Unamortized debt discounts	–	(7,448)	1,241	(6,207)	–
Unamortized debt premium	<u>38,340</u>	<u>19,559</u>	<u>(7,442)</u>	<u>50,457</u>	<u>–</u>
Total Governmental Activities	<u>\$ 210,381,007</u>	<u>\$ 9,162,283</u>	<u>\$ (14,517,878)</u>	<u>\$ 205,025,412</u>	<u>\$ 13,501,937</u>

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

9. NON-CURRENT LIABILITIES (continued)

Summary of Changes in Non-Current Long-Term Liabilities During 2003 (continued)

Description	Balance January 1	Additions	Reductions	Balance December 31	Due within One year
Business-type Activities					
General obligation bonds	\$ 75,185,000	\$ 62,775,000	\$ (69,550,000)	\$ 68,410,000	\$ 9,255,000
Revenue bonds	38,287,762	55,860,000	(2,626,866)	91,520,896	2,700,629
Notes payable	352,178	—	(50,311)	301,867	50,311
Less: Unamortized bond discounts	(1,361,978)	(439,961)	952,918	(849,021)	—
Unamortized bond premiums	<u>413,020</u>	<u>4,108,597</u>	<u>(98,003)</u>	<u>4,423,614</u>	<u>—</u>
Total bonds and notes payable	112,875,982	122,303,636	(71,372,262)	163,807,356	12,005,940
Capitalized leases	503,363	149,734	(243,941)	409,156	185,630
Accrued compensated absences	<u>2,048,276</u>	<u>317,603</u>	<u>(123,829)</u>	<u>2,242,050</u>	<u>185,399</u>
Total Business-type Activities	<u>\$ 115,427,621</u>	<u>\$ 122,770,973</u>	<u>\$ (71,740,032)</u>	<u>\$ 166,458,562</u>	<u>\$ 12,376,969</u>
Component Unit					
Notes payable	\$ 3,205,080	\$ —	\$ —	\$ 3,205,080	\$ 20,484
Interest payable	593,854	243,056	—	836,910	—
Capitalized leases	<u>13,261</u>	<u>—</u>	<u>(13,261)</u>	<u>—</u>	<u>—</u>
Total Component Unit	<u>\$ 3,812,195</u>	<u>\$ 243,056</u>	<u>\$ (13,261)</u>	<u>\$ 4,041,990</u>	<u>\$ 20,484</u>

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

9. NON-CURRENT LIABILITIES (continued)

Debt Service Requirements by Type of Debt as of December 31, 2003

Year	Governmental Activities					
	General Obligation		Revenue		Certificates of Participation	
	2.00-5.00%		4.875-5.80%		3.00-6.25%	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 3,740,000	\$ 2,419,984	\$ 1,340,000	\$ 812,263	\$ 3,760,000	\$ 5,827,297
2005	3,925,000	2,248,875	1,415,000	743,722	3,940,000	5,649,697
2006	4,105,000	2,079,685	1,485,000	671,080	4,125,000	5,459,360
2007	4,295,000	1,902,380	1,915,000	593,829	4,415,000	5,251,248
2008	4,500,000	1,714,500	1,270,000	490,774	4,345,000	5,023,498
2009-2013	23,025,000	5,456,659	7,390,000	1,407,555	22,845,000	21,035,214
2014-2018	9,020,000	677,600	1,715,000	43,947	12,965,000	16,902,686
2019-2023	—	—	—	—	17,155,000	12,707,613
2024-2028	—	—	—	—	22,855,000	7,006,100
2029-2030	—	—	—	—	11,025,000	917,675
Total	\$ 52,610,000	\$ 16,499,683	\$ 16,530,000	\$ 4,763,170	\$ 107,430,000	\$ 85,780,388

Year	Business-type Activities					
	General Obligation Water		Water Revenue		Water Notes	
	2.00-6.90%		2.00-5.00%		5.00%	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 9,255,000	\$ 2,294,670	\$ 906,970	\$ 2,449,543	\$ 50,311	\$ 15,093
2005	7,520,000	1,936,586	3,458,804	2,934,269	50,311	12,578
2006	7,725,000	1,752,413	3,530,638	2,855,844	50,311	10,062
2007	6,635,000	1,545,475	3,607,104	2,782,429	50,311	7,547
2008	6,840,000	1,363,013	3,708,938	2,680,028	50,311	5,031
2009-2013	27,670,000	3,558,115	20,741,956	11,187,603	50,312	2,516
2014-2018	2,765,000	110,600	20,643,006	5,801,767	—	—
2019-2021	—	—	10,860,000	947,750	—	—
Total	\$ 68,410,000	\$ 12,560,872	\$ 67,457,416	\$ 31,639,233	\$ 301,867	\$ 52,827

Year	Business-type Activities				Component Unit	
	Sewer Revenue		Golf Revenue		FRA	
	4.04%		5.70-6.20%		5.50-6.25%	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 1,458,659	\$ 725,225	\$ 335,000	\$ 329,672	\$ 20,484	\$ 9,838
2005	1,496,336	683,337	350,000	310,577	159,802	45,317
2006	1,539,396	640,368	370,000	290,628	160,655	44,464
2007	1,577,072	603,312	390,000	269,167	161,541	43,578
2008	1,620,132	563,517	410,000	246,157	162,463	42,656
2009-2013	8,838,062	2,062,364	2,450,000	841,133	1,197,481	1,093,520
2014-2018	2,023,822	156,817	1,205,000	113,150	925,000	1,862,359
2019-2022	—	—	—	—	417,654	1,263,934
Total	\$ 18,553,479	\$ 5,434,940	\$ 5,510,000	\$ 2,400,484	\$ 3,205,080	\$ 4,405,666

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, 2003, there were three outstanding general obligation bonds. The outstanding balances for each issue were: 1998 Alameda and I-225 Interchange \$7,265,000, 2000 Facility Master Plan \$42,815,000 and 2003 Public Safety \$2,530,000.

On October 1, 2003, the City refunded and paid \$2,490,000 of General Obligation Bonds, Series 1995 dated May 15, 1995 with a bond yield rate of 5.2% by the issuance of \$2,530,000 General Obligation Refunding Bonds, Series 2003 dated October 1, 2003 with a bond yield rate of 2.3%. The 2003 refunding bonds will provide a net cash flow savings of \$210,358 and a net economic gain resulting from the transaction of \$188,272. Unamortized discounts on the bonds totaled \$6,207 and the unamortized premiums on the bonds totaled \$16,299.

2) Business-type Activities

The general obligation water bonds are payable from earnings of the Water Fund. As of December 31, 2003, there were three outstanding issues: 1989 Refunding \$3,160,000, 1996 Refunding \$2,475,000 and 2003 Refunding \$62,775,000. Unamortized discounts on the bonds totaled \$410,814 and the unamortized premiums on the bonds totaled \$970,951.

On October 1, 2003, the City refunded and paid \$63,355,000 of General Obligation Water Refunding Bonds, Series 1993 dated September 15, 1993 with a bond yield rate of 4.7% by the issuance of \$62,775,000 General Obligation Water Refunding Bonds, Series 2003 dated October 1, 2003 with a bond yield rate of 3.2%. The 2003 refunding bonds will provide a net cash flow savings of \$4,572,839 and a net economic gain resulting from the transaction of \$4,168,346.

B. Revenue Bonds

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

9. NON-CURRENT LIABILITIES (continued)

B. Revenue Bonds (continued)

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, 2003, the amount of Sports Park bonds outstanding was \$14,865,000.

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, 2003, the amount of revenue bonds outstanding was \$1,665,000.

2) Business-type Activities

On October 15, 2003, the City issued \$55,860,000 in First-Lien Water Improvement Revenue Bonds, Series 2003A for the purpose of financing additions and improvements to the water system. Unamortized underwriter's discount on the bond at December 31, 2003 totaled \$194,914. Unamortized premium on the bond totaled \$3,075,974 as of December 31, 2003.

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. As of December 31, 2003, the amount outstanding was \$11,597,417. Unamortized underwriter's discount on the bond at December 31, 2003 totaled \$67,391. Unamortized premium on the bond totaled \$297,051 as of December 31, 2003.

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. As of December 31, 2003, the amount outstanding was \$18,553,479. Unamortized underwriter's discount on the bond at December 31, 2003 totaled \$109,809. Unamortized premium on the bond totaled \$79,638 as of December 31, 2003.

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. As of December 31, 2003, the amount outstanding was \$5,510,000. Unamortized discounts on the bonds at December 31, 2003 totaled \$66,093.

9. NON-CURRENT LIABILITIES (continued)***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, 2003 were: 1994 Series \$16,450,000, 2000 Series \$75,860,000 and 2002 Series \$15,120,000. Unamortized premium on the 2002 COPs totaled \$34,158 at December 31, 2003.

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 equipment at Fitzsimons. The purchase price for the conveyance is \$1,850,000, payable pursuant to a Promissory Note executed by the FRA for the full purchase price. The note 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 \$1,350,529 and is payable in ten equal installments beginning June 1, 2005.

In 1998, the FRA 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 obligation was modified pursuant to an agreement dated December 8, 2003. The modified note is payable in ten equal installments of principal and interest in the amount of \$30,322 beginning December 1, 2004 and ending December 1, 2013. Any net income from the operation of the Golf Course in excess of \$150,000 shall also be applied to the outstanding balance of the note until paid in full. The current balance of the note including interest is \$245,935.

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003**9. NON-CURRENT LIABILITIES (continued)*****E. Capitalized Leases*****Capitalized Leases
December 31, 2003**

Year	Governmental Activities				Business-type Activities	
	General Fund Revenues		Print Shop		Golf	
	4.50-5.00%		3.87%		5.243-6.95%	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 299,011	\$ 17,476	\$ 34,543	\$ 4,581	\$ 185,630	\$ 17,053
2005	39,488	2,616	35,892	3,231	99,719	8,632
2006	41,180	2,616	37,295	1,829	77,130	4,280
2007	—	—	19,190	371	46,677	1,538
2008	—	—	—	—	—	—
Total	<u>\$ 379,679</u>	<u>\$ 22,708</u>	<u>\$ 126,920</u>	<u>\$ 10,012</u>	<u>\$ 409,156</u>	<u>\$ 31,503</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. The gross amount of the machinery and equipment acquired under each lease is \$1,239,232, \$343,677, and \$176,312, respectively.

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. The gross amount of the machinery and equipment acquired under the leases is \$744,258.

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, 2003 is \$68,550,304. 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, regardless of whether or not the City is at its legal debt margin. Whenever there is a TABOR mandated ballot question regarding voter approval for a proposed additional debt, the ballot question usually includes a provision exempting the new debt from the debt margin. Consequently, the City's legal debt margin has little real significance.

G. Subsequent Event

Subsequent to year end, the City issued Second-Lien Water Improvement Revenue Bonds, Series 2004A in the amount of \$40,000,000 for the purpose of financing additions and improvements to the City's water system.

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

10. INTERFUND TRANSACTIONS

Interfund Receivables and Payables
December 31, 2003

Reporting fund Fund due from / due to	Purpose	Receivable Due From	Payable Due to
Governmental Activities			
<i>Reported in Unrestricted Assets</i>			
General Fund			
Gifts & Grants	To cover negative cash in grant at year-end	\$ 4,311	\$ —
Community Development	To cover negative cash in fund at year-end	403,482	—
Other Governmental Funds			
<i>Gifts & Grants</i>			
General Fund	To cover negative cash in grant at year-end	—	4,311
<i>Community Development</i>			
General Fund	To cover negative cash in fund at year-end	—	403,482
<i>Governmental Activities Adjustment</i>			
Governmental Activities	Citywide elimination of interfund receivables and payables	(407,793)	(407,793)
Business-type Activities	Internal Service Funds profit/loss attributable to Enterprise Funds	335,810	—
Total reported in unrestricted assets		<u>\$ 335,810</u>	<u>\$ —</u>
<i>Reported in Restricted Assets</i>			
General Fund			
ACLC Capital Projects	Reimburse City for municipal building expense	\$ 117,137	\$ —
AURA Debt Service	Urban renewal - January accrued sales tax	—	45,534
Other Governmental Funds			
<i>AURA Debt Service</i>			
General Fund	Urban renewal - January accrued sales tax	45,534	—
<i>ACLC Capital Projects</i>			
General Fund	Reimburse City for municipal building expense	—	117,137
<i>Governmental Activities Adjustment</i>			
Governmental Activities	Citywide elimination of interfund receivables and payables	(162,671)	(162,671)
Total reported in restricted assets		<u>\$ —</u>	<u>\$ —</u>

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

10. INTERFUND TRANSACTIONS (continued)

Interfund Receivables and Payables (continued)
December 31, 2003

Reporting fund Fund due from / due to	Purpose	Receivable Due From	Payable Due to
Business-type Activities			
<i>Reported in Unrestricted Assets</i>			
Business-type Activities Adjustment			
Governmental Activities	Internal Service Funds profit/loss attributable to Enterprise Funds	\$ (335,810)	\$ —
Total reported in unrestricted assets		<u>\$ (335,810)</u>	<u>\$ —</u>
<i>Reported in Interfund Loan</i>			
Sewer Fund			
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)	5,376,000	—
Golf Fund			
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)	—	5,376,000
Business-type Activities Adjustment			
Enterprise Funds	Citywide elimination of interfund receivables and payables	(5,632,000)	(5,632,000)
Total reported in interfund loan		<u>\$ —</u>	<u>\$ —</u>
			(concluded)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2003

10. INTERFUND TRANSACTIONS (continued)

2003 Interfund Transfers			
Reporting Fund Fund transfer from/to	Purpose	Transfer In	Transfer Out
Governmental Activities			
General Fund			
Gifts & Grants	Completed and closed to General Fund	\$ 133,534	\$ —
Community Development	HOAP loans & Home program match	—	308,600
Recreation Services	Sports Park	1,140,000	1,106,200
	Recreation programs	—	4,201,643
	Create Cultural Arts subfund	—	503,065
Designated Revenues	Visitors Promotion	—	280,500
	Sister Cities	—	1,000
	Create Developer Fees subfund	—	176,703
	Arapahoe Crossing tax incentive	—	1,117,267
	Hampden Town Center IGA	—	808,657
	Heritage Eagle Bend tax incentive	—	21,040
	Aurora City Place tax incentive	—	1,784,117
	Pioneer Hills tax incentive	—	3,499,725
	Aurora Mall tax incentive	—	20,556
TABOR Reserve	Increase TABOR reserve to required amount	—	79,500
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	—	23,617,096
	Building repair and maintenance	—	116,800
Fleet Management	Assist General Fund operations	500,000	—
	Proceeds from City vehicle sale	—	250,000
Print Shop	Assist General Fund operations	250,000	—
Risk Management	Funding for risk costs	—	600,000
AURA Debt Service	Reimburse City for urban renewal related costs	450,000	—
ACLC Debt Service	Facilities lease payments	—	5,907,689
Total General Fund		2,515,034	46,161,258
City Capital Projects			
General Fund	Capital improvement projects	23,617,096	—
	Building repair and maintenance	116,800	—
Community Maintenance	Capital improvement projects	735,343	—
Enhanced E-911	Radio system expansion	—	250,000
Recreation Services	Building repair and maintenance	73,500	—
	Art in Public Places fees	—	228,992
Designated Revenues	Aurora City Place	—	644,451
Surplus and Deficiency	SID 1-02 Highpoint fence	—	29,541
Total City Capital Projects		24,542,739	1,152,984
Other Governmental Funds			
<i>Gifts & Grants</i>			
General Fund	Completed and closed to General Fund	—	133,534
Recreation Services	Create Cultural Arts subfund	—	90,351
Designated Revenues	Create Developer Fees subfund	—	22,736
<i>Community Maintenance</i>			
City Capital Projects	Capital improvement projects	—	735,343

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2003

10. INTERFUND TRANSACTIONS (continued)

2003 Interfund Transfers (continued)			
Reporting Fund Fund transfer from/to	Purpose	Transfer In	Transfer Out
Governmental Activities (continued)			
<i>Community Development</i>			
General Fund	HOAP loans & Home program match	\$ 308,600	\$ —
<i>Enhanced E-911</i>			
City Capital Projects	Radio system expansion	250,000	—
ACLC Debt Service	Communications equipment lease payments	—	542,658
<i>Recreation Services</i>			
General Fund	Sports Park	1,106,200	1,140,000
	Recreation programs	4,201,643	—
	Create Cultural Arts subfund	503,065	—
Gifts & Grants	Create Cultural Arts subfund	90,351	—
Designated Revenues	Create Cultural Arts subfund	536,031	—
City Capital Projects	Art in Public Places fees	228,992	—
	Building repair and maintenance	—	73,500
Golf Courses	Art in Public Places fees	9,970	—
<i>Designated Revenues</i>			
General Fund	Visitors Promotion	280,500	—
	Sister Cities	1,000	—
	Create Developer Fees subfund	176,703	—
	Arapahoe Crossing tax incentive	1,117,267	—
	Hampden Town Center IGA	808,657	—
	Heritage Eagle Bend tax incentive	21,040	—
	Aurora City Place tax incentive	1,784,117	—
	Pioneer Hills tax incentive	3,499,725	—
	Aurora Mall tax incentive	20,556	—
Gifts & Grants	Create Developer Fees subfund	22,736	—
Recreation Services	Create Cultural Arts subfund	—	536,031
City Capital Projects	Aurora City Place tax incentive	644,451	—
AURA Debt Service	ACLC future lease funding	600,000	—
AURA General Fund	Fletcher URA	—	1,500,000
ACLC Debt Service	Building lease payments	—	1,445,000
<i>TABOR Reserve</i>			
General Fund	Increase TABOR reserve to required amount	79,500	—
<i>City Debt Service</i>			
General Fund	GO debt service requirements	1,761,100	—
<i>Surplus & Deficiency</i>			
General Fund	SID-related salary costs	—	41,500
City Capital Projects	SID 1-02 Highpoint fence	29,541	—
<i>AURA Debt Service</i>			
General Fund	Reimburse City for urban renewal related costs	—	450,000
Designated Revenues	ACLC future lease funding	—	600,000
<i>AURA General Fund</i>			
Designated Revenues	Fletcher URA	1,500,000	—
<i>ACLC Debt Service</i>			
General Fund	Facilities lease payments	5,907,689	—
Enhanced E-911	Communications equipment lease payments	542,658	—
Designated Revenues	Building lease payments	1,445,000	—
ACLC Capital Projects	Investment income to debt service	9,484	—
	Investment income to debt service	660,000	—

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2003

10. INTERFUND TRANSACTIONS (continued)

2003 Interfund Transfers (continued)

Reporting Fund Fund transfer from/to	Purpose	Transfer In	Transfer Out
Governmental Activities (continued)			
Other Governmental Funds (continued)			
<i>ACLC Capital Projects</i>			
ACLC Debt Service	Investment income to debt service	\$ —	\$ 9,484
	Investment income to debt service	—	660,000
Total Other Governmental Funds		28,146,576	7,980,137
Internal Service Funds			
<i>Fleet Management</i>			
General Fund	Proceeds from City vehicle sale	250,000	—
	Assist General Fund operations	—	500,000
<i>Print Shop</i>			
General Fund	Assist General Fund operations	—	250,000
<i>Risk Management</i>			
General Fund	Funding for risk costs	600,000	—
Total Internal Service Funds		850,000	750,000
Governmental Activities Adjustment			
<i>Governmental Activities</i>	Citywide elimination of interfund transfers	(56,044,379)	(56,044,379)
Total Governmental Activities		9,970	—
Business-type Activities			
Golf			
Recreation Services	Art in Public Places fees	—	9,970
Business-type Activities Adjustment			
Enterprise Funds	Citywide elimination of interfund transfers	—	(9,970)
Governmental Activities Adjustment	Citywide elimination of interfund transfers	(9,970)	—
Total Business-type Activities Adjustment		(9,970)	(9,970)
Total Business-type Activities		(9,970)	—
Totals			
Total All Funds		\$ —	\$ —
			(concluded)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

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, 2003, the City had various commitments for the acquisition and construction of projects.

Summary of Construction Commitments - Project Inception to December 31, 2003

Number of Projects	Type	Project Appropriations/ Committed Funds	Expended to December 31	Unexpended Balance
Governmental Activities				
City Capital Projects Fund				
3	Court Administration	\$ 679,130	\$ —	\$ 679,130
4	Non-departmental	823,010	487,452	335,558
1	Finance	448,766	220,262	228,504
13	Information Technology	12,248,961	10,870,986	1,377,975
8	Internal Services	6,524,651	5,495,731	1,028,920
16	Library, Recreation and Cultural Services	21,128,366	17,735,685	3,392,681
14	Operations Group Management	15,748,433	5,079,915	10,668,518
40	Public Works	110,785,615	95,231,702	15,553,913
8	Police	10,616,876	9,802,404	814,472
17	Fire	11,596,283	10,623,350	972,933
39	Parks and Open Space	50,746,165	36,945,910	13,800,255
2	Development Services	2,750,000	103,450	2,646,550
Total City Capital Projects Fund		244,096,256	192,596,847	51,499,409
Other Governmental Funds				
<i>Gifts and Grants Fund</i>				
1	Public Works	11,956,113	1,746,844	10,209,269
12	Parks and Open Space	3,567,903	2,081,493	1,486,410
Total Gifts and Grants Fund		15,524,016	3,828,337	11,695,679
<i>Community Development Fund</i>				
1	MLK Jr. municipal services building	1,699,324	1,692,148	7,176
7	Community Development admin	5,604,153	4,804,048	800,105
3	Public service	564,334	551,829	12,505
8	Public facility	1,563,048	1,146,788	416,260
2	Other	446,929	97,716	349,213
1	Relocation	50,000	—	50,000

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

11. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (continued)

A. Continuing Appropriations (continued)

Summary of Construction Commitments - Project Inception to December 31, 2003 (continued)

Number of Projects	Type	Project Appropriations/ Committed Funds	Expended to December 31	Unexpended Balance
Governmental Activities (continued)				
Other Governmental Funds (continued)				
<i>Community Development Fund (continued)</i>				
1	HOAP loans	\$ 2,885,946	\$ 2,118,073	\$ 767,873
5	Single family rehabilitation	5,339,775	4,667,278	672,497
1	Multi-family rehabilitation	1,014,588	710,873	303,715
1	Commercial rehabilitation	55,000	47,874	7,126
1	Commercial renovation	3,408,020	2,357,303	1,050,717
1	AHC	615,206	206,366	408,840
Total Community Development Fund		23,246,323	18,400,296	4,846,027
<i>Enhanced E-911 Fund</i>				
2	Information Technology	3,791,659	2,970,665	820,994
<i>Conservation Trust Fund</i>				
14	Parks and Open Space	12,458,755	8,628,614	3,830,141
<i>Parks Development Fund</i>				
5	Parks and Open Space	1,074,104	227,317	846,787
ACLC Capital Projects Fund				
1	Information Technology	14,497,567	10,154,594	4,342,973
1	Operations Group Management	72,764,935	71,457,860	1,307,075
Total ACLC Capital Projects Fund		87,262,502	81,612,454	5,650,048
Total other governmental funds		143,357,359	115,667,683	27,689,676
Total Governmental Activities		\$ 474,716,117	\$ 389,876,984	\$ 84,839,133

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

11. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (continued)

A. Continuing Appropriations (continued)

Summary of Construction Commitments - Project Inception to December 31, 2003 (continued)

Number of Projects		Type	Project Appropriations/ Committed Funds	Expended to December 31	Unexpended Balance
Business-type Activities					
Water Fund					
1	Central maintenance facility		\$ 37,688	\$ 188	\$ 37,500
1	South maintenance facility		197,800	—	197,800
1	Utilities customer billing		492,948	480,012	12,936
1	Spinney Mountain Reservoir storage		16,000,000	15,999,680	320
1	Thornton acquisition		32,348,156	32,348,156	—
1	Water acquisiton		15,361,742	13,092,852	2,268,890
2	Wemlinger Plant expansion		27,466,250	22,770,205	4,696,045
1	Water system security		250,000	146,017	103,983
1	Eagle River project		3,720,000	2,743,247	976,753
2	Front Range Airport area		798,756	798,740	16
5	Fitzsimons		6,256,003	4,700,605	1,555,398
1	Reuse water/sewer city		600,000	74,241	525,759
23	Others/benefits entire city		38,029,989	29,451,214	8,578,775
28	Mountain/raw water		33,394,774	20,933,337	12,461,437
5	E-470		2,667,823	645,223	2,022,600
6	Eastern Hills		3,769,711	1,132,453	2,637,258
8	Southeast Aurora Reservoir		6,281,000	33	6,280,967
9	Cherry Creek Area inc Kings		6,752,237	3,297,694	3,454,543
1	3rd raw water line		1,000,000	—	1,000,000
Total Water Fund			195,424,877	148,613,897	46,810,980
Sewer Fund					
4	Central maintance facility I		6,389,307	6,078,781	310,526
2	Fitzsimons		1,600,000	1,139,738	460,262
3	Reuse water/sewer city		29,616,669	23,835,283	5,781,386
25	Others/benefits entire city		22,907,017	18,942,378	3,964,639
1	E-470		805,957	577,306	228,651
3	Eastern Hills		606,388	139,544	466,844
10	Southeast Aurora Reservoir		21,856,188	16,954,130	4,902,058
2	Cherry Creek Area Inc Kings		1,356,588	789,101	567,487
Total Sewer Fund			85,138,114	68,456,261	16,681,853
Golf Fund					
7	Parks and Open Space		12,059,924	11,498,317	561,607
Total Business-type Activities			\$ 292,622,915	\$ 228,568,475	\$ 64,054,440
(concluded)					

(concluded)

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, 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.

The FRA has retained the City under a new contract to manage the operation, maintenance and repair of the Fitzsimons Golf Course. The agreement is for the period from January 1, 2004 through December 31, 2008, with an option for an extension through December 31, 2013. Major differences from the prior agreement are that any additional net income above the management fee and minimum net income to FRA shall be applied first to the Note between FRA and Fitzsimons (see note 9) and then split 50/50 between the City and FRA.

C. Tax Incentives Agreements

The City enters into tax incentive agreements to encourage retail development within its borders. At December 31, 2003, the City has entered into such incentive agreements with the developers of the Arapahoe Crossings, Heritage at Eagle Bend, Aurora City Place, Pioneer Hills and Aurora Mall retail centers.

Retail Development	Tax Incentive Payments Inception to December 31, 2003	Approximate Incentive Commitment
Arapahoe Crossings	\$ 5,002,614	\$ 6,690,000 (1)
Heritage at Eagle Bend	27,788	5,415,000 (1)
Aurora City Place	2,480,873	13,000,000 (2)
Pioneer Hills	3,187,000	5,680,000 (2)
Aurora Mall	—	15,000,000 (3)

(1) Maximum payment

(2) Present value of maximum payment

(3) Maximum payment not including interest of 7%

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 2003

Plan Name	Covered Payroll
GERP	\$ 67,823,969
Old Hire - Fire	1,574,533
Old Hire - Police	1,363,989
New Hire - Fire	15,682,001
New Hire - Police	31,373,992
ERP	3,692,784
EOEP	—
Total covered payroll	<u>121,511,268</u>
Total 2003 payroll	<u><u>\$ 136,183,804</u></u>

EXHIBIT XV**CITY OF AURORA, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003****13. PENSION PLANS (continued)****Contributions for 2003**

Plan Name	Employees	City	Totals
GERP	\$ 3,730,318	\$ 3,730,318	\$ 7,460,637
Old Hire - Fire	—	—	—
Old Hire - Police	—	459,392	459,392
New Hire - Fire	1,568,200	1,568,200	3,136,400
New Hire - Police	3,137,399	3,137,399	6,274,798
ERP	369,279	369,279	738,558
EOEP	—	488,584	488,584
Totals	<u>\$ 8,921,142</u>	<u>\$ 9,781,432</u>	<u>\$ 18,702,574</u>

Contributions Required and Made in 2003 as a Percent of Current Year Covered Payroll

Plan Name	Employees	City	Totals
GERP	5.50%	5.50%	11.00%
Old Hire - Fire	—	—	—
Old Hire - Police	—	33.68%	33.68%
New Hire - Fire	10.00%	10.00%	20.00%
New Hire - Police	10.00%	10.00%	20.00%
ERP	10.00%	10.00%	20.00%
EOEP	—	—	—

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003

13. PENSION PLANS (continued)

The City's Annual Pension Cost for 2003 and Related Information (unaudited)

	GERP	EOEP	Old Hire - Fire	Old Hire - Police
Annual required contribution (ARC)	\$ 3,953,744	\$ 397,307	\$ —	\$ 459,392
Interest on net pension obligation / asset (NPO) / NPA	(659,327)	—	(27,846)	36,173
Adjustment to ARC	<u>549,026</u>	<u>—</u>	<u>28,628</u>	<u>(42,643)</u>
Annual pension cost	3,843,443	397,307	782	452,922
Contribution made	<u>3,758,578</u>	<u>488,584</u>	<u>—</u>	<u>459,392</u>
Increase (decrease) in NPO (NPA)	84,865	(91,277)	782	(6,470)
NPO/(NPA) - beginning of year	<u>(8,018,333)</u>	<u>—</u>	<u>(307,334)</u>	<u>85</u>
NPO/(NPA) - end of year	<u>\$ (7,933,468)</u>	<u>\$ (91,277)</u>	<u>\$ (306,552)</u>	<u>\$ (6,385)</u>
Actuarial valuation date	1/1/04	1/1/03	1/1/02	1/1/02
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percent of pay, open	Level dollar - open	Level percent of pay, closed	Level percent of pay, closed
Remaining amortization period	20 years	30 years	20 years	20 years
Asset valuation method	3-year smoothed market	market	3 -year moving average	3 -year moving average
Actuarial assumptions:				
Investment rate of return	8.0%	7.0%	8.0%	8.0%
Projected salary increases	3.5 - 7.5%	n/a	4.5%	4.5%
Includes percentage inflation	4.0%	4.0%	4.0%	4.0%
Cost of living adjustment	4.0%	4.0%	4.0%	4.0%

EXHIBIT XV**CITY OF AURORA, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003****13. PENSION PLANS (continued)****Three Year Trend Information - (unaudited)**

	Year ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
GERP	2001	\$ 1,606,197	206.28%	\$ (6,397,238)
	2002	1,951,150	183.08%	(8,018,333)
	2003	3,843,443	97.79%	(7,933,468)
EOEP	2003	397,307	122.97%	(91,277)
Old Hire - Fire	2001	22,768	—	(308,118)
	2002	784	—	(307,334)
	2003	782	—	(306,552)
Old Hire - Police	2001	(12,513)	—	1,060
	2002	(975)	—	85
	2003	452,922	101.43%	(6,385)

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

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

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.

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 2003 contributions were for normal costs. No unfunded accrued actuarial liability existed at December 31, 2003.

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

13. PENSION PLANS (continued)***B. Fire and Police Pension Plans - Old Hire (continued)*****1) Description of Plans (continued)**

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.

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

13. PENSION PLANS (continued)

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

2) Plan Benefits (continued)

b) Old Hire – Police (continued)

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.

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

13. PENSION PLANS (continued)

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

3) Funding Policies (continued)

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.

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.

13. PENSION PLANS (continued)***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.

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%.

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 2003

Fund or Department	Final Appropriations	Budgetary basis Expenditures	Variance
Risk Management Fund	\$ 5,634,740	\$ 6,465,760	\$ (831,020)

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 2003 totaled \$662,841.

Future Minimum Payments on Operating Leases

Year	Minimum Lease Payments
2004	\$ 491,642
2005	179,910
2006	95,101
2007	68,101
2008	<u>-</u>
Total	<u>\$ 834,754</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 2.7% 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.

EXHIBIT XV**CITY OF AURORA, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2003****16. RISK MANAGEMENT (continued)****Summary of the Accrued Claims Liability
December 31, 2003**

Self Insured Program	Case Reserves	IBNR	Total	Discounted
Worker's compensation	\$ 2,554,543	\$ 4,109,732	\$ 6,664,275	\$ 6,016,468
Multi-line liability	<u>1,389,139</u>	<u>1,972,200</u>	<u>3,361,339</u>	<u>3,164,737</u>
Totals	<u>\$ 3,943,682</u>	<u>\$ 6,081,932</u>	<u>\$10,025,614</u>	<u>\$ 9,181,205</u>

**Reconciliation of Claims Liability
December 31, 2003**

Year	Balance January 1	Current Year Accrued Claims	Claim Payments	Recoveries	Balance December 31
2002	\$ 8,629,866	\$ 1,902,341	\$ (2,370,521)	\$ 164,229	\$ 8,325,915
2003	8,325,915	3,862,541	(3,394,337)	387,086	9,181,205

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, 2003**

Issue Description	Date of Issue	Series	Balance
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	910,000
General obligation water bonds	9/1/65	1965	<u>790,000</u>
Total defeased debt outstanding			<u>\$ 7,020,000</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, 2003, there were twelve series of revenue bonds outstanding, which included one Educational Development Bond payable from lease payments, two 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 was \$47,137,334.

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 2003, property tax revenues (not general revenues) were collected in excess of the limits imposed under the TABOR Amendment by \$2,039,130. During November, 2003, a majority of the City's electors authorized the City to collect and spend or retain in a reserve all currently levied taxes and fees without regard to any limitations under TABOR. For 2004, property tax revenues are not expected to exceed the TABOR limit.

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 \$6,339,676 as of December 31, 2003. 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.

* * * * *



REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT XVI**CITY OF AURORA, COLORADO**
DEFINED BENEFIT PENSION PLANS
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2003

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded (Excess) AAL (UAAL)	Funded Ratio	Projected Covered Payroll	UAAL as a Percent of Covered Payroll
<u>Old Hire - Fire Plan</u>						
1/1/98	\$ 87,662,579	\$ 84,712,424	\$ (2,950,155)	103.48%	\$ 2,319,010	(127.22)%
1/1/00	101,412,976	86,783,408	(14,629,568)	116.86%	1,749,537	(836.20)%
1/1/02	102,091,395	93,169,516	(8,921,879)	109.58%	1,600,811	(557.33)%
<u>Old Hire - Police Plan</u>						
1/1/98	\$ 90,238,856	\$ 100,953,672	\$ 10,714,816	89.39%	\$ 3,090,475	346.70%
1/1/00	109,237,539	107,064,518	(2,173,021)	102.03%	2,099,441	(103.50)%
1/1/02	109,285,846	114,157,050	4,871,204	95.73%	1,642,177	296.63%
<u>GERP</u>						
1/1/01	\$ 203,862,059	\$ 172,005,869	\$ (31,856,190)	118.52%	\$ 56,182,226	(56.70)%
1/1/02	217,476,110	184,999,951	(32,476,159)	117.55%	61,208,881	(53.06)%
1/1/03	214,320,251	203,999,260	(10,320,991)	105.06%	64,293,970	(16.05)%
<u>EOEP</u>						
1/1/03	\$ 1,430,237	\$ 3,772,442	\$ 2,342,205	37.91%	\$ —	—

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, 2003

SOURCES	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
Taxes				
Property	\$ 20,649,706	\$ 20,649,706	\$ 23,130,489	\$ 2,480,783
Sales	108,697,161	108,697,161	103,058,917	(5,638,244)
Use	24,149,643	24,149,643	24,217,054	67,411
Lodgers	3,381,702	3,381,702	3,058,814	(322,888)
Franchise	10,200,932	10,200,932	10,183,683	(17,249)
Other	9,142,552	9,142,552	8,534,394	(608,158)
Total taxes	176,221,696	176,221,696	172,183,351	(4,038,345)
Intergovernmental	10,358,686	10,358,686	10,468,042	109,356
Licenses and permits	7,375,642	7,375,642	8,902,351	1,526,709
Charges for services	7,931,647	7,925,547	8,128,462	202,915
Fines and forfeitures	4,299,360	4,299,360	4,547,241	247,881
Investment income	1,811,688	1,811,688	1,582,889	(228,799)
Other revenues	545,529	545,529	424,430	(121,099)
Proceeds from sales of assets	250,000	250,000	1,169,692	919,692
Transfers in	2,131,500	2,131,500	2,515,034	383,534
TOTAL SOURCES	210,925,748	210,919,648	209,921,492	(998,156)
USES				
Municipal Court				
Judicial	1,672,120	1,694,934	1,568,081	126,853
Court Administration	2,402,626	5,689,074	5,689,074	—
Public Defender	460,200	504,371	501,137	3,234
Total municipal court	4,534,946	7,888,379	7,758,292	130,087
City Attorney	4,479,029	4,501,297	4,153,348	347,949
General Management Group				
City Council	893,056	914,825	761,962	152,863
Boards and Commissions	106,540	107,778	96,768	11,010
Civil Service	541,200	545,769	528,269	17,500
General Management	927,643	1,007,866	1,007,866	—
Communications	1,040,307	1,129,279	1,116,527	12,752
Management Support	1,137,198	1,333,251	1,331,251	2,000
Development Services	6,468,064	6,804,631	6,544,588	260,043
Total general management group	11,114,008	11,843,399	11,387,231	456,168

	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
<i>Administrative Services Group</i>				
Human Resources	\$ 2,069,135	\$ 2,100,373	\$ 1,960,492	\$ 139,881
Finance	4,122,750	4,275,228	4,275,228	—
Information Technology	6,118,950	6,225,199	6,225,199	—
Internal Services	7,620,221	7,785,254	7,785,065	189
Total administrative services group	19,931,056	20,386,054	20,245,984	140,070
<i>Operations Group</i>				
Public Works	17,001,043	17,405,522	17,364,036	41,486
Parks and Open Space	12,060,347	12,322,938	12,278,763	44,175
Planning	3,501,118	3,583,483	3,381,733	201,750
Total operations group	32,562,508	33,311,943	33,024,532	287,411
<i>Community Services Group</i>				
Library, Recreation and Cultural Services	10,297,785	10,492,572	10,492,572	—
Police	57,317,679	57,945,180	57,939,090	6,090
Fire	27,291,480	29,235,673	28,524,196	711,477
Neighborhood Services	4,041,320	4,179,966	4,178,164	1,802
Total community services group	98,948,264	101,853,391	101,134,022	719,369
<i>Non-departmental</i>	56,495,453	48,618,026	42,555,050	6,062,976
TOTAL USES	228,065,264	228,402,489	220,258,459	8,144,030
CHANGE IN FUNDS AVAILABLE	(17,139,516)	(17,482,841)	(10,336,967)	7,145,874
FUNDS AVAILABLE - January 1	19,945,415	19,945,415	23,060,758	3,115,343
FUNDS AVAILABLE - December 31	\$ 2,805,899	\$ 2,462,574	12,723,791	\$ 10,261,217
Less: Reservations			(117,137)	
Designations			(5,791,519)	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ 6,815,135	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 12,723,791	
Add: Adjustment of investments to fair value			149,420	
Sales, use and lodgers tax accrual			14,467,465	
Current year encumbrances			1,593,938	
FUND BALANCE - DECEMBER 31			\$ 28,934,614	



GENERAL FUND BUDGETARY INFORMATION

The City adopts annual operating appropriations each year. Operating costs are controlled at the fund and department level for the General Fund. 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).

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.

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.

Budgets for the General Fund are reported on the same basis as described above, 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) Proceeds from capital leases and related capital expenditures are not budgeted.
- e) The value received on the trade-in of fixed assets and the related capital expenditures are not budgeted.
- f) Changes in investment income due to recording investments at fair value are not budgeted.





COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

OTHER GOVERNMENTAL
FUNDS

OTHER GOVERNMENTAL FUNDS

The following statements combine other governmental funds, which are comprised of all non-major special revenue funds, all non-major debt service funds and the single non-major capital projects fund.

NON-MAJOR CAPITAL PROJECTS FUND

Aurora Capital Leasing Corporation (ACLC) Capital Projects Fund

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

EXHIBIT A-1

CITY OF AURORA, COLORADO

OTHER GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2003

	Total Non-major Special Revenue	Total Non-major Debt Service	Total Non-major ACLCLC Capital Projects	Total Other Governmental
ASSETS				
Cash and cash equivalents	\$ 3,623,146	\$ 20,811	\$ —	\$ 3,643,957
Investments	40,800,837	889,938	—	41,690,775
Receivables (net of allowance)	3,463,901	577,480	—	4,041,381
Restricted assets	7,981,720	17,412,397	11,185,118	36,579,235
Notes receivable	9,868,072	—	—	9,868,072
Total assets	<u>\$ 65,737,676</u>	<u>\$ 18,900,626</u>	<u>\$ 11,185,118</u>	<u>\$ 95,823,420</u>
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>				
Accounts payable				
and other current liabilities	\$ 1,126,692	\$ 210,841	\$ —	\$ 1,337,533
Due to other funds	407,793	—	—	407,793
Deferred revenues	13,078,869	553,099	—	13,631,968
Payable from restricted assets	1,445,945	6,225,051	5,527,227	13,198,223
Total liabilities	<u>16,059,299</u>	<u>6,988,991</u>	<u>5,527,227</u>	<u>28,575,517</u>
<i>Fund balances</i>				
<i>Reserved</i>				
Encumbrances	1,226,516	—	—	1,226,516
Construction	170,000	—	5,657,891	5,827,891
Police	1,040,402	—	—	1,040,402
Debt service	—	8,286,308	—	8,286,308
Arbitrage	—	2,076,489	—	2,076,489
Agreements	5,325,373	—	—	5,325,373
Urban renewal	—	824,549	—	824,549
<i>Unreserved</i>				
Designated	6,683,189	4,500	—	6,687,689
Undesignated	35,232,897	719,789	—	35,952,686
Total fund balances	<u>49,678,377</u>	<u>11,911,635</u>	<u>5,657,891</u>	<u>67,247,903</u>
Total liabilities and fund balances	<u>\$ 65,737,676</u>	<u>\$ 18,900,626</u>	<u>\$ 11,185,118</u>	<u>\$ 95,823,420</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, 2003

	Total Non-major Special Revenue	Total Non-major Debt Service	Total Non-major ACLC Capital Projects	Total Other Governmental
REVENUES				
Taxes				
Sales	\$ —	\$ 623,922	\$ —	\$ 623,922
Property	—	6,668,784	—	6,668,784
Occupational privilege	—	14,686	—	14,686
Charges for services	7,133,009	—	—	7,133,009
Fines and forfeitures	765,387	—	—	765,387
Special assessments	—	264,002	—	264,002
Intergovernmental revenues	10,492,735	—	—	10,492,735
Surcharges	2,604,231	—	—	2,604,231
Miscellaneous revenues	2,629,871	—	—	2,629,871
Investment income	1,073,480	181,163	494,537	1,749,180
Total revenues	24,698,713	7,752,557	494,537	32,945,807
EXPENDITURES				
<i>Current</i>				
General government	6,983,230	337,532	—	7,320,762
Judicial	96,505	—	—	96,505
Police	2,733,532	—	—	2,733,532
Fire	129,592	—	—	129,592
Other public safety	912,223	71,843	—	984,066
Economic development	3,113,957	5,500	—	3,119,457
Community services	3,940,739	189,488	—	4,130,227
Culture and recreation	11,054,941	—	—	11,054,941
<i>Debt service</i>				
Principal	—	7,260,000	—	7,260,000
Interest	—	9,499,275	—	9,499,275
Capital outlay	5,367,981	35,000	10,778,222	16,181,203
Total expenditures	34,332,700	17,398,638	10,778,222	62,509,560
Deficiency of revenues under expenditures	(9,633,987)	(9,646,081)	(10,283,685)	(29,563,753)
OTHER FINANCING SOURCES (USES)				
Transfers in	17,791,105	10,355,471	—	28,146,576
Transfers out	(6,219,153)	(1,091,500)	(669,484)	(7,980,137)
Proceeds from refunding bonds	—	2,549,559	—	2,549,559
Payment to refunded bond escrow agent	—	(2,490,000)	—	(2,490,000)
Proceeds from sale of assets	6,032	1,519,665	—	1,525,697
Total other financing sources (uses)	11,577,984	10,843,195	(669,484)	21,751,695
NET CHANGE IN FUND BALANCES	1,943,997	1,197,114	(10,953,169)	(7,812,058)
FUND BALANCES - January 1	47,734,380	10,714,521	16,611,060	75,059,961
FUND BALANCES - December 31	\$ 49,678,377	\$ 11,911,635	\$ 5,657,891	\$ 67,247,903

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, open space acquisition 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.

Aurora Urban Renewal Authority (AURA) General Fund

The AURA General Fund accounts for activities related to Fletcher Plaza Urban Renewal Area. Funding is currently from transfers from other City funds.



EXHIBIT B-1**CITY OF AURORA, COLORADO****NON-MAJOR SPECIAL REVENUE FUNDS****COMBINING BALANCE SHEET****DECEMBER 31, 2003**

	Gifts and Grants	Abatement	Community Maintenance	Community Development	Enhanced E-911	Conservation Trust
ASSETS						
Cash and cash equivalents	\$ 2,329,486	\$ 126,690	\$ —	\$ 255,891	\$ 62,289	\$ 101,872
Investments	—	—	—	—	3,049,002	4,947,351
Receivables (net of allowance)	229,930	258,904	1,051,325	730,032	186,852	666,183
Restricted assets	1,450,054	—	—	—	—	100,000
Notes receivable	216,880	—	2,339,380	7,311,812	—	—
Total assets	<u>\$ 4,226,350</u>	<u>\$ 385,594</u>	<u>\$ 3,390,705</u>	<u>\$ 8,297,735</u>	<u>\$ 3,298,143</u>	<u>\$ 5,815,406</u>
LIABILITIES AND FUND BALANCES						
<i>Liabilities</i>						
Accounts payable						
and other current liabilities	\$ 94,232	\$ 2,839	\$ —	\$ 366,530	\$ 70,837	\$ 222,175
Due to other funds	4,311	—	—	403,482	—	—
Deferred revenues	2,073,719	80,732	3,390,705	7,527,723	—	—
Payable from restricted assets	339,652	—	—	—	—	—
Total liabilities	<u>2,511,914</u>	<u>83,571</u>	<u>3,390,705</u>	<u>8,297,735</u>	<u>70,837</u>	<u>222,175</u>
<i>Fund balances</i>						
<i>Reserved</i>						
Encumbrances	907,448	15,899	—	2,158	35,271	189,608
Construction	70,000	—	—	—	—	100,000
Police	1,040,402	—	—	—	—	—
Agreements	—	—	—	—	—	—
<i>Unreserved</i>						
Designated	—	75,760	—	—	820,994	4,849,048
Undesignated	(303,414)	210,364	—	(2,158)	2,371,041	454,575
Total fund balances	<u>1,714,436</u>	<u>302,023</u>	<u>—</u>	<u>—</u>	<u>3,227,306</u>	<u>5,593,231</u>
Total liabilities and fund balances	<u>\$ 4,226,350</u>	<u>\$ 385,594</u>	<u>\$ 3,390,705</u>	<u>\$ 8,297,735</u>	<u>\$ 3,298,143</u>	<u>\$ 5,815,406</u>

Emergency Contingency	Parks Development	Recreation Services	Designated Revenues	Policy Reserve	TABOR Reserve	AURA General	Total Non-major Special Revenue
\$ 15,561	\$ 30,606	\$ 550,201	\$ 123,773	\$ —	\$ —	\$ 26,777	\$ 3,623,146
737,650	1,424,532	—	5,130,917	17,962,995	6,288,825	1,259,565	40,800,837
—	—	58,607	84,602	146,615	50,851	—	3,463,901
—	—	981,473	5,450,193	—	—	—	7,981,720
—	—	—	—	—	—	—	9,868,072
<u>\$ 753,211</u>	<u>\$ 1,455,138</u>	<u>\$ 1,590,281</u>	<u>\$ 10,789,485</u>	<u>\$18,109,610</u>	<u>\$ 6,339,676</u>	<u>\$ 1,286,342</u>	<u>\$ 65,737,676</u>
\$ —	\$ 300	\$ 267,443	\$ 102,336	\$ —	\$ —	\$ —	\$ 1,126,692
—	—	—	—	—	—	—	407,793
—	—	5,990	—	—	—	—	13,078,869
—	—	234,676	871,617	—	—	—	1,445,945
—	300	508,109	973,953	—	—	—	16,059,299
—	—	51,635	24,497	—	—	—	1,226,516
—	—	—	—	—	—	—	170,000
—	—	—	—	—	—	—	1,040,402
—	—	746,797	4,578,576	—	—	—	5,325,373
—	937,387	—	—	—	—	—	6,683,189
<u>753,211</u>	<u>517,451</u>	<u>283,740</u>	<u>5,212,459</u>	<u>18,109,610</u>	<u>6,339,676</u>	<u>1,286,342</u>	<u>35,232,897</u>
<u>753,211</u>	<u>1,454,838</u>	<u>1,082,172</u>	<u>9,815,532</u>	<u>18,109,610</u>	<u>6,339,676</u>	<u>1,286,342</u>	<u>49,678,377</u>
<u>\$ 753,211</u>	<u>\$ 1,455,138</u>	<u>\$ 1,590,281</u>	<u>\$ 10,789,485</u>	<u>\$18,109,610</u>	<u>\$ 6,339,676</u>	<u>\$ 1,286,342</u>	<u>\$ 65,737,676</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, 2003**

	Gifts and Grants	Abatement	Community Maintenance	Community Development	Enhanced E-911	Conservation Trust
REVENUES						
Charges for services	\$ 19,864	\$ 208,152	\$ —	\$ 1,187,532	\$ —	\$ —
Fines and forfeitures	—	—	—	—	—	—
Intergovernmental revenues	4,537,118	—	—	2,982,228	—	2,621,184
Surcharges	—	—	—	—	2,258,753	—
Miscellaneous revenues	436,808	—	—	—	—	—
Investment income	99,792	7,747	7,279	—	62,844	118,758
Total revenues	<u>5,093,582</u>	<u>215,899</u>	<u>7,279</u>	<u>4,169,760</u>	<u>2,321,597</u>	<u>2,739,942</u>
EXPENDITURES						
<i>Current</i>						
General government	—	—	—	—	—	—
Judicial	5,292	—	—	—	—	—
Police	1,992,790	—	—	—	—	—
Fire	88,701	—	—	—	—	—
Other public safety	—	—	—	—	912,223	—
Economic development	143,362	—	—	1,177,791	—	—
Community services	301,083	230,307	—	3,300,569	—	—
Culture and recreation	490,204	—	—	—	—	533,171
Capital outlay	2,084,192	—	—	—	1,885,499	1,169,961
Total expenditures	<u>5,105,624</u>	<u>230,307</u>	<u>—</u>	<u>4,478,360</u>	<u>2,797,722</u>	<u>1,703,132</u>
Excess (deficiency) of revenues over (under) expenditures	(12,042)	(14,408)	7,279	(308,600)	(476,125)	1,036,810
OTHER FINANCING SOURCES (USES)						
Transfers in	—	—	—	308,600	250,000	—
Transfers out	(246,621)	—	(735,343)	—	(542,658)	—
Proceeds from sale of assets	6,032	—	—	—	—	—
Total other financing sources (uses)	<u>(240,589)</u>	<u>—</u>	<u>(735,343)</u>	<u>308,600</u>	<u>(292,658)</u>	<u>—</u>
NET CHANGE IN FUND BALANCES	(252,631)	(14,408)	(728,064)	—	(768,783)	1,036,810
FUND BALANCES - January 1	<u>1,967,067</u>	<u>316,431</u>	<u>728,064</u>	<u>—</u>	<u>3,996,089</u>	<u>4,556,421</u>
FUND BALANCES - December 31	<u>\$ 1,714,436</u>	<u>\$ 302,023</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,227,306</u>	<u>\$ 5,593,231</u>

Emergency Contingency	Parks Development	Recreation Services	Designated Revenues	Policy Reserve	TABOR Reserve	AURA General	Total Non-Major Special Revenue
\$ —	\$ 21,610	\$ 4,381,997	\$ 1,313,854	\$ —	\$ —	\$ —	\$ 7,133,009
—	—	—	765,387	—	—	—	765,387
—	170,898	181,307	—	—	—	—	10,492,735
—	—	—	345,478	—	—	—	2,604,231
—	253,155	261,661	1,678,247	—	—	—	2,629,871
16,641	34,023	26,535	200,163	361,352	125,855	12,491	1,073,480
16,641	479,686	4,851,500	4,303,129	361,352	125,855	12,491	24,698,713
—	—	—	6,983,230	—	—	—	6,983,230
—	—	—	91,213	—	—	—	96,505
—	—	—	740,742	—	—	—	2,733,532
—	—	—	40,891	—	—	—	129,592
—	—	—	—	—	—	—	912,223
—	—	—	1,781,221	—	—	11,583	3,113,957
—	—	—	108,780	—	—	—	3,940,739
—	14,309	9,627,755	389,502	—	—	—	11,054,941
—	—	13,763	—	—	—	214,566	5,367,981
—	14,309	9,641,518	10,135,579	—	—	226,149	34,332,700
16,641	465,377	(4,790,018)	(5,832,450)	361,352	125,855	(213,658)	(9,633,987)
—	—	6,676,252	8,976,753	—	79,500	1,500,000	17,791,105
—	—	(1,213,500)	(3,481,031)	—	—	—	(6,219,153)
—	—	—	—	—	—	—	6,032
—	—	5,462,752	5,495,722	—	79,500	1,500,000	11,577,984
16,641	465,377	672,734	(336,728)	361,352	205,355	1,286,342	1,943,997
736,570	989,461	409,438	10,152,260	17,748,258	6,134,321	—	47,734,380
\$ 753,211	\$ 1,454,838	\$ 1,082,172	\$ 9,815,532	\$18,109,610	\$6,339,676	\$1,286,342	\$ 49,678,377

EXHIBIT B-3

CITY OF AURORA, COLORADO

SPECIAL REVENUE FUNDS

SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2003

	Gifts and Grants			
	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Intergovernmental revenues	\$ 3,135,800	\$ 3,135,800	\$ 1,699,976	\$ (1,435,824)
Charges for services	—	—	15,322	15,322
Fines and forfeitures	—	—	—	—
Investment income	15,600	15,600	81,171	65,571
Miscellaneous revenues	2,888,800	2,510,800	396,284	(2,114,516)
Transfers in	—	—	4,311	4,311
TOTAL SOURCES	6,040,200	5,662,200	2,197,064	(3,465,136)
USES				
<i>Operating Costs</i>				
Municipal Court	17,500	17,500	5,292	12,208
General Management Group	171,500	174,936	128,898	46,038
Administrative Services Group	—	—	8,902	(8,902)
Operations Group	1,020,000	2,072,477	39,154	2,033,323
Community Services Group	4,568,610	4,348,740	2,951,892	1,396,848
Non-Departmental	73,624	70,494	—	70,494
<i>Continuing Appropriations</i>				
Operations Group	1,025,000	(27,000)	(27,000)	—
TOTAL USES	6,876,234	6,657,147	3,107,138	3,550,009
CHANGE IN FUNDS AVAILABLE	(836,034)	(994,947)	(910,074)	84,873
FUNDS AVAILABLE - January 1	2,313,775	2,313,775	3,557,025	1,243,250
FUNDS AVAILABLE - December 31	\$ 1,477,741	\$ 1,318,828	2,646,951	\$ 1,328,123
Less: Reservations			—	
Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ 2,646,951	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 2,646,951	
Add: Current year operating encumbrances			55,897	
Capital projects carryforward			11,695,439	
Seizure funds			1,040,402	
Adjust investments to fair value			—	
Assets not available for appropriations			70,000	
Less: Deferred revenue - Federal grants			(13,794,253)	
FUND BALANCE - December 31			\$ 1,714,436	

Abatement				Community Maintenance			
Budgets		Budgetary Actual	Variance with Final	Budgets		Budgetary Actual	Variance with Final
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
133,000	188,000	208,152	20,152	—	—	—	—
—	—	—	—	—	—	—	—
2,500	2,500	7,747	5,247	104,900	104,900	23,681	(81,219)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
135,500	190,500	215,899	25,399	104,900	104,900	23,681	(81,219)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
25,000	80,000	24,939	55,061	—	—	—	—
183,000	238,274	209,921	28,353	—	—	—	—
2,953	2,679	—	2,679	215,300	738,680	735,343	3,337
—	—	—	—	—	—	—	—
210,953	320,953	234,860	86,093	215,300	738,680	735,343	3,337
(75,453)	(130,453)	(18,961)	111,492	(110,400)	(633,780)	(711,662)	(77,882)
192,585	192,585	305,085	112,500	110,400	110,400	711,662	601,262
<u>\$ 117,132</u>	<u>\$ 62,132</u>	286,124	<u>\$ 223,992</u>	<u>\$ —</u>	<u>\$ (523,380)</u>	—	<u>\$ 523,380</u>
		—				—	
		<u>(75,760)</u>				<u>—</u>	
		<u>\$ 210,364</u>				<u>\$ —</u>	
		\$ 286,124				\$ —	
		15,899				—	
		—				—	
		—				—	
		—				—	
		—				—	
		<u>\$ 302,023</u>				<u>\$ —</u>	

EXHIBIT B-3**CITY OF AURORA, COLORADO****SPECIAL REVENUE FUNDS****SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE****BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)****FOR THE YEAR ENDED DECEMBER 31, 2003**

	Community Development			
	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Intergovernmental revenues	\$ 3,050,000	\$ 3,050,000	\$ 4,379,514	\$ 1,329,514
Charges for services	—	—	—	—
Fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous revenues	700,000	700,000	1,092,890	392,890
Transfers in	213,800	308,600	308,600	—
TOTAL SOURCES	3,963,800	4,058,600	5,781,004	1,722,404
USES				
<i>Operating Costs</i>				
Municipal Court	—	—	—	—
General Management Group	—	—	—	—
Administrative Services Group	—	—	—	—
Operations Group	—	—	—	—
Community Services Group	—	—	—	—
Non-Departmental	87,145	87,145	—	87,145
<i>Continuing Appropriations</i>				
Operations Group	4,048,900	5,443,414	5,443,414	—
TOTAL USES	4,136,045	5,530,559	5,443,414	87,145
CHANGE IN FUNDS AVAILABLE	(172,245)	(1,471,959)	337,590	1,809,549
FUNDS AVAILABLE - January 1	1,537,621	1,537,621	933,097	(604,524)
FUNDS AVAILABLE - December 31	\$ 1,365,376	\$ 65,662	1,270,687	\$ 1,205,025
Less: Reservations			—	
Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ 1,270,687	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 1,270,687	
Add: Current year operating encumbrances			—	
Capital projects carryforward			4,846,027	
Seizure funds			—	
Adjust investments to fair value			—	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			(6,116,714)	
FUND BALANCE - December 31			\$ —	

Enhanced E-911				Conservation Trust			
Budgets		Budgetary Actual	Variance with Final	Budgets		Budgetary Actual	Variance with Final
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ 2,450,000	\$ 2,450,000	\$ 2,621,184	\$ 171,184
2,340,070	2,340,070	2,258,753	(81,317)	—	—	—	—
—	—	—	—	—	—	—	—
51,900	51,900	120,038	68,138	200,000	200,000	157,062	(42,938)
—	—	—	—	—	—	—	—
1,000,000	250,000	250,000	—	—	—	—	—
3,391,970	2,641,970	2,628,791	(13,179)	2,650,000	2,650,000	2,778,246	128,246
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
963,000	963,000	963,000	—	—	—	—	—
—	—	—	—	527,000	534,099	435,941	98,158
—	—	—	—	45,000	45,000	—	45,000
—	—	—	—	16,813	9,714	—	9,714
2,040,000	1,290,000	1,290,000	—	2,328,000	2,328,000	2,328,000	—
3,003,000	2,253,000	2,253,000	—	2,916,813	2,916,813	2,763,941	152,872
388,970	388,970	375,791	(13,179)	(266,813)	(266,813)	14,305	281,118
1,366,801	1,366,801	1,964,984	598,183	1,295,177	1,295,177	1,599,691	304,514
<u>\$ 1,755,771</u>	<u>\$ 1,755,771</u>	2,340,775	<u>\$ 585,004</u>	<u>\$ 1,028,364</u>	<u>\$ 1,028,364</u>	1,613,996	<u>\$ 585,632</u>
		—				—	
		—				(1,208,515)	
		<u>\$ 2,340,775</u>				<u>\$ 405,481</u>	
		\$ 2,340,775				\$ 1,613,996	
		35,271				—	
		820,994				3,830,141	
		—				—	
		30,266				49,094	
		—				100,000	
		—				—	
		<u>\$ 3,227,306</u>				<u>\$ 5,593,231</u>	

EXHIBIT B-3

CITY OF AURORA, COLORADO

SPECIAL REVENUE FUNDS

SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2003

	Emergency Contingency			
	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Intergovernmental revenues	\$ —	\$ —	\$ —	\$ —
Charges for services	—	—	—	—
Fines and forfeitures	—	—	—	—
Investment income	23,700	23,700	25,921	2,221
Miscellaneous revenues	—	—	—	—
Transfers in	—	—	—	—
TOTAL SOURCES	23,700	23,700	25,921	2,221
USES				
<i>Operating Costs</i>				
Municipal Court	—	—	—	—
General Management Group	—	—	—	—
Administrative Services Group	—	—	—	—
Operations Group	—	—	—	—
Community Services Group	—	—	—	—
Non-Departmental	—	—	—	—
<i>Continuing Appropriations</i>				
Operations Group	—	—	—	—
TOTAL USES	—	—	—	—
CHANGE IN FUNDS AVAILABLE	23,700	23,700	25,921	2,221
FUNDS AVAILABLE - January 1	712,716	712,716	719,979	7,263
FUNDS AVAILABLE - December 31	<u>\$ 736,416</u>	<u>\$ 736,416</u>	745,900	<u>\$ 9,484</u>
Less: Reservations			—	
Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 745,900</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 745,900	
Add: Current year operating encumbrances			—	
Capital projects carryforward			—	
Seizure funds			—	
Adjust investments to fair value			7,311	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			—	
FUND BALANCE - December 31			<u>\$ 753,211</u>	

Parks Development				Recreation Services			
Budgets		Budgetary Actual	Variance with Final	Budgets		Budgetary Actual	Variance with Final
Original	Final			Original	Final		
\$ 181,500	\$ 181,500	\$ 170,898	\$ (10,602)	\$ —	\$ —	\$ 412,827	\$ 412,827
—	—	21,610	21,610	4,460,700	4,466,800	4,381,997	(84,803)
—	—	—	—	—	—	—	—
36,450	36,450	42,260	5,810	—	—	26,535	26,535
182,050	182,050	253,155	71,105	80,000	458,000	261,069	(196,931)
—	—	—	—	5,440,720	6,821,337	6,676,252	(145,085)
400,000	400,000	487,923	87,923	9,981,420	11,746,137	11,758,680	12,543
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	9,556,380	11,268,225	10,889,169	379,056
—	—	—	—	435,100	—	—	—
420,000	420,000	420,000	—	—	—	—	—
420,000	420,000	420,000	—	9,991,480	11,268,225	10,889,169	379,056
(20,000)	(20,000)	67,923	87,923	(10,060)	477,912	869,511	391,599
492,754	492,754	526,015	33,261	17,219	17,219	391,955	374,736
<u>\$ 472,754</u>	<u>\$ 472,754</u>	593,938	<u>\$ 121,184</u>	<u>\$ 7,159</u>	<u>\$ 495,131</u>	1,261,466	<u>\$ 766,335</u>
		—				(746,797)	
		<u>(90,600)</u>				—	
		<u>\$ 503,338</u>				<u>\$ 514,669</u>	
		\$ 593,938				\$ 1,261,466	
		—				51,635	
		846,787				—	
		—				—	
		14,113				—	
		—				—	
		<u>—</u>				<u>(230,929)</u>	
		<u>\$ 1,454,838</u>				<u>\$ 1,082,172</u>	

EXHIBIT B-3

CITY OF AURORA, COLORADO

SPECIAL REVENUE FUNDS

SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2003

	Designated Revenues			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Intergovernmental revenues	\$ 1,081,100	\$ 1,153,568	\$ 1,659,333	\$ 505,765
Charges for services	—	—	—	—
Fines and forfeitures	711,400	711,400	765,387	53,987
Investment income	20,000	20,000	320,577	300,577
Miscellaneous revenues	6,282,900	6,282,900	1,678,247	(4,604,653)
Transfers in	8,585,316	9,190,067	8,976,753	(213,314)
TOTAL SOURCES	16,680,716	17,357,935	13,400,297	(3,957,638)
USES				
<i>Operating Costs</i>				
Municipal Court	118,100	119,358	91,213	28,145
General Management Group	4,133,500	4,283,176	3,273,120	1,010,056
Administrative Services Group	5,000	—	—	—
Operations Group	—	210,557	15,230	195,327
Community Services Group	1,503,300	2,175,785	1,716,663	459,122
Non-Departmental	8,293,482	8,876,193	8,544,881	331,312
<i>Continuing Appropriations</i>				
Operations Group	—	—	—	—
TOTAL USES	14,053,382	15,665,069	13,641,107	2,023,962
CHANGE IN FUNDS AVAILABLE	2,627,334	1,692,866	(240,810)	(1,933,676)
FUNDS AVAILABLE - January 1	9,982,277	9,982,277	9,928,255	(54,022)
FUNDS AVAILABLE - December 31	<u>\$ 12,609,611</u>	<u>\$ 11,675,143</u>	9,687,445	<u>\$ (1,987,698)</u>
Less: Reservations			(4,525,747)	
Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 5,161,698</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 9,687,445	
Add: Current year operating encumbrances			24,497	
Capital projects carryforward			—	
Seizure funds			—	
Adjust investments to fair value			103,590	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			—	
FUND BALANCE - December 31			<u>\$ 9,815,532</u>	

Policy Reserve				Tabor Reserve			
Budgets		Budgetary Actual	Variance with Final	Budgets		Budgetary Actual	Variance with Final
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
828,800	828,800	618,672	(210,128)	279,200	279,200	214,014	(65,186)
—	—	—	—	79,500	79,500	79,500	—
—	—	—	—	—	—	—	—
828,800	828,800	618,672	(210,128)	358,700	358,700	293,514	(65,186)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
828,800	828,800	618,672	(210,128)	358,700	358,700	293,514	(65,186)
17,377,941	17,377,941	17,312,645	(65,296)	6,000,336	6,000,336	5,983,754	(16,582)
<u>\$ 18,206,741</u>	<u>\$ 18,206,741</u>	17,931,317	<u>\$ (275,424)</u>	<u>\$ 6,359,036</u>	<u>\$ 6,359,036</u>	6,277,268	<u>\$ (81,768)</u>
		—				—	
		—				—	
		<u>\$ 17,931,317</u>				<u>\$ 6,277,268</u>	
		\$ 17,931,317				\$ 6,277,268	
		—				—	
		—				—	
		—				—	
		178,293				62,408	
		—				—	
		—				—	
		<u>\$ 18,109,610</u>				<u>\$ 6,339,676</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.

Special Improvement District (SID) Debt Service Fund

The Special Improvement District Debt Service Fund accounts for debt service related to special improvements. Funding is from special assessments on the related properties.

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 (AURA) Debt Service Fund

The City created 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 (ACLC) Debt Service Fund

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 (transfers) from the General Fund.

EXHIBIT C-1

CITY OF AURORA, COLORADO

NON-MAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2003

	City	SID	Surplus and Deficiency	AURA	ACLC	Total Non-Major Debt Service
ASSETS						
Cash and cash equivalents	\$ —	\$ 4,899	\$ 14,426	\$ 1,486	\$ —	\$ 20,811
Investments	—	188,768	666,270	34,900	—	889,938
Receivables (net of allowance)	—	281,409	296,071	—	—	577,480
Restricted assets	7,485,275	—	—	1,182,549	8,744,573	17,412,397
Total assets	<u>\$ 7,485,275</u>	<u>\$ 475,076</u>	<u>\$ 976,767</u>	<u>\$ 1,218,935</u>	<u>\$ 8,744,573</u>	<u>\$ 18,900,626</u>
LIABILITIES AND FUND BALANCES						
<i>Liabilities</i>						
Accounts payable and other current liabilities	\$ —	\$ 189,488	\$ —	\$ 21,353	\$ —	\$ 210,841
Deferred revenues	—	281,409	271,690	—	—	553,099
Payable from restricted assets	6,225,051	—	—	—	—	6,225,051
Total liabilities	6,225,051	470,897	271,690	21,353	—	6,988,991
<i>Fund balances</i>						
<i>Reserved</i>						
Debt service	623,735	—	—	358,000	7,304,573	8,286,308
Arbitrage	636,489	—	—	—	1,440,000	2,076,489
Urban renewal	—	—	—	824,549	—	824,549
<i>Unreserved</i>						
Designated	—	—	4,500	—	—	4,500
Undesignated	—	4,179	700,577	15,033	—	719,789
Total fund balances	1,260,224	4,179	705,077	1,197,582	8,744,573	11,911,635
Total liabilities and fund balances	<u>\$ 7,485,275</u>	<u>\$ 475,076</u>	<u>\$ 976,767</u>	<u>\$ 1,218,935</u>	<u>\$ 8,744,573</u>	<u>\$ 18,900,626</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, 2003

	City	SID	Surplus and Deficiency	AURA	ACLC	Total Non-major Debt Service
REVENUES						
<i>Taxes</i>						
Sales	\$ —	\$ —	\$ —	\$ 623,922	\$ —	\$ 623,922
Property	6,182,225	—	—	486,559	—	6,668,784
Occupational privilege	—	—	—	14,686	—	14,686
Total taxes	6,182,225	—	—	1,125,167	—	7,307,392
Special assessments	—	224,488	39,514	—	—	264,002
Investment income	100,197	4,179	17,003	10,894	48,890	181,163
Total revenues	6,282,422	228,667	56,517	1,136,061	48,890	7,752,557
EXPENDITURES						
<i>Current</i>						
General government	222,705	—	—	—	114,827	337,532
Other public safety	71,843	—	—	—	—	71,843
Economic development	—	—	—	2,500	3,000	5,500
Community services	—	189,488	—	—	—	189,488
<i>Debt service</i>						
Principal	4,530,000	—	—	285,000	2,445,000	7,260,000
Interest and fiscal charges	3,412,445	—	—	109,942	5,976,888	9,499,275
Capital outlay	—	35,000	—	—	—	35,000
Total expenditures	8,236,993	224,488	—	397,442	8,539,715	17,398,638
Excess (deficiency) of revenues over (under) expenditures	(1,954,571)	4,179	56,517	738,619	(8,490,825)	(9,646,081)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,761,100	—	29,541	—	8,564,830	10,355,471
Transfers out	—	—	(41,500)	(1,050,000)	—	(1,091,500)
Proceeds from refunding bonds	2,549,559	—	—	—	—	2,549,559
Payment to refunded bond escrow agent	(2,490,000)	—	—	—	—	(2,490,000)
Proceeds from sale of assets	—	—	—	—	1,519,665	1,519,665
Total other financing sources (uses)	1,820,659	—	(11,959)	(1,050,000)	10,084,495	10,843,195
NET CHANGE IN FUND BALANCES	(133,912)	4,179	44,558	(311,381)	1,593,670	1,197,114
FUND BALANCES - January 1	1,394,136	—	660,519	1,508,963	7,150,903	10,714,521
FUND BALANCES - December 31	\$ 1,260,224	\$ 4,179	\$ 705,077	\$ 1,197,582	\$ 8,744,573	\$ 11,911,635



EXHIBIT C-3

CITY OF AURORA, COLORADO

DEBT SERVICE FUNDS

SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2003

	City Debt Service			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Property taxes	\$ 6,248,100	\$ 6,248,100	\$ 6,182,225	\$ (65,875)
Investment income	30,000	34,600	113,580	78,980
Proceeds from long-term borrowings	—	2,519,559	2,549,559	30,000
Transfers in	1,761,100	1,761,100	1,761,100	—
TOTAL SOURCES	8,039,200	10,563,359	10,606,464	43,105
USES				
<i>Operating Costs</i>				
Administrative Services Group	—	—	—	—
Non-Departmental	8,014,700	10,568,148	10,550,833	17,315
TOTAL USES	8,014,700	10,568,148	10,550,833	17,315
CHANGE IN FUNDS AVAILABLE	24,500	(4,789)	55,631	60,420
FUNDS AVAILABLE - January 1	559,487	559,487	560,326	839
FUNDS AVAILABLE - December 31	<u>\$ 583,987</u>	<u>\$ 554,698</u>	615,957	<u>\$ 61,259</u>
Less: Reservations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 615,957</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 615,957	
Add: Adjust investments to fair value			7,778	
Assets not available for appropriations			<u>636,489</u>	
FUND BALANCE - December 31			<u>\$ 1,260,224</u>	

SID Debt Service				Surplus and Deficiency			
Budgets		Budgetary Actual	Variance with Final	Budgets		Budgetary Actual	Variance with Final
Original	Final			Original	Final		
\$ —	\$ —	\$ 224,488	\$ 224,488	\$ 13,000	\$ 13,000	\$ 39,515	\$ 26,515
—	—	2,315	2,315	60,600	60,600	24,731	(35,869)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	29,541	29,541
—	—	226,803	226,803	73,600	73,600	93,787	20,187
—	—	—	—	41,500	41,500	41,500	—
—	535,000	224,488	310,512	—	—	—	—
—	535,000	224,488	310,512	41,500	41,500	41,500	—
—	(535,000)	2,315	537,315	32,100	32,100	52,287	20,187
—	—	—	—	659,305	659,305	646,182	(13,123)
<u>\$ —</u>	<u>\$ (535,000)</u>	2,315	<u>\$ 537,315</u>	<u>\$ 691,405</u>	<u>\$ 691,405</u>	698,469	<u>\$ 7,064</u>
		—				(4,500)	
		<u>\$ 2,315</u>				<u>\$ 693,969</u>	
		\$ 2,315				\$ 698,469	
		1,864				6,608	
		—				—	
		<u>\$ 4,179</u>				<u>\$ 705,077</u>	



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.

EXHIBIT D-1**CITY OF AURORA, COLORADO****INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF NET ASSETS****DECEMBER 31, 2003**

	Fleet Management	Print Shop	Risk Management	Total Internal Service
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 11,766	\$ 6,436	\$ 262,556	\$ 280,758
Investments	550,453	242,702	12,782,948	13,576,103
Receivables (net of allowance)	3,295	1,800	97,957	103,052
Inventories	313,466	33,081	—	346,547
Total current assets	878,980	284,019	13,143,461	14,306,460
<i>Capital assets, (net of accumulated depreciation)</i>				
Infrastructure	523,289	—	—	523,289
Machinery and equipment	37,673	181,394	—	219,067
Total capital assets	560,962	181,394	—	742,356
Total assets	1,439,942	465,413	13,143,461	15,048,816
LIABILITIES				
<i>Current liabilities</i>				
Accounts payable and other current liabilities	137,063	34,376	69,826	241,265
Current portion long-term liabilities	7,871	36,409	3,399,934	3,444,214
Total current liabilities	144,934	70,785	3,469,760	3,685,479
<i>Non-current liabilities</i>				
Due beyond 1 year	218,181	126,789	5,848,626	6,193,596
Total non-current liabilities	218,181	126,789	5,848,626	6,193,596
Total liabilities	363,115	197,574	9,318,386	9,879,075
NET ASSETS				
Invested in capital assets net of related debt	560,962	54,475	—	615,437
Unrestricted	515,865	213,364	3,825,075	4,554,304
Total net assets	\$ 1,076,827	\$ 267,839	\$ 3,825,075	\$ 5,169,741



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, 2003**

	Fleet Management	Print Shop	Risk Management	Total Internal Service
OPERATING REVENUES				
Charges for services	\$ 4,976,851	\$ 1,016,909	\$ 5,018,234	\$ 11,011,994
OPERATING EXPENSES				
Cost of sales and service	5,081,720	990,746	2,183,589	8,256,055
Claims losses	—	—	4,249,627	4,249,627
Administrative expenses	44,870	22,197	31,235	98,302
Depreciation	39,208	48,621	—	87,829
Total operating expenses	5,165,798	1,061,564	6,464,451	12,691,813
Operating loss	(188,947)	(44,655)	(1,446,217)	(1,679,819)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	5,862	5,880	251,056	262,798
Miscellaneous non-operating revenues	5,447	—	390,328	395,775
Interest expense	—	(5,451)	—	(5,451)
Loss on disposal of capital assets	(5,689)	—	—	(5,689)
Net nonoperating revenues	5,620	429	641,384	647,433
Loss before transfers	(183,327)	(44,226)	(804,833)	(1,032,386)
Transfers in	250,000	—	600,000	850,000
Transfers out	(500,000)	(250,000)	—	(750,000)
CHANGE IN NET ASSETS	(433,327)	(294,226)	(204,833)	(932,386)
TOTAL NET ASSETS - January 1	1,510,154	562,065	4,029,908	6,102,127
TOTAL NET ASSETS - December 31	\$ 1,076,827	\$ 267,839	\$ 3,825,075	\$ 5,169,741

EXHIBIT D-3**CITY OF AURORA, COLORADO****INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2003**

	Fleet Management	Print Shop	Risk Management	Total Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Cash received from:</i>				
Customers and others	\$ 17,655	\$ 2,604	\$ 390,328	\$ 410,587
Interfund services provided and used	4,968,321	1,014,388	5,018,234	11,000,943
<i>Cash payments to:</i>				
Employees	(2,020,556)	(359,675)	(547,335)	(2,927,566)
Suppliers of goods and services	(3,168,996)	(641,911)	(5,061,338)	(8,872,245)
Net cash provided by (used in) operating activities	(203,576)	15,406	(200,111)	(388,281)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash transfers in	250,000	—	600,000	850,000
Cash transfers out	(500,000)	(250,000)	—	(750,000)
Net cash provided by (used in) noncapital financing activities	(250,000)	(250,000)	600,000	100,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
<i>Payments for:</i>				
Capital assets	(7,316)	—	—	(7,316)
Principal on capital debt	—	(33,243)	—	(33,243)
Interest on capital debt	—	(5,880)	—	(5,880)
Net cash used in capital and related financing activities	(7,316)	(39,123)	—	(46,439)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in equity in pool investments	—	—	(1,684,795)	(1,684,795)
Decrease in equity in pool investments	356,966	217,814	—	574,780
Interest received	23,330	15,128	424,007	462,465
Net cash provided by (used in) investing activities	380,296	232,942	(1,260,788)	(647,550)

	Fleet Management	Print Shop	Risk Management	Total Internal Service
NET DECREASE IN CASH AND CASH EQUIVALENTS	(80,596)	(40,775)	(860,899)	(982,270)
TOTAL CASH AND CASH EQUIVALENTS, January 1	92,362	47,211	1,123,455	1,263,028
TOTAL CASH AND CASH EQUIVALENTS, December 31	<u>\$ 11,766</u>	<u>\$ 6,436</u>	<u>\$ 262,556</u>	<u>\$ 280,758</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating loss	<u>\$ (188,947)</u>	<u>\$ (44,655)</u>	<u>\$ (1,446,217)</u>	<u>\$ (1,679,819)</u>
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities				
Depreciation	39,208	48,621	—	87,829
Miscellaneous nonoperating revenues	5,447	—	390,328	395,775
<i>Changes in operating assets and liabilities</i>				
Receivables	3,678	84	—	3,762
Inventories	(46,447)	5,014	—	(41,433)
Accounts payable other current liabilities	<u>(16,515)</u>	<u>6,342</u>	<u>855,778</u>	<u>845,605</u>
Total adjustments	<u>(14,629)</u>	<u>60,061</u>	<u>1,246,106</u>	<u>1,291,538</u>
Net cash provided by (used in) operations	<u>\$ (203,576)</u>	<u>\$ 15,406</u>	<u>\$ (200,111)</u>	<u>\$ (388,281)</u>
NONCASH INVESTING, CAPITAL AND AND FINANCING ACTIVITIES				
Decrease in fair value of investments	\$ (17,467)	\$ (9,248)	\$ (152,098)	\$ (178,813)

EXHIBIT D-4

CITY OF AURORA, COLORADO

**INTERNAL SERVICE FUNDS
SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Fleet			
	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Charges for services	\$ 4,847,350	\$ 4,847,350	\$ 4,976,851	\$ 129,501
Investment income	30,000	30,000	23,329	(6,671)
Miscellaneous revenues	8,000	8,000	5,447	(2,553)
Transfers in	250,000	250,000	250,000	—
TOTAL SOURCES	<u>5,135,350</u>	<u>5,135,350</u>	<u>5,255,627</u>	<u>120,277</u>
USES				
<i>Operating Costs</i>				
Administrative Services Group	5,549,200	5,669,049	5,668,696	353
Non-Departmental	136,281	16,432	—	16,432
TOTAL USES	<u>5,685,481</u>	<u>5,685,481</u>	<u>5,668,696</u>	<u>16,785</u>
CHANGE IN FUNDS AVAILABLE	(550,131)	(550,131)	(413,069)	137,062
FUNDS AVAILABLE - January 1	<u>712,138</u>	<u>712,138</u>	<u>836,073</u>	<u>123,935</u>
FUNDS AVAILABLE - December 31	<u>\$ 162,007</u>	<u>\$ 162,007</u>	423,004	<u>\$ 260,997</u>
Less: Designations			<u>(373,001)</u>	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 50,003</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 423,004	
Add: Adjust investments to fair value			5,447	
Capital assets net of depreciation			560,962	
Inventories			313,466	
Current year operating encumbrances			—	
Less: Current portion of long-term debt			(7,871)	
Long-term debt			<u>(218,181)</u>	
NET ASSETS - December 31			<u>\$ 1,076,827</u>	

Print				Risk			
Budgets		Budgetary Actual	Variance with Final	Budgets		Budgetary Actual	Variance with Final
Original	Final			Original	Final		
\$ 1,217,400	\$ 1,217,400	\$ 1,016,909	\$ (200,491)	\$ 5,073,100	\$ 5,073,100	\$ 5,018,234	\$ (54,866)
24,700	24,700	15,128	(9,572)	444,600	444,600	403,154	(41,446)
—	—	—	—	25,000	25,000	390,328	365,328
—	—	—	—	—	600,000	600,000	—
1,242,100	1,242,100	1,032,037	(210,063)	5,542,700	6,142,700	6,411,716	269,016
1,465,223	1,491,064	1,263,307	227,757	5,009,000	5,626,634	6,465,760	(839,126)
34,237	8,396	—	8,396	25,740	8,106	—	8,106
1,499,460	1,499,460	1,263,307	236,153	5,034,740	5,634,740	6,465,760	(831,020)
(257,360)	(257,360)	(231,270)	26,090	507,960	507,960	(54,044)	(562,004)
479,801	479,801	445,435	(34,366)	2,343,294	2,343,294	3,805,550	1,462,256
<u>\$ 222,441</u>	<u>\$ 222,441</u>	214,165	<u>\$ (8,276)</u>	<u>\$ 2,851,254</u>	<u>\$ 2,851,254</u>	3,751,506	<u>\$ 900,252</u>
		(33,415)				(262,401)	
		<u>\$ 180,750</u>				<u>\$ 3,489,105</u>	
		\$ 214,165				\$ 3,751,506	
		2,397				126,875	
		181,394				—	
		33,081				—	
		—				14,050	
		(36,409)				(5,598)	
		<u>(126,789)</u>				<u>(61,758)</u>	
		<u>\$ 267,839</u>				<u>\$ 3,825,075</u>	



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, 2003**

	GERP	EOEP	Total Pension Trust
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ 3,551,542	\$ 1,686,876	\$ 5,238,418
Investments			
Equity securities and funds	117,480,803	—	117,480,803
U.S. government and U.S. government agency obligations	11,091,250	—	11,091,250
Corporate bonds and funds	75,382,382	—	75,382,382
Real estate funds	19,236,419	—	19,236,419
Alternative investments	314,404	—	314,404
Receivables (net of allowance)	2,119,827	—	2,119,827
Total current assets	229,176,627	1,686,876	230,863,503
<i>Capital assets (net of accumulated depreciation)</i>			
Machinery and equipment	2,476	—	2,476
Total assets	229,179,103	1,686,876	230,865,979
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable and other current liabilities	1,381,165	—	1,381,165
Total liabilities	1,381,165	—	1,381,165
NET ASSETS			
Held in trust for pension benefits	227,797,938	1,686,876	229,484,814
Total net assets	\$ 227,797,938	\$ 1,686,876	\$ 229,484,814

EXHIBIT E-2**CITY OF AURORA, COLORADO****PENSION TRUST FUNDS****COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	GERP	EOEP	Total Pension Trust
ADDITIONS			
<i>Contributions</i>			
City	\$ 3,758,578	\$ 488,584	\$ 4,247,162
Plan members	3,846,264	—	3,846,264
Total contributions	7,604,842	488,584	8,093,426
<i>Investment activity</i>			
Investment income	35,177,849	289,184	35,467,033
Investment expense	(859,999)	—	(859,999)
Net investment income	34,317,850	289,184	34,607,034
Other income	21,378	—	21,378
Total additions	41,944,070	777,768	42,721,838
DEDUCTIONS			
Benefits	6,015,179	27,594	6,042,773
Administrative expenses	361,115	12,952	374,067
Total deductions	6,376,294	40,546	6,416,840
CHANGE IN NET ASSETS	35,567,776	737,222	36,304,998
NET ASSETS - January 1	192,230,162	949,654	193,179,816
NET ASSETS - December 31	\$ 227,797,938	\$ 1,686,876	\$ 229,484,814

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, 2003**

	Payroll Clearing Fund			
	Balance January 1	Additions	Deductions	Balance December 31
ASSETS				
Cash and cash equivalents	\$ 6,284,031	\$ 170,560,326	\$ (170,062,463)	\$ 6,781,894
Total assets	<u>\$ 6,284,031</u>	<u>\$ 170,560,326</u>	<u>\$ (170,062,463)</u>	<u>\$ 6,781,894</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 6,284,031	\$ 345,594,421	\$ (345,096,558)	\$ 6,781,894
Total liabilities	<u>\$ 6,284,031</u>	<u>\$ 345,594,421</u>	<u>\$ (345,096,558)</u>	<u>\$ 6,781,894</u>





OTHER SCHEDULES

OTHER SCHEDULES

(unaudited)

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 functional assistance to private sector and non-profit entities.

Schedule of Debt Ratings

This schedule lists the debt rating on applicable outstanding debt.

Schedule of Pooled Investments

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

Local Highway Finance Report

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

Schedule of Insurance Coverage

This schedule provides a summary of City insurance policies.

OTHER SCHEDULES (Continued)
(unaudited)

City Capital Projects Fund Schedule of Sources, Uses and Changes in Funds Available – Budget to Actual (Non-GAAP Budgetary Basis)

This schedule provides budget to actual information regarding the revenues and expenditures of the City Capital Projects Fund.

Enterprise Funds Schedules of Sources, Uses, and Changes in Funds Available – Budget to Actual (Non-GAAP Budgetary Basis)

These schedules provide budget to actual information regarding the revenues and expenditures of the Water, Sewer and Golf Funds.

EXHIBIT G-1

CITY OF AURORA, COLORADO

SCHEDULE OF INDEBTEDNESS - ALL FUNDS (unaudited)
DECEMBER 31, 2003

	Interest Rates	Dates		Debt		
		Issue	Maturity	Authorized and Issued	Outstanding	Current Maturities
GENERAL OBLIGATION DEBT						
Supported by General Fund revenues						
Alameda and I-225 Interchange	4.50 - 4.80%	06/01/98	2004 - 2012	\$ 10,000,000	\$ 7,265,000	\$ 670,000
Libraries, parks, public safety	4.60 - 5.00%	12/01/00	2004 - 2015	50,100,000	42,815,000	2,675,000
Public safety refunding	2.00 - 3.00%	10/01/03	2004 - 2009	2,530,000	2,530,000	395,000
Unamortized bond discount				—	(6,207)	—
Unamortized bond premium				—	16,299	—
Total supported by General Fund revenues				62,630,000	52,620,092	3,740,000
Supported by Water Fund revenues						
General obligation refunding	6.90%	08/01/89	2004 - 2006	24,452,709	3,160,000	3,160,000
General obligation refunding	4.80 - 4.90%	12/01/96	2004 - 2006	2,615,000	2,475,000	40,000
General obligation refunding	2.00 - 4.00%	10/01/03	2004 - 2014	62,775,000	62,775,000	6,055,000
Unamortized bond discounts				—	(410,814)	—
Unamortized bond premium				—	970,951	—
Total supported by Water Fund revenues				89,842,709	68,970,137	9,255,000
REVENUE BONDS						
Supported by General Fund revenues						
Sports Park	4.875 - 5.125%	07/01/99	2004 - 2014	17,470,000	14,865,000	1,040,000
Supported by Water Fund revenues						
Governmental agency	3.63%	05/01/99	2004 - 2014	14,999,899	11,597,417	906,970
First-Lien Water Revenue	2.00 - 5.00%	10/15/03	2005 - 2021	55,860,000	55,860,000	—
Unamortized bond discounts				—	(262,305)	—
Unamortized bond premium				—	3,373,025	—
Total supported by Water Fund revenues				70,859,899	70,568,137	906,970
Supported by Sewer Fund revenues						
Governmental agency	4.04%	07/01/99	2004 - 2014	24,124,366	18,553,479	1,458,659
Unamortized bond discounts				—	(109,809)	—
Unamortized bond premium				—	79,638	—
Total supported by Sewer Fund revenues				24,124,366	18,523,308	1,458,659
Supported by Golf Fund revenues						
Golf Course Enterprise System	5.70 - 6.20%	11/01/95	2004 - 2015	7,395,000	5,510,000	335,000
Unamortized bond discount				—	(66,093)	—
Total supported by Golf Fund revenues				7,395,000	5,443,907	335,000
WATER NOTES						
Supported by Water Fund revenues						
Water Rights No. R/B-I-One	5.00%	11/19/99	2004 - 2009	253,987	152,392	25,399
Water Rights No. R/B-I-Two	5.00%	11/19/99	2004 - 2009	249,125	149,475	24,912
Total supported by Water Fund revenues				503,112	301,867	50,311
INCLUDABLE ENTITIES						
AURA tax increment revenue refunding bonds	5.50 - 5.80%	05/15/96	2004 - 2007	3,580,000	1,665,000	300,000
ACLIC certificates of participation – refunding	6.00 - 6.25%	06/01/94	2004 - 2009	35,875,000	16,450,000	1,775,000
ACLIC certificates of participation	5.00 - 6.00%	08/01/00	2004 - 2030	76,375,000	75,860,000	540,000
ACLIC certificates of participation	3.00 - 4.375%	05/01/02	2004 - 2013	15,380,000	15,120,000	1,445,000
Unamortized bond premium				—	34,158	—
Total supported by includable entities				131,210,000	109,129,158	4,060,000
TOTAL INDEBTEDNESS				\$ 404,035,086	\$ 340,421,606	\$ 20,845,940

EXHIBIT G-2

CITY OF AURORA, COLORADO

SCHEDULE OF DEBT SERVICE REQUIREMENTS (unaudited)
 GOVERNMENTAL ACTIVITIES
 DECEMBER 31, 2003

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	
2004	\$ 3,740,000	\$ 2,419,984	\$ 1,040,000	\$ 717,568	\$ 300,000	\$ 94,695	\$ 299,011	\$ 17,476	\$ 34,543	\$ 4,581	\$ 3,760,000	\$ 5,827,297	\$ 18,255,155
2005	3,925,000	2,248,875	1,095,000	665,527	320,000	78,195	39,488	2,616	35,892	3,231	3,940,000	5,649,697	18,003,521
2006	4,105,000	2,079,685	1,150,000	610,805	335,000	60,275	41,180	2,616	37,295	1,829	4,125,000	5,459,360	18,008,045
2007	4,295,000	1,902,380	1,205,000	552,649	710,000	41,180	—	—	19,190	371	4,415,000	5,251,248	18,392,018
2008	4,500,000	1,714,500	1,270,000	490,774	—	—	—	—	—	—	4,345,000	5,023,498	17,343,772
2009	4,715,000	1,516,783	1,335,000	425,649	—	—	—	—	—	—	8,370,000	4,789,623	21,152,055
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	<u>\$ 52,610,000</u>	<u>\$ 16,499,683</u>	<u>\$ 14,865,000</u>	<u>\$ 4,488,825</u>	<u>\$ 1,665,000</u>	<u>\$ 274,345</u>	<u>\$ 379,679</u>	<u>\$ 22,708</u>	<u>\$ 126,920</u>	<u>\$ 10,012</u>	<u>\$ 107,430,000</u>	<u>\$ 85,780,388</u>	<u>\$ 284,152,560</u>

EXHIBIT G-3

CITY OF AURORA, COLORADO

SCHEDULE OF DEBT SERVICE REQUIREMENTS (unaudited)

BUSINESS-TYPE ACTIVITIES

DECEMBER 31, 2003

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	
2004	\$ 9,255,000	\$ 2,294,670	\$ 906,970	\$ 2,449,543	\$ 50,311	\$ 15,093	\$ 1,458,659	\$ 725,225	\$ 335,000	\$ 329,672	\$ 185,630	\$ 17,053	\$ 18,022,826
2005	7,520,000	1,936,586	3,458,805	2,934,269	50,311	12,578	1,496,336	683,337	350,000	310,577	99,719	8,632	18,861,150
2006	7,725,000	1,752,413	3,530,638	2,855,844	50,311	10,062	1,539,396	640,368	370,000	290,628	77,130	4,280	18,846,070
2007	6,635,000	1,545,475	3,607,104	2,782,429	50,311	7,547	1,577,072	603,312	390,000	269,167	46,677	1,538	17,515,632
2008	6,840,000	1,363,013	3,708,938	2,680,028	50,311	5,031	1,620,132	563,517	410,000	246,157	—	—	17,487,127
2009	5,905,000	1,157,816	3,810,404	2,574,026	50,312	2,516	1,663,192	520,756	435,000	222,583	—	—	16,341,605
2010	6,120,000	965,900	3,962,238	2,422,911	—	—	1,711,634	467,201	460,000	197,570	—	—	16,307,454
2011	6,365,000	736,400	4,124,804	2,255,645	—	—	1,770,842	412,087	485,000	171,120	—	—	16,320,898
2012	6,640,000	481,800	4,307,372	2,081,455	—	—	1,819,284	361,234	520,000	141,050	—	—	16,352,195
2013	2,640,000	216,200	4,537,138	1,853,567	—	—	1,873,110	301,086	550,000	108,810	—	—	12,079,911
2014	2,765,000	110,600	4,793,006	1,600,267	—	—	2,023,822	156,817	585,000	74,710	—	—	12,109,222
2015	—	—	3,680,000	1,335,500	—	—	—	—	620,000	38,440	—	—	5,673,940
2016	—	—	3,860,000	1,151,500	—	—	—	—	—	—	—	—	5,011,500
2017	—	—	4,050,000	958,500	—	—	—	—	—	—	—	—	5,008,500
2018	—	—	4,260,000	756,000	—	—	—	—	—	—	—	—	5,016,000
2019	—	—	4,470,000	543,000	—	—	—	—	—	—	—	—	5,013,000
2020	—	—	4,685,000	319,500	—	—	—	—	—	—	—	—	5,004,500
2021	—	—	1,705,000	85,250	—	—	—	—	—	—	—	—	1,790,250
2022	—	—	—	—	—	—	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—	—	—	—	—	—	—
Totals	<u>\$ 68,410,000</u>	<u>\$ 12,560,873</u>	<u>\$ 67,457,417</u>	<u>\$ 31,639,234</u>	<u>\$ 301,867</u>	<u>\$ 52,827</u>	<u>\$ 18,553,479</u>	<u>\$ 5,434,940</u>	<u>\$ 5,510,000</u>	<u>\$ 2,400,484</u>	<u>\$ 409,156</u>	<u>\$ 31,503</u>	<u>\$ 212,761,780</u>

EXHIBIT G-4

CITY OF AURORA, COLORADO

**SCHEDULE OF CONDUIT DEBT OUTSTANDING (unaudited)
DECEMBER 31, 2003**

Issue Type*	Description	Issue Date	Funding Source	Outstanding December 31 2003	Trustee
EDB	Refunding Revenue Bonds (Community College of Aurora), 1994	04/15/94	lease payment	\$ 9,070,000	Bank One
IDB	(TE Properties) Commercial Office Products, 1984	11/15/84	loan payment	2,790,000	US Bank
IDB	Optima Batteries, Series B (\$5,515,000, non-rated)	07/29/94	loan payment	3,145,000	Wells Fargo Bank West
MF	Dayton 98 Series A	04/21/98	rental payment	8,280,000	US Bank
MF	Dayton 98 Series B	04/21/98	rental payment	1,045,000	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	2,562,334	BNY
SF	Revenue Bonds, Series 1993 A	11/01/93	mortgage payment	2,040,000	Zions Bank
Total conduit debt outstanding				<u>\$ 47,137,334</u>	

* EDB Educational Development Bond
IDB Industrial Development Bond
MF Multi-Family
SF Single Family

EXHIBIT G-5**CITY OF AURORA, COLORADO****SCHEDULE OF DEBT RATINGS (unaudited)
DECEMBER 31, 2003**

Debt Issue	Rating Agency	Rating
City of Aurora, Colorado General Obligation Bonds, Series 2000 and 2003	Moody's Investors Service Standard and Poor's	Aa2 AA
City of Aurora, Colorado General Obligation Bonds, Series 1998 ⁽¹⁾	Moody's Investors Service Standard and Poor's	Aaa AAA
City of Aurora, Colorado General Obligation Water Refunding Bonds, Series 1989 and 1996	Moody's Investors Service Standard and Poor's	Aa2 AA
City of Aurora, Colorado General Obligation Water Refunding Bonds, Series 2003 ⁽²⁾	Moody's Investors Service Standard and Poor's	Aa2/Aaa AA/AAA
City of Aurora, Colorado General Fund Bonds, Series 1999 ⁽¹⁾	Moody's Investors Service Standard and Poor's	Aaa AAA
City of Aurora, Colorado First-Lien Water Improvement Revenue Bonds, Series 2003A ⁽¹⁾	Moody's Investors Service Fitch Ratings	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 ⁽¹⁾	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

⁽¹⁾ Reflects the credit-enhanced rating

⁽²⁾ Series 2003 Bonds maturing in years 2004-2008, 2012 and 2013 are not insured and carry the underlying rating; Series 2003 Bonds maturing in years 2009, 2010, 2011 and 2014 are insured and carry the credit-enhanced rating

EXHIBIT G-6

CITY OF AURORA, COLORADO

SCHEDULE OF POOLED INVESTMENTS (unaudited)
DECEMBER 31, 2003

Investment Description	Coupon Rate	Maturity Date	Original Cost	Carrying/ Fair Value	Par Value	Moody's Rating	S & P Rating
U.S. GOVERNMENT AND AGENCY SECURITIES							
Federal Agricultural Mortgage Corp.	4.875	04/26/04	\$ 2,000,000	\$ 2,023,600	\$ 2,000,000	Aaa	AAA
	4.710	07/23/04	2,882,306	2,925,678	2,870,000	Aaa	AAA
	2.830	10/27/06	2,998,125	3,009,000	3,000,000	Aaa	AAA
Federal Farm Credit Bank	5.400	01/23/04	2,997,000	3,007,500	3,000,000	Aaa	AAA
	2.700	11/24/06	3,980,280	4,001,240	4,000,000	Aaa	AAA
Federal Home Loan Bank	5.375	01/05/04	3,050,250	3,000,930	3,000,000	Aaa	AAA
	5.250	02/13/04	2,993,340	3,014,070	3,000,000	Aaa	AAA
	5.460	03/29/04	3,160,890	3,030,930	3,000,000	Aaa	AAA
	4.875	04/16/04	2,982,270	3,031,890	3,000,000	Aaa	AAA
	4.875	05/14/04	3,000,870	3,041,250	3,000,000	Aaa	AAA
	4.750	06/28/04	2,995,830	3,052,500	3,000,000	Aaa	AAA
	3.625	10/15/04	5,045,000	5,092,200	5,000,000	Aaa	AAA
	3.875	12/15/04	3,997,080	4,096,240	4,000,000	Aaa	AAA
	4.125	01/14/05	1,994,760	2,056,880	2,000,000	Aaa	AAA
	4.125	01/14/05	3,004,710	3,085,320	3,000,000	Aaa	AAA
	4.000	02/15/05	2,991,960	3,085,320	3,000,000	Aaa	AAA
	4.125	05/13/05	2,985,060	3,102,180	3,000,000	Aaa	AAA
	2.000	02/24/06	3,000,000	3,002,820	3,000,000	Aaa	AAA
	2.700	03/17/06	3,000,000	3,009,390	3,000,000	Aaa	AAA
	2.125	09/12/06	2,992,500	3,003,750	3,000,000	Aaa	AAA
	2.000	09/20/06	2,500,000	2,510,950	2,500,000	Aaa	AAA
	2.125	11/21/06	2,000,000	2,001,880	2,000,000	Aaa	AAA
	3.010	11/28/06	5,000,000	5,026,550	5,000,000	Aaa	AAA
Federal Home Loan Mtg. Corp.	6.250	07/15/04	5,229,848	5,135,950	5,000,000	Aaa	AAA
	4.500	08/15/04	4,991,400	5,100,000	5,000,000	Aaa	AAA
	3.250	11/15/04	5,001,150	5,083,500	5,000,000	Aaa	AAA
	3.000	12/16/05	3,998,000	4,033,600	4,000,000	Aaa	AAA
	2.000	04/21/06	3,000,000	3,006,600	3,000,000	Aaa	AAA
Federal National Mortgage Assn.	3.500	09/15/04	4,982,400	5,078,150	5,000,000	Aaa	AAA
	3.875	03/15/05	2,985,840	3,088,140	3,000,000	Aaa	AAA
	3.000	11/01/05	3,000,000	3,048,750	3,000,000	Aaa	AAA
	2.600	02/13/06	3,495,625	3,505,460	3,500,000	Aaa	AAA
	2.410	08/04/06	3,494,750	3,506,580	3,500,000	Aaa	AAA
	2.750	08/11/06	3,976,250	4,002,520	4,000,000	Aaa	AAA
	2.375	12/15/06	2,538,047	2,568,335	2,550,000	Aaa	AAA
Total U.S. Government and agency securities			118,245,541	119,369,653	117,920,000		
CERTIFICATES OF DEPOSIT							
Citywide Banks	1.750	06/24/05	2,000,000	2,000,000	2,000,000		
Community Banks	2.070	02/01/05	1,000,000	1,000,000	1,000,000		
FNB Rockies	1.980	08/02/04	1,000,000	1,000,000	1,000,000		
FNB Rockies	1.490	11/01/04	1,000,000	1,000,000	1,000,000		
Guaranty Bank	2.000	04/26/04	2,000,000	2,000,000	2,000,000		
Guaranty Bank	2.130	12/01/04	2,500,000	2,500,000	2,500,000		
Guaranty Bank	2.100	12/01/04	3,000,000	3,000,000	3,000,000		
Weststar Bank	2.350	06/07/04	2,500,000	2,500,000	2,500,000		
Weststar Bank	1.890	11/01/04	1,000,000	1,000,000	1,000,000		
Weststar Bank	2.960	04/11/05	2,000,000	2,000,000	2,000,000		
Total Certificates of Deposit			18,000,000	18,000,000	18,000,000		

Investment Description	Coupon Rate	Maturity Date	Original Cost	Carrying/ Fair Value	Par Value	Moody's Rating	S & P Rating
COMMERCIAL PAPER							
American Express	N/A	04/01/04	\$ 1,994,464	\$ 1,995,332	\$ 2,000,000	P1	A-1
CIT Group	N/A	02/11/04	5,981,117	5,992,275	6,000,000	P1	A-1
Household Finance Corp.	N/A	01/14/04	8,275,875	8,296,438	8,300,000	P1	A-1
LaSalle Banking	N/A	01/02/04	3,988,450	3,999,710	4,000,000	P1	A-1
LaSalle Banking	N/A	03/12/04	4,985,900	4,989,700	5,000,000	P1	A-1
Total Commercial Paper			25,225,806	25,273,455	25,300,000		
CORPORATE NOTES							
Abbott Labs	5.625	07/01/06	2,908,359	2,912,220	2,700,000	A1	AA
AIG	5.200	05/10/04	1,998,240	2,027,400	2,000,000	Aaa	AAA
AIG/ILF	5.350	05/03/04	2,997,360	3,037,200	3,000,000	A1	AA-
AIG/ILF	5.125	08/01/04	2,031,960	2,037,850	2,000,000	A1	AA-
AIG/ILF	5.125	08/01/04	2,263,950	2,298,001	2,250,000	A1	AA-
AIG/ILF	5.120	06/01/05	822,823	849,079	805,000	A1	AA-
AIG/ILF	5.120	06/01/05	2,001,280	2,078,780	2,000,000	A1	AA-
Allstate	7.125	09/26/05	3,279,000	3,262,800	3,000,000	Aa2	AA+
BoA	9.500	06/01/04	2,764,375	2,580,500	2,500,000	Aa2	A+
BoA/NationsBank	6.625	06/15/04	2,591,975	2,559,750	2,500,000	Aa1	A+
Citigroup	5.700	02/06/04	1,994,020	2,007,600	2,000,000	Aa1	AA-
Citigroup	5.800	03/15/04	2,142,383	2,143,913	2,125,000	Aa1	AA-
Citigroup	6.250	12/01/05	1,057,410	1,079,400	1,000,000	Aa1	AA-
GECC	2.240	08/19/05	2,992,500	3,016,200	3,000,000	Aaa	AAA
GECC	2.850	01/30/06	2,018,680	2,028,600	2,000,000	Aaa	AAA
GECC	2.750	09/25/06	2,983,530	3,010,800	3,000,000	Aaa	AAA
Home Depot	6.500	09/15/04	2,107,463	2,020,005	1,950,000	Aa3	AA
JP Morgan/Chase	5.750	02/25/04	1,239,355	1,212,471	1,205,000	A1	A+
McDonald's	5.150	07/01/04	3,998,040	4,074,800	4,000,000	A2	A+
Merrill Lynch	7.080	10/03/05	1,298,616	1,255,994	1,156,000	Aa3	A+
Merrill Lynch	2.940	01/30/06	3,000,000	3,038,700	3,000,000	Aa3	A+
Merrill Lynch	2.470	03/10/06	2,306,062	2,312,213	2,295,000	Aa3	A+
MMM	4.250	09/01/04	3,050,340	3,057,600	3,000,000	Aa1	AA
MSDW	5.625	01/20/04	1,996,060	1,998,120	2,000,000	Aa3	A+
Natl City Corp	2.500	04/17/06	2,744,500	2,765,194	2,750,000	Aa3	A+
Natl City Corp	2.500	04/17/06	1,994,780	2,002,382	2,000,000	Aa3	A+
Paccar Financial	2.500	08/01/06	1,000,000	987,300	1,000,000	A1	AA-
Pfizer	3.625	11/01/04	4,015,000	4,074,400	4,000,000	Aaa	AAA
US Bank	2.850	11/15/06	3,997,120	4,019,200	4,000,000	Aa2	AA-
Wal-Mart	7.500	05/15/04	2,118,760	2,045,400	2,000,000	Aa2	AA
Wal-Mart	6.550	08/10/04	2,635,525	2,578,750	2,500,000	Aa2	AA
Wells Fargo	6.625	07/15/04	1,451,707	1,433,363	1,395,000	Aa1	AA
Wells Fargo	7.000	11/01/05	2,230,530	2,175,440	1,996,000	Aa1	AA
Wells Fargo	5.900	05/21/06	3,242,689	3,243,300	3,000,000	Aa1	AA-
Total Corporate Notes			81,274,392	81,224,725	79,127,000		
COLOTRUST	0.950	Open	11,500,000	11,506,832	11,506,831	Aaa	AAA
TOTAL POOLED INVESTMENTS			<u>\$ 254,245,739</u>	<u>\$ 255,374,665</u>	<u>\$ 251,853,831</u>		

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-7

CITY OF AURORA, COLORADO

**LOCAL HIGHWAY FINANCE REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003**

The public report burden for this information collection is estimated to average 380 hours annually.

OMB No. 2125-0032

LOCAL HIGHWAY FINANCE REPORT		City or County:
		City of Aurora
		YEAR ENDING :
This Information From The Records Of (example - City of _ or County of _)		Prepared By:
City of Aurora, Colorado		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
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	3,480,247
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	17,130,902
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,799,747
2. General fund appropriations		b. Snow and ice removal	1,774,835
3. Other local imposts (from page 2)	20,248,036	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	3,574,582
5. Transfers from toll facilities		4. General administration & miscellaneous	1,538,522
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	6,130,347
a. Bonds - Original Issues		6. Total (1 through 5)	31,854,600
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	361,545
7. Total (1 through 6)	20,248,036	b. Redemption	645,000
B. Private Contributions	4,363,512	c. Total (a. + b.)	1,006,545
C. Receipts from State government		2. Notes:	
(from page 2)	7,973,637	a. Interest	
D. Receipts from Federal Government		b. Redemption	
(from page 2)	275,960	c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)	32,861,145	3. Total (1.c + 2.c)	1,006,545
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	32,861,145

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	7,910,000		645,000	7,265,000
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		32,861,145	32,861,145		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2003	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assesments	1,006,464	a. Interest on investments	
b. Other local imposts:		b. Other	
1. Sales Taxes	10,626,964	c. Transfers	
2. Traffic Fines	4,647,729	d. Capital Credits	
3. Specific Ownership Tax	2,812,811	e. Sale of Assets	
		f. Fees/Licenses/Permits	
5. From Cities/Counties	1,154,068	g. Service Performed	
6. Total (1. through 5.)	19,241,572	h. Refunds of Expenditures	
c. Total (a. + b.)	20,248,036	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	7,973,637	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	275,960
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.)	275,960
4. Total (1. + 2. + 3.f)	7,973,637	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)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0	190,830	190,830
b. Engineering Costs	0	888,253	888,253
c. Construction:			
(1). Capacity Improvements	0	240,116	240,116
(2). System Preservation	0	0	0
(3). Safety And Other	0	2,161,048	2,161,048
(4). Total Construction (1)+(2)+(3)	0	2,401,164	2,401,164
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	0	3,480,247	3,480,247
			(Carry forward to page 1)

Notes and Comments:

EXHIBIT G-8

CITY OF AURORA, COLORADO

SCHEDULE OF INSURANCE COVERAGES (unaudited)

DECEMBER 31, 2003

Coverage	Carrier	Coverage Term	Limit of Coverage	Deductible or Retention
Property	The Travelers Indemnity Company	January 1, 2004 - January 1, 2005	\$200,000,000 per occurrence	\$100,000 per occurrence
Boiler and Machinery	Travelers Property Company	January 1, 2004 - January 1, 2005	\$50,000,000 per occurrence	\$10,000 per occurrence
Crime	Travelers Casualty and Surety Company of America	March 31, 2002 - March 31, 2004 March 31, 2004 - March 31, 2005	Public employee dishonesty: \$2,000,000 Destruction, computer fraud: \$1,000,000	\$50,000 per occurrence
Workers' Compensation Specific Excess	Midwest Employers Casualty Company	January 1, 2004 - January 1, 2005	Statutory	\$350,000 per occurrence
Workers' Compensation Bond	Travelers Casualty and Surety Company of America	January 1, 2004 - January 1, 2005	\$5,878,000	N/A
Primary Liability	Great Lakes Reinsurance	January 1, 2004 - January 1, 2005	\$10,000,000	\$250,000 per occurrence

EXHIBIT G-9

CITY OF AURORA, COLORADO

**CITY CAPITAL PROJECTS FUND
SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Intergovernmental revenues	\$ —	\$ —	\$ 2,084,122	\$ 2,084,122
Charges for services	252,500	252,500	37,000	(215,500)
Investment income	1,444,646	1,444,646	3,171,353	1,726,707
Miscellaneous revenues	1,476,000	1,992,912	769,444	(1,223,468)
Transfers in	26,701,833	26,285,058	24,542,739	(1,742,319)
TOTAL SOURCES	29,874,979	29,975,116	30,604,658	629,542
USES				
<i>Operating Costs</i>				
Administrative Services Group	1,000,000	250,000	250,000	—
Non-Departmental	1,906,000	2,615,443	942,473	1,672,970
<i>Continuing Appropriations</i>				
Municipal Court	500,000	679,130	679,130	—
General Management Group	—	(500,000)	(500,000)	—
Administrative Services Group	2,603,500	2,648,118	2,648,118	—
Operations Group	38,134,482	35,433,341	35,433,341	—
Community Services Group	566,000	30,932	30,932	—
Non-Departmental	200,000	318,715	318,715	—
TOTAL USES	44,909,982	41,475,679	39,802,709	1,672,970
CHANGE IN FUNDS AVAILABLE	(15,035,003)	(11,500,563)	(9,198,051)	2,302,512
FUNDS AVAILABLE - January 1	26,863,448	26,863,448	26,326,544	(536,904)
FUNDS AVAILABLE - December 31	<u>\$ 11,828,445</u>	<u>\$ 15,362,885</u>	17,128,493	<u>\$ 1,765,608</u>
Less: Reservations			(3,574,656)	
Designations			<u>(6,356,797)</u>	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 7,197,040</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 17,128,493	
Add: Capital projects carryforward			51,499,409	
Adjust investments to fair value			518,970	
Assets not available for appropriations			1,288,831	
Less: Deferred revenue - Federal grants			<u>(1,126,542)</u>	
FUND BALANCE - December 31			<u>\$ 69,309,161</u>	

EXHIBIT G-10

CITY OF AURORA, COLORADO

ENTERPRISE FUNDS

SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2003

	Water			
	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Charges for services	\$ 42,619,800	\$ 42,619,800	\$ 40,888,235	\$ (1,731,565)
Investment income	3,535,100	3,589,950	3,059,311	(530,639)
Miscellaneous revenues	20,091,800	20,091,800	23,912,925	3,821,125
Proceeds from sale of assets	54,100	54,100	24,584	(29,516)
Proceeds from long-term borrowings	94,000,000	157,766,610	122,743,597	(35,023,013)
Transfers in	—	—	—	—
Funds from restricted assets	—	—	(5,012,116)	(5,012,116)
TOTAL SOURCES	160,300,800	224,122,260	185,616,536	(38,505,724)
USES				
<i>Operating Costs</i>				
Operations Group	37,619,026	109,440,035	103,207,725	6,232,310
Non-Departmental	579,375	275,463	—	275,463
<i>Continuing Appropriations</i>				
Operations Group	109,677,000	84,123,305	84,123,305	—
TOTAL USES	147,875,401	193,838,803	187,331,030	6,507,773
CHANGE IN FUNDS AVAILABLE	12,425,399	30,283,457	(1,714,494)	(31,997,951)
FUNDS AVAILABLE - January 1	28,104,690	28,104,690	31,321,815	3,217,125
FUNDS AVAILABLE - December 31	<u>\$ 40,530,089</u>	<u>\$ 58,388,147</u>	29,607,321	<u>\$ (28,780,826)</u>
Less: Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 29,607,321</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 29,607,321	
Add: Current year operating encumbrances			1,652,067	
Carryforward of continuing appropriations			46,810,650	
Deferred charges			686,051	
Adjust investments to fair value			886,355	
Assets not available for appropriation			6,266,521	
Long-term interfund receivables			—	
Equity in joint venture			2,642,906	
Capital assets net of depreciation			543,998,799	
Inventories			—	
Less: Current portion of long-term debt			(10,289,007)	
Long-term debt			<u>(130,766,243)</u>	
NET ASSETS - December 31			<u>\$ 491,495,420</u>	

Sewer				Golf			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ 24,781,500	\$ 24,781,500	\$ 25,580,371	\$ 798,871	\$ 9,811,500	\$ 9,811,500	\$ 8,205,072	\$ (1,606,428)
2,159,400	2,159,400	1,486,958	(672,442)	100,000	100,000	126,078	26,078
4,400,700	4,400,700	5,562,887	1,162,187	200,000	200,000	436,087	236,087
10,200	10,200	42,575	32,375	—	—	858	858
—	—	—	—	—	—	—	—
256,000	256,000	256,000	—	—	—	—	—
—	—	—	—	—	—	—	—
31,607,800	31,607,800	32,928,791	1,320,991	10,111,500	10,111,500	8,768,095	(1,343,405)
23,884,074	24,104,647	22,665,925	1,438,722	9,820,800	9,923,563	8,522,195	1,401,368
343,435	199,812	—	199,812	195,384	102,591	—	102,591
8,479,800	9,197,114	9,197,114	—	115,000	1,415,000	1,415,000	—
32,707,309	33,501,573	31,863,039	1,638,534	10,131,184	11,441,154	9,937,195	1,503,959
(1,099,509)	(1,893,773)	1,065,752	2,959,525	(19,684)	(1,329,654)	(1,169,100)	160,554
12,686,917	12,686,917	13,521,651	834,734	322,645	322,645	1,224,026	901,381
<u>\$ 11,587,408</u>	<u>\$ 10,793,144</u>	14,587,403	<u>\$ 3,794,259</u>	<u>\$ 302,961</u>	<u>\$ (1,007,009)</u>	54,926	<u>\$ 1,061,935</u>
		—				(188,013)	
		<u>\$ 14,587,403</u>				<u>\$ (133,087)</u>	
		\$ 14,587,403				\$ 54,926	
		454,987				6,165	
		16,681,854				561,606	
		55,996				88,150	
		315,153				27,320	
		5,244,407				1,265,398	
		5,632,000				—	
		—				—	
		230,211,703				34,286,248	
		—				295,109	
		(1,484,254)				(798,138)	
		<u>(17,598,065)</u>				<u>(11,093,285)</u>	
		<u>\$ 254,101,184</u>				<u>\$ 24,693,499</u>	





DEBT CONTINUING DISCLOSURES

EXHIBIT H-1**CITY OF AURORA, COLORADO****SUMMARY OF CONTINUING DISCLOSURES BY ISSUE (unaudited)
DECEMBER 31, 2003**

GENERAL OBLIGATION BONDS, SERIES 1998
GENERAL FUND BONDS, SERIES 1999
GENERAL OBLIGATION BONDS, SERIES 2000
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2003
GENERAL OBLIGATION WATER REFUNDING BONDS, SERIES 2003
CERTIFICATES OF PARTICIPATION, SERIES 2000
CERTIFICATES OF PARTICIPATION, SERIES 2002

Required Disclosure	Location
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 G-3
Long-term Debt Schedules	Schedule of Debt Service Requirements Governmental Activities, Exhibit G-2 Business-type Activities, Exhibit G-3
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

AURORA URBAN RENEWAL AUTHORITY (AURA)
TAX INCREMENT REVENUE REFUNDING BONDS, SERIES 1996

Required Disclosure	Location
AURA Operating History	Exhibit H-5
City Center Urban Renewal Project Area Revenue Statistics	Exhibit H-6

GENERAL OBLIGATION WATER REFUNDING BONDS, SERIES 1996

Required Disclosure	Location
Water Fund Operating History	Exhibit H-7
Water System Statistics	Exhibit H-8

DRINKING WATER REVENUE BONDS, SERIES 1999

Required Disclosure	Location
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

EXHIBIT H-1**CITY OF AURORA, COLORADO****SUMMARY OF CONTINUING DISCLOSURES BY ISSUE (unaudited)
DECEMBER 31, 2003**

FIRST-LIEN WATER IMPROVEMENT REVENUE BONDS, SERIES 2003A

Required Disclosure	Location
Water Fund Operating History	Exhibit H-7
Water System Statistics	Exhibit H-8
Water Fund Subsequent Year Budget Summary	Exhibit H-9
Maximum Annual Debt Service Coverage	Exhibit H-10
Historical Water Revenue Bond Coverage	Statistical Section, Exhibit xv

CLEAN WATER REVENUE BONDS, SERIES 1999

Required Disclosure	Location
Sewer Fund Operating History	Exhibit H-11
Sewer System Statistics	Exhibit H-12
Sewer Fund Subsequent Year Budget Summary	Exhibit H-13
Historical Sewer Revenue Bond Coverage	Statistical Section, Exhibit xv

**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:

Required Disclosure	Location
Sewer Fund Comparative Statement	Exhibit H-11
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

GOLF COURSE ENTERPRISE SYSTEM REVENUE BONDS, SERIES 1995

Required Disclosure	Location
Golf Fund Operating History	Exhibit H-14
Golf System Statistics	Exhibit H-15
Historical Golf Revenue Bond Coverage	Statistical Section, Exhibit xv

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) (unaudited)
FOR THE YEARS ENDED DECEMBER 31:**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
REVENUES					
Taxes	\$ 146,466,221	\$ 161,167,947	\$ 167,908,642	\$ 170,711,350	\$ 172,943,411
Charges for services	5,320,922	4,733,638	5,494,548	7,828,923	8,128,459
License and permits	5,373,101	6,005,710	7,140,457	9,394,758	8,902,351
Fines and forfeits	3,369,937	3,438,155	3,976,993	4,117,733	4,547,241
Intergovernmental	10,924,976	10,534,892	10,574,570	10,577,025	10,468,042
Miscellaneous	1,800,095	1,538,179	307,393	494,292	1,304,765
Investment earnings	1,771,553	4,395,780	4,360,951	2,968,227	1,591,078
Total revenues	<u>175,026,805</u>	<u>191,814,301</u>	<u>199,763,554</u>	<u>206,092,308</u>	<u>207,885,347</u>
EXPENDITURES					
<i>Current</i>					
General government	17,480,978	19,767,785	21,912,079	20,748,773	22,962,760
Judicial	4,999,802	5,348,338	5,652,744	6,014,746	6,199,550
Police	50,297,881	51,339,969	54,552,376	55,777,386	58,673,875
Fire	23,038,179	24,816,174	26,416,519	27,142,172	28,440,321
Other public safety	—	—	56,120	1,001,972	4,266,753
Public works	14,229,905	15,243,777	16,076,666	16,266,044	16,238,226
Economic development	7,545,684	8,719,143	9,928,287	12,473,284	12,633,602
Community services	3,801,747	4,051,558	4,437,470	4,430,434	4,699,139
Culture and recreation	13,551,654	15,181,320	16,663,752	17,034,518	17,531,890
<i>Debt service</i>					
Principal	240,330	530,474	570,508	519,071	392,362
Interest	63,668	47,599	103,566	59,002	29,391
Capital outlay	3,459,620	5,687,250	6,357,497	4,558,741	1,626,719
Total expenditures	<u>138,709,448</u>	<u>150,733,387</u>	<u>162,727,584</u>	<u>166,026,143</u>	<u>173,694,588</u>
Excess of revenues over expenditures	36,317,357	41,080,914	37,035,970	40,066,165	34,190,759
Net other financing uses (2)	<u>(25,726,731)</u>	<u>(38,785,161)</u>	<u>(40,997,569)</u>	<u>(32,513,065)</u>	<u>(43,277,367)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	10,590,626	2,295,753	(3,961,599)	7,553,100	(9,086,608)
FUND BALANCE - January 1	<u>45,992,628</u>	<u>56,583,254</u>	<u>58,879,007</u>	<u>54,917,408</u>	<u>62,470,508</u>
FUND BALANCE - December 31	<u>\$ 56,583,254</u>	<u>\$ 58,879,007</u>	<u>\$ 54,917,408</u>	<u>\$ 62,470,508</u>	<u>\$ 53,383,900</u>

- (1) This schedule contains the activities of the General Fund, the TABOR Reserve Fund and the Policy Reserve Fund.
- (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) (unaudited)
FOR THE YEARS ENDED DECEMBER 31:

	1999		2000		2001		2002		2003	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
SOURCES										
Taxes	\$ 144,895,863	\$ 141,129,591	\$ 160,034,815	\$ 160,276,323	\$ 169,523,730	\$ 170,895,593	\$ 170,137,773	\$ 184,242,300	\$ 172,183,351	\$ 176,221,696
Licenses and permits	5,373,101	4,940,672	6,005,710	5,765,159	7,140,457	6,625,896	9,394,758	11,009,000	8,902,351	7,375,642
Intergovernmental	9,892,500	10,121,433	10,534,892	10,182,238	10,574,569	10,867,694	10,577,025	9,061,900	10,468,042	10,358,686
Charges for services	5,202,091	5,088,697	4,733,638	5,478,072	5,363,638	5,330,439	7,828,923	7,902,335	8,128,462	7,925,547
Fines and forfeitures	3,369,937	3,595,787	3,438,155	3,441,115	3,976,992	3,595,965	4,117,734	3,739,800	4,547,241	4,299,360
Investment income	2,469,749	2,562,100	3,501,043	2,760,501	3,553,421	3,775,170	2,725,909	2,710,800	2,415,575	2,919,688
Other revenues	3,606,321	2,394,739	3,213,691	1,335,844	956,462	1,294,332	2,199,095	2,208,100	4,109,157	2,927,029
Total sources	<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>	<u>210,754,179</u>	<u>212,027,648</u>
USES										
Municipal Court	3,696,769	3,913,607	3,901,719	4,352,706	4,190,707	4,510,802	4,383,307	4,601,156	7,758,292	7,888,379
City Attorney	3,171,487	3,171,487	3,361,806	3,600,179	3,758,518	3,980,100	3,926,905	4,101,712	4,153,348	4,501,297
General Management	8,073,104	8,315,878	9,302,845	9,678,135	10,496,629	11,192,924	10,320,560	11,820,596	11,387,231	11,843,397
Administrative Services	11,499,307	11,678,053	13,987,001	14,111,288	14,520,479	14,967,280	20,757,649	21,145,867	20,245,984	20,386,054
Operations Group Management	29,724,261	30,047,798	32,317,191	33,194,954	33,898,020	34,961,564	31,772,322	32,584,238	33,024,532	33,311,943
Community Services	84,896,006	85,359,041	89,406,218	89,463,347	94,551,719	94,773,996	95,937,639	97,704,368	101,134,022	101,853,392
Non-departmental	24,721,542	25,096,800	39,872,925	42,190,172	41,368,407	44,353,609	32,839,975	32,110,761	42,475,550	48,538,526
Total uses	<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>	<u>220,178,959</u>	<u>228,322,988</u>
Excess (deficiency) of revenues over (under) expenditures	9,027,086	2,250,355	(687,761)	(7,351,529)	(1,695,210)	(6,355,186)	7,042,860	16,805,537	(9,424,780)	(16,295,340)
FUNDS AVAILABLE - January 1	<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>	<u>46,357,156</u>	<u>43,323,692</u>
FUNDS AVAILABLE - December 31	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>	36,932,376	<u>\$ 27,028,352</u>
Reserved for police	(11,308,354)		(10,566,835)		(9,055,714)		(5,756,571)		(117,137)	
Reserved for emergencies	(5,057,863)		(5,374,017)		(5,689,636)		(5,983,754)		(6,277,268)	
Council designations	<u>(9,273,474)</u>		<u>(5,396,000)</u>		<u>(4,440,000)</u>		<u>(11,118,668)</u>		<u>(5,791,519)</u>	
Funds available - after reservations and designations	<u>\$ 16,057,576</u>		<u>\$ 19,672,654</u>		<u>\$ 20,128,946</u>		<u>\$ 23,498,163</u>		<u>\$ 24,746,452</u>	
Reconciliation to GAAP fund balance										
Funds available - December 31	41,697,267		41,009,506		39,314,296		46,357,156		36,932,376	
Current year encumbrances	2,000,167		2,955,812		1,496,980		1,164,157		1,593,938	
Sales, use and lodgers tax accrual	13,615,783		14,748,915		13,133,827		13,707,404		14,467,465	
Adjust investments to fair value	(729,963)		164,774		972,304		1,214,622		390,121	
Assets not available for appropriation	<u>—</u>		<u>—</u>		<u>—</u>		<u>27,169</u>		<u>—</u>	
FUND BALANCE - December 31	<u>\$ 56,583,254</u>		<u>\$ 58,879,007</u>		<u>\$ 54,917,407</u>		<u>\$ 62,470,508</u>		<u>\$ 53,383,900</u>	

- (1) This schedule contains the activities of the General Fund, the TABOR Reserve Fund, and the Policy Reserve Fund.
(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 (unaudited)
FOR THE YEARS ENDED DECEMBER 31:**

GROSS GENERAL OBLIGATION DEBT	
Years Ended	Total Outstanding Debt (1)
1999	\$ 120,070,000
2000	158,845,000
2001	145,095,000
2002	131,295,000
2003	121,020,000

(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 (unaudited)
FOR THE YEARS ENDED DECEMBER 31:**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
REVENUES					
<i>Taxes</i>					
Sales	\$ 593,163	\$ 642,217	\$ 691,419	\$ 685,410	\$ 623,922
Property	314,666	630,583	662,337	610,456	486,559
Occupational privilege	—	—	—	—	14,686
Total taxes	907,829	1,272,800	1,353,756	1,295,866	1,125,167
Investment income	205,495	107,977	49,139	22,578	10,894
Total revenues	<u>1,113,324</u>	<u>1,380,777</u>	<u>1,402,895</u>	<u>1,318,444</u>	<u>1,136,061</u>
EXPENDITURES					
<i>Current</i>					
Economic development	7,383	1,250	4,775	7,324	2,500
<i>Debt Service</i>					
Principal	235,000	250,000	260,000	270,000	285,000
Interest	161,907	144,260	137,642	124,252	109,942
Total expenditures	<u>404,290</u>	<u>395,510</u>	<u>402,417</u>	<u>401,576</u>	<u>397,442</u>
Excess of revenues over expenditures	709,034	985,267	1,000,478	916,868	738,619
OTHER FINANCING SOURCES (USES)					
Transfers in	265,000	—	—	—	—
Transfers out	<u>(3,435,720)</u>	<u>(1,600,000)</u>	<u>(600,000)</u>	<u>(867,400)</u>	<u>(1,050,000)</u>
Total other financing uses	<u>(3,170,720)</u>	<u>(1,600,000)</u>	<u>(600,000)</u>	<u>(867,400)</u>	<u>(1,050,000)</u>
CHANGE IN FUND BALANCE	(2,461,686)	(614,733)	400,478	49,468	(311,381)
FUND BALANCE - January 1	<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>
FUND BALANCE - December 31	<u>\$ 1,673,750</u>	<u>\$ 1,059,017</u>	<u>\$ 1,459,495</u>	<u>\$ 1,508,963</u>	<u>\$ 1,197,582</u>

EXHIBIT H-6**CITY OF AURORA, COLORADO****AURORA URBAN RENEWAL AUTHORITY****CITY CENTER URBAN RENEWAL PROJECT AREA REVENUE STATISTICS (unaudited)****FOR THE YEARS ENDED DECEMBER 31:**

Sales tax collection in the City Center Urban Renewal Project

Collection Year	Sales taxes Collected (1)
1999	\$ 593,163
2000	642,217
2001	691,419
2002	685,410
2003	623,922

- (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.

Incremental Assessed Valuation of Taxable Property

Collection Year	Incremental Assessed Valuation	Property Tax Increment
1999	\$ 3,628,490	\$ 322,018
2000	8,090,420	646,878
2001	8,728,579	662,337
2002	8,168,440	626,683
2003	6,685,640	504,297

EXHIBIT H-6**CITY OF AURORA, COLORADO****AURORA URBAN RENEWAL AUTHORITY****CITY CENTER URBAN RENEWAL PROJECT AREA REVENUE STATISTICS (unaudited)****DECEMBER 31, 2003**

Mill Levies and Overlapping Taxing Entities
Tax Year/Collection Year

Overlapping Entities	1998/99	1999/2000	2000/01	2001/02	2002/03
City of Aurora	11.507	11.796	10.594	12.193	11.409
Arapahoe County	15.549	13.706	14.013	14.028	14.594
Adams-Arapahoe School District 28J	60.935	53.799	53.686	49.978	49.825
Urban Drainage and Flood Control	0.756	0.657	0.667	0.521	0.602
	<u>88.747</u>	<u>79.958</u>	<u>78.960</u>	<u>76.720</u>	<u>76.430</u>

Businesses Operating in the City Center Urban Renewal Project Area

Name	Type of Business	Square Feet of Space
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	12,037

EXHIBIT H-7

CITY OF AURORA, COLORADO

WATER FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (unaudited)
FOR THE YEARS ENDED DECEMBER 31:

	1999	2000	2001	2002	2003
OPERATING REVENUES					
<i>Charges for services</i>					
Customers	\$ 32,717,931	\$ 35,424,375	\$ 36,679,763	\$ 39,572,229	\$ 40,503,938
Fire protection	341,182	345,164	354,277	365,107	384,297
Total operating revenues	33,059,113	35,769,539	37,034,040	39,937,336	40,888,235
OPERATING EXPENSES					
Cost of sales and services	14,364,700	15,907,405	21,212,186	20,899,356	27,317,673
Administrative expenses	1,266,113	800,353	752,815	1,062,065	1,376,473
Depreciation	15,732,653	4,926,964	4,988,693	7,704,258	6,662,885
Total operating expenses	31,363,466	21,634,722	26,953,694	29,665,679	35,357,031
Operating income	1,695,647	14,134,817	10,080,346	10,271,657	5,531,204
NON-OPERATING REVENUES (EXPENSES)					
Investment income	1,577,655	3,254,077	4,931,884	4,083,444	1,869,029
Intergovernmental revenue	—	—	807,405	—	—
Miscellaneous revenue	—	212,369	38,900	36,954	198,638
Interest expense	(4,364,624)	(3,957,674)	(3,681,945)	(3,847,047)	(4,226,163)
Amortization expense	(822,481)	(867,668)	(718,646)	(561,349)	(1,022,047)
Gain (loss)-disposal capital assets	(5,467,719) (1)	35,800	(5,176,352) (2)	22,148	(425,383)
Gain (loss)-joint venture	(111,107)	(82,606)	(64,430)	(58,565)	(39,052)
Net non-operating revenues (expenses)	(9,188,276)	(1,405,702)	(3,863,184)	(324,415)	(3,644,978)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(7,492,629)	12,729,115	6,217,162	9,947,242	1,886,226
Capital contributions	15,951,041	19,338,177	34,214,004	35,104,621	32,656,102
Transfers in	—	—	—	2,529,927	—
Transfers out	—	—	—	(2,541,372)	—
INCREASE IN NET ASSETS	8,458,412	32,067,292	40,431,166	45,040,418	34,542,328
NET ASSETS - January 1	330,955,804	339,414,216	371,481,508	411,912,674	456,953,092
NET ASSETS - December 31	\$ 339,414,216	\$ 371,481,508	\$ 411,912,674	\$ 456,953,092	\$ 491,495,420

(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.

(2) Loss is due to write-off of water rights in progress.

EXHIBIT H-8**CITY OF AURORA, COLORADO****WATER FUND****WATER SYSTEM STATISTICS (unaudited)
FOR THE YEARS ENDED DECEMBER 31:****Water Taps, Miles of Pipe, Gallons Supplied and Daily Average Consumption**

Year	Total Number of Water Taps (1)	Total Miles of Water Pipe	Millions Gallons Supplied	Daily Average Consumption (in Millions of Gallons)	Metered Sales
1999	61,366	1,013	16,076	44.0	\$ 31,207,116
2000	63,409	1,056	18,991	51.9	33,888,457
2001	64,845	1,073	18,341	50.2	34,655,966
2002	65,933	1,102	16,790	46.0	36,986,939
2003	67,953	1,151	13,090	35.9	37,539,212

(1) Includes inactive and stubbed taps.

System Raw Supply, Outflow and Storage (acre feet)

Year	Gross Raw Water System Yield (1)	Lease Water Purchases	Outflow (2)	End of Year Storage (3)
1999	66,856	5,000	56,517	121,856
2000	44,693	5,000	76,688	94,861
2001	68,452	5,000	84,281	84,032
2002	21,923	—	64,172	41,783
2003	74,079	9,242	56,266	68,838

(1) The quantity of water flowing into the raw water system.

(2) The quantity of water flowing from the water system and includes water supplied to the City's customers and water system losses (e.g. reservoir losses and stream transit losses).

(3) Total quantity of water in the City's raw water reservoirs on December 31 of each year.

EXHIBIT H-8**CITY OF AURORA, COLORADO****WATER FUND****WATER SYSTEM STATISTICS (unaudited)****DECEMBER 31, 2003**

The Enterprise classifies its System customers as business, residential and other.
A breakdown of the usage and revenues for 2003 is as follows:

2003 Water Usage and Revenues by Classification

Classification	Percent of Consumption	Percent of Billed
Business	14%	15%
Residential	69%	70%
Other (1)	<u>17%</u>	<u>15%</u>
	<u>100%</u>	<u>100%</u>

(1) Includes tertiary, irrigation and raw water customers.

Customers by Class

	2001	2002	2003
Apartments	1,385	1,484	1,539
Commercial	2,464	2,514	2,553
Residential	56,151	56,888	57,538
Townhouse	2,918	3,189	3,396
Irrigation	643	711	691
Total	<u>63,561</u>	<u>64,786</u>	<u>65,717</u>

EXHIBIT H-8**CITY OF AURORA, COLORADO****WATER FUND****WATER SYSTEM STATISTICS (unaudited)****DECEMBER 31, 2003**

The following table sets forth the ten largest consumers of the Water System, which, in aggregate, accounted for 7.8% of the total billed metered water sales in 2003.

Ten Largest Treated Water Customers of Water System

Customer	Consumption (1)	Billed Revenues
City of Aurora	283,340	\$ 966,420
Aurora Public Schools	202,892	570,816
Cherry Creek School District	121,932	325,710
Heather Gardens HOA	114,895	311,908
Buckley Air Base	100,961	287,914
HEAT Campus	91,851	274,930
Mountain View Apartment	48,272	135,909
AOF/Riverfalls Affordable Housing	44,742	121,956
The Medical Center of Aurora	43,891	114,266
Woodridge Apartment	36,775	94,053
	<u>1,089,551</u>	<u>\$3,203,882</u>

(1) In thousand gallons.

EXHIBIT H-8

CITY OF AURORA, COLORADO

WATER FUND

WATER SYSTEM STATISTICS (unaudited)

FOR THE YEARS ENDED DECEMBER 31:

Monthly Service Charge (1)				
	2001	2002	2003	
Meter Size				
5/8" & 3/4"	\$ 2.69	\$ 2.87	\$ 3.30	
1"	3.69	3.94	4.53	
1 1/4"	3.69	3.94	4.53	
1 1/2"	5.91	6.32	7.26	
2"	8.58	9.18	10.55	
3"	17.00	18.19	20.91	
4"	45.83	49.03	56.38	
6"	90.17	96.48	110.95	
8"	112.36	120.22	138.25	

Base Use Rates per 1,000 Gallons (1)				
	2001	2002	2003	
Type of Account				
Single Family Detached	\$ 1.91	\$ 2.04	\$ 2.34	
Single Family Attached	1.91	2.04	2.34	
Multi-Family	1.91	2.04	2.34	
Commercial	1.91	2.04	2.34	
Irrigation	2.29	2.45	2.81	

Water Service Connection Fee				
	2001	2002	2003	
Type and Size of Connection				
Single Family Detached				
5/8" & 3/4"	\$ 6,846	\$ 6,846	\$ 10,711	
1"	13,958	13,958	21,422	
Single Family Attached	5,759	5,759	7,605	
Multi-Family	4,252	4,252	6,319	
Commercial				
5/8" & 3/4"	6,846	6,846	10,711	
1"	13,958	13,958	18,551	
1 1/2"	31,437	31,437	42,748	
2"	55,833	55,833	75,920	
3"	125,534	125,534	170,699	
4"	223,330	223,330	303,679	
6"	502,742	502,742	683,521	
8"	893,783	893,783	1,215,335	

(1) Monthly fee equals the Monthly Service Charge (based on meter size) plus a charge per 1,000 gallons used.

EXHIBIT H-8**CITY OF AURORA, COLORADO****WATER FUND****WATER SYSTEM STATISTICS (unaudited)****FOR THE YEARS ENDED DECEMBER 31:**

Tap and Development Fee Revenues

Year	Tap Fee Revenues	Development Fee Revenue	Total Tap and Development Fees
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
2003	22,718,429	1,106,648	23,825,077

**Average Daily and Peak Day Demand
In Millions of Gallons**

	1999	2000	2001	2002	2003
Average Daily Treatment	44.3	53.1	52.3	48.4	37.2
Average Daily Consumption	44.0	51.9	50.3	45.9	35.9
Peak Day Treatment	101.8	115.4	118.8	94.2	76.2
Peak Day Consumption	97.1	111.5	109.1	86.8	71.4

EXHIBIT H-9**CITY OF AURORA, COLORADO****WATER FUND****SUBSEQUENT YEAR BUDGET SUMMARY (unaudited)****DECEMBER 31, 2003**

**Water Fund Adopted Budget
2004**

Funds Available - January 1	<u>\$83,275,315</u>
Sources	
Bond Proceeds	—
Charges for	48,302,615
Investment Income	2,716,974
Development Fees	17,478,310
Annexation Fees	7,052,866
Other Revenues	34,680
Proceeds - Sale of Fixed Assets	<u>55,182</u>
Total Sources	75,640,627
Uses	
Personal Services	12,584,328
Supplies and	19,882,696
Interfund Charges	1,004,671
Debt Related	20,860,000
Capital Related	1,608,000
Contingency	285,000
Capital Projects	<u>44,983,988</u>
Total Uses	<u>101,208,683</u>
Funds Available - December 31	<u><u>\$57,707,259</u></u>

EXHIBIT H-10

CITY OF AURORA, COLORADO

WATER FUND

MAXIMUM ANNUAL DEBT SERVICE COVERAGE (unaudited)

FOR THE YEARS ENDED DECEMBER 31:

	2001	2002	2003	
Net Pledged Revenue				
Charges for Services	\$37,034,040	\$39,937,336	\$40,888,235	(1)
Development Fee (2)	23,129,951	18,209,578	22,932,846	(1)
Other Non-Operating Revenue (3)	3,517,226	3,722,649	3,262,024	(1)
(Less) Operations and Maintenance	(26,953,694)	(29,665,679)	(35,357,030)	(1)
Depreciation	4,988,693	7,704,258	6,662,885	(1)
Total	<u>\$41,716,216</u>	<u>\$39,908,142</u>	<u>\$38,388,960</u>	(1)
Maximum Annual Debt Service				
First-Lien Revenue Obligations (4)	\$6,393,273	\$6,393,273	\$6,393,273	
All Obligations Secured by Net Pledged Revenue (5)	6,455,963	6,455,963	6,455,963	
All Obligations Payable From System Revenues (6)	15,912,549	15,912,549	15,912,549	
Coverage				
First-lien Obligations	6.53x	6.24x	6.00x	
All Obligations Secured by Net Pledged Revenues	6.46x	6.18x	5.95x	
All Obligations Payable from Systems Revenues	2.62x	2.51x	2.41x	

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- (1) Estimated unaudited information.
- (2) Includes tap, main extension, and front footage fees and draught water replacement surcharge. Does not include annexation fees.
- (3) Includes investment income, insurance recoveries and other non-operating revenue.
- (4) First lien maximum annual debt service occurs in 2014. The City's portion of the Colorado Water Resources and Power Development Authority's Drinking Water Bonds Series 1999 A and the City's First Lien Water Improvement Revenue Bonds Series 2003 A.
- (5) Includes water rights notes payable. Maximum annual debt service occurs in 2005.
- (6) Includes general obligation water bonds outstanding as of December 31, 2003 which are payable from revenues of the System but are not secured by the Net Pledged Revenues. Maximum annual debt service occurs in 2005.

EXHIBIT H-11**CITY OF AURORA, COLORADO****SEWER FUND****COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (unaudited)
FOR THE YEARS ENDED DECEMBER 31:**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
OPERATING REVENUES					
Charges for services	\$ 21,518,092	\$ 21,648,210	\$ 22,606,204	\$ 24,252,421	\$ 25,580,371
Total operating revenues	<u>21,518,092</u>	<u>21,648,210</u>	<u>22,606,204</u>	<u>24,252,421</u>	<u>25,580,371</u>
OPERATING EXPENSES					
Cost of sales and services	15,906,157	16,451,340	17,197,409	18,445,740	20,538,865
Administrative expenses	709,671	656,938	617,061	572,889	437,459
Depreciation	<u>2,698,842</u>	<u>2,925,103</u>	<u>3,001,034</u>	<u>3,276,174</u>	<u>3,550,451</u>
Total operating expenses	<u>19,314,670</u>	<u>20,033,381</u>	<u>20,815,504</u>	<u>22,294,803</u>	<u>24,526,775</u>
Operating income	<u>2,203,422</u>	<u>1,614,829</u>	<u>1,790,700</u>	<u>1,957,618</u>	<u>1,053,596</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	1,690,088	2,902,336	2,902,973	1,868,038	936,271
Miscellaneous revenue	105,101	36,714	45,475	5,160	6,956
Interest expense	(121)	(363,187)	78,517	—	(180,069)
Amortization expense	(47,098)	(92,205)	(28,836)	(20,241)	(8,206)
Gain (loss)-disposal capital assets	<u>(169,534)</u>	<u>(37,254)</u>	<u>7,657</u>	<u>(352,331)</u>	<u>(168,428)</u>
Net non-operating revenues (expenses)	<u>1,578,436</u>	<u>2,446,404</u>	<u>3,005,786</u>	<u>1,500,626</u>	<u>586,524</u>
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFER	<u>3,781,858</u>	<u>4,061,233</u>	<u>4,796,486</u>	<u>3,458,244</u>	<u>1,640,120</u>
Capital contributions	5,976,898	12,298,908	18,687,969	18,222,827	19,050,164
Transfers in	—	—	—	1,059,955	—
Transfers out	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,050,948)</u>	<u>—</u>
INCREASE IN NET ASSETS	<u>9,758,756</u>	<u>16,360,141</u>	<u>23,484,455</u>	<u>21,690,078</u>	<u>20,690,284</u>
NET ASSETS - January 1	<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>
NET ASSETS - December 31	<u>\$ 171,876,226</u>	<u>\$ 188,236,367</u>	<u>\$ 211,720,822</u>	<u>\$ 233,410,900</u>	<u>\$ 254,101,184</u>

EXHIBIT H-12**CITY OF AURORA, COLORADO****SEWER FUND****SEWER SYSTEM STATISTICS (unaudited)****DECEMBER 31, 2003**

The Sewer System classifies its customers as business and residential.
A breakdown of the usage and revenues for 2003 is as follows:

2003 Sewer Usage and Revenues by Classification

Classification	Percent of Consumption	Percent of Billed
Business	18%	18%
Residential	<u>82%</u>	<u>82%</u>
Totals	<u><u>100%</u></u>	<u><u>100%</u></u>

The following table sets forth the ten largest customers of the Sewer System, which, in aggregate, accounted for 4.6% of total billed Sewer revenues in 2003.

Ten Largest Customers of the Sewer System

Customer	Billed Revenues
Heather Gardens HOA	\$112,850
Buckley Air Force Base	100,777
Aurora Public Schools	78,035
Woodridge Apartments	65,936
The Medical Center of Aurora	63,203
Mountain View Apartments	56,261
AOF/Riverfalls Afford Housing	54,462
City of Aurora	52,921
Hickory Ridge Apartments	47,710
Aurora Meadows Apartments	<u>47,553</u>
	<u><u>\$679,708</u></u>

EXHIBIT H-12**CITY OF AURORA, COLORADO****SEWER FUND****SEWER SYSTEM STATISTICS (unaudited)****DECEMBER 31, 2003****Monthly Service Charge**

Meter Size	Monthly Service Charge
5/8" and	\$1.74
1" & 1 1/4"	4.35
1 1/2"	8.70
2"	13.92
3"	30.46
4"	87.05
6"	174.12
8"	280.29

Sanitary Sewer Tap Fees

Service Size (inches)	Single Family Detached	Single Family Attached (per unit)	Multi-Family (per unit)	Commercial
N/A	\$1,677	\$1,358	\$1,308	\$ —
5/8	1,677	—	—	—
3/4	1,677	—	—	3,186
1	1,677	—	—	7,547
1 1/2	—	—	—	18,447
2	—	—	—	33,540
3	—	—	—	70,434
4	—	—	—	127,452
6	—	—	—	(1)
8	—	—	—	(1)

Rates for the six inch and larger meters are based on a formula utilizing flow, BOD, TSS and TKN values.

EXHIBIT H-12**CITY OF AURORA, COLORADO****SEWER FUND****SEWER SYSTEM STATISTICS (unaudited)****DECEMBER 31, 2003**

Sewer Tap and Development Fee Revenues

Year	Tap Fee Revenue	Development Fee Revenue	Total Tap and Development Fees
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
2003	4,293,005	1,244,680	5,537,686

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 dwelling. For commercial and industrial building, 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-13**CITY OF AURORA, COLORADO****SEWER FUND****SUBSEQUENT YEAR BUDGET SUMMARY (unaudited)****DECEMBER 31, 2003**

**Sewer Fund Adopted Budget
2004**

Funds Available - January 1	<u>\$ 11,137,037</u>
Sources of funds	
Revenues	<u>72,872,537</u>
Total sources	72,872,537
Uses of funds	
Operating expenditures	22,611,506
Debt related	2,183,900
Capital projects	<u>27,999,181</u>
Total uses	<u>52,794,587</u>
Change in funds available	20,077,950
Funds Available - December 31	31,214,987
Principal receivable - loan to Golf	<u>256,000</u>
Adjusted funds available - December December 31	<u><u>\$ 31,470,987</u></u>

EXHIBIT H-14**CITY OF AURORA, COLORADO****GOLF FUND****COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (unaudited)
FOR THE YEARS ENDED DECEMBER 31:**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
OPERATING REVENUES					
Charges for services	<u>\$ 6,531,267</u>	<u>\$ 7,498,871</u>	<u>\$ 8,642,850</u>	<u>\$ 9,174,718</u>	<u>\$ 8,205,072</u>
Total operating revenues	<u>6,531,267</u>	<u>7,498,871</u>	<u>8,642,850</u>	<u>9,174,718</u>	<u>8,205,072</u>
OPERATING EXPENSES					
Cost of sales and services	5,689,690	6,849,643	6,423,757	6,477,046	6,441,702
Administrative expenses	719,302	869,758	977,998	791,437	760,487
Depreciation	<u>858,775</u>	<u>1,014,582</u>	<u>1,044,843</u>	<u>995,763</u>	<u>936,666</u>
Total operating expenses	<u>7,267,767</u>	<u>8,733,983</u>	<u>8,446,598</u>	<u>8,264,246</u>	<u>8,138,855</u>
Operating income (loss)	<u>(736,500)</u>	<u>(1,235,112)</u>	<u>196,252</u>	<u>910,472</u>	<u>66,217</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	281,567	248,319	180,636	161,467	69,095
Miscellaneous revenue	170,338	25,509	21,234	17,184	276,457
Interest expense	(261,427)	(341,914)	(781,896)	(685,294)	(592,380)
Amortization expense	(12,943)	(12,943)	(12,944)	(12,943)	(12,942)
Gain (loss)-disposal capital assets	<u>(183,035)</u>	<u>—</u>	<u>(69)</u>	<u>5,277</u>	<u>(62,436)</u>
Net non-operating revenues (expenses)	<u>(5,500)</u>	<u>(81,029)</u>	<u>(593,039)</u>	<u>(514,309)</u>	<u>(322,206)</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(742,000)</u>	<u>(1,316,141)</u>	<u>(396,787)</u>	<u>396,163</u>	<u>(255,989)</u>
Capital contributions	1,652,552	775,532	995,840	241,160	159,630
Transfers in	—	—	22,555	—	—
Transfers out	<u>—</u>	<u>(72,940)</u>	<u>(40,000)</u>	<u>—</u>	<u>(9,970)</u>
INCREASE (DECREASE) IN NET ASSETS	<u>910,552</u>	<u>(613,549)</u>	<u>581,608</u>	<u>637,323</u>	<u>(106,329)</u>
TOTAL NET ASSETS - January 1	<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>
TOTAL NET ASSETS - December 31	<u>\$24,194,446</u>	<u>\$ 23,580,897</u>	<u>\$ 24,162,505</u>	<u>\$ 24,799,828</u>	<u>\$ 24,693,499</u>

EXHIBIT H-15

CITY OF AURORA, COLORADO

GOLF FUND

GOLF COURSE ENTERPRISE SYSTEM STATISTICS (unaudited)

DECEMBER 31, 2003

Golf Course System Usage					
Course	1999	2000	2001	2002	2003
Meadow Hills	63,211	60,994	56,818	59,328	54,207
Aurora Hills	60,690	55,258	55,205	60,162	56,657
Springhill	54,146	50,250	48,237	45,240	42,072
Centre Hills	44,157	38,620	38,956	34,470	30,111
Saddle Rock	48,102	43,980	40,479	39,168	34,933
Fitzsimons	45,418	47,893	45,365	46,368	45,012
Murphy Creek	—	16,957	37,272	35,276	29,449

2003 Green Fee Rates							
	Meadow Hills	Aurora Hills	Spring-hill	Centre Hills (1)	Saddle Rock	Fitzsimons (2)	Murphy Creek
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 -	24.00	20.00	18.00	13.50	32.00	19.00	30.00
18-Hole Non-Resident -	26.00	22.00	20.00	16.50	40.00	21.00	38.00
18-Hole Resident Junior -	10.00	9.00	8.00	7.00	16.00	9.00	15.00
18-Hole Resident Senior -	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 -	5.75	5.00	4.50	4.00	8.00	5.00	7.50
9-Hole Resident Senior -	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. Continuing annual members \$450/year and \$2.00/9 holes.
- (2) Pursuant to an agreement with the Fitzsimons Redevelopment Authority (FRA), which expires on December 31, 2008, the City of Aurora presently operates the Fitzsimons course as part of its Golf Course Enterprise System. 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 FRA, a management fee payable to the golf enterprise, and a negotiated division of net income from the Fitzsimons course.





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

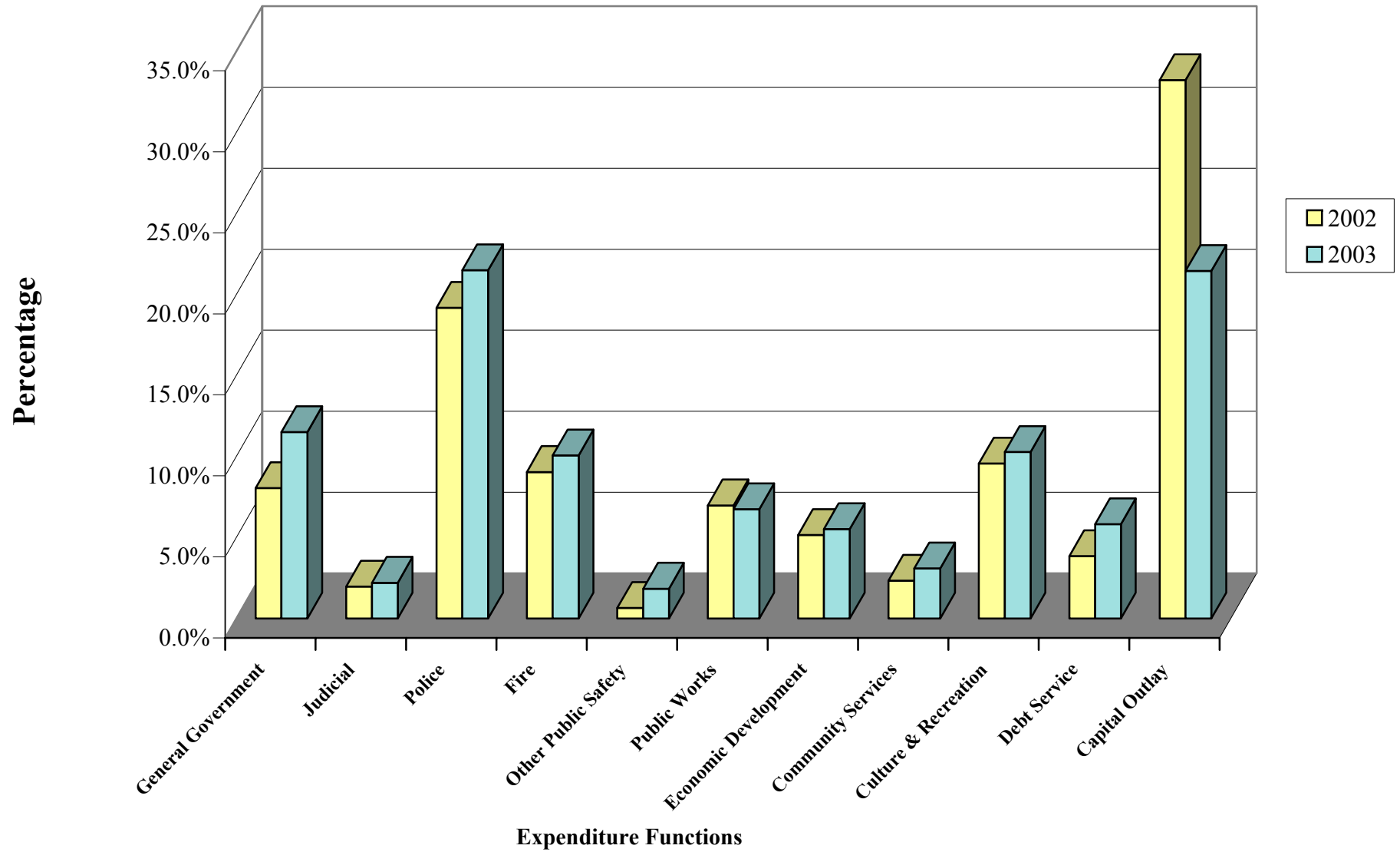
GOVERNMENTAL TAX REVENUES BY SOURCE

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, 2002 and 2003



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	8.5%	\$ 3,870,683	2.3%	\$ 35,545,263	21.5%	\$ 18,341,407	11.1%	\$ 455,301	0.3%	\$ 18,033,465	10.9%
1995	15,714,482	10.9%	4,098,143	2.9%	41,038,872	28.5%	18,940,073	13.2%	665,533	0.5%	18,036,234	12.5%
1996	17,225,004	10.9%	4,339,088	2.7%	44,876,908	28.4%	20,097,755	12.7%	398,065	0.3%	18,915,959	12.0%
1997	18,772,013	10.6%	4,527,730	2.6%	50,040,149	28.2%	22,047,080	12.4%	489,022	0.3%	22,602,759	12.8%
1998	18,336,940	9.8%	4,823,742	2.6%	50,114,775	26.8%	21,621,084	11.6%	690,903	0.4%	23,172,588	12.4%
1999	19,916,219	10.2%	5,102,251	2.6%	53,020,967	27.0%	23,137,015	11.8%	493,874	0.3%	30,177,441	15.4%
2000	20,195,218	9.4%	5,455,373	2.5%	54,624,074	25.5%	25,150,075	11.7%	2,082,171	1.0%	37,714,179	17.6%
2001	22,327,358	9.0%	5,745,870	2.3%	57,845,300	23.4%	26,756,286	10.8%	1,281,460	0.5%	21,822,624	8.8%
2002	24,912,153	8.1%	6,110,996	2.0%	59,326,105	19.2%	27,972,743	9.0%	2,001,654	0.6%	21,598,825	7.0%
2003	32,872,149	11.5%	6,296,056	2.2%	61,411,746	21.5%	28,758,597	10.1%	5,260,630	1.8%	19,260,674	6.7%

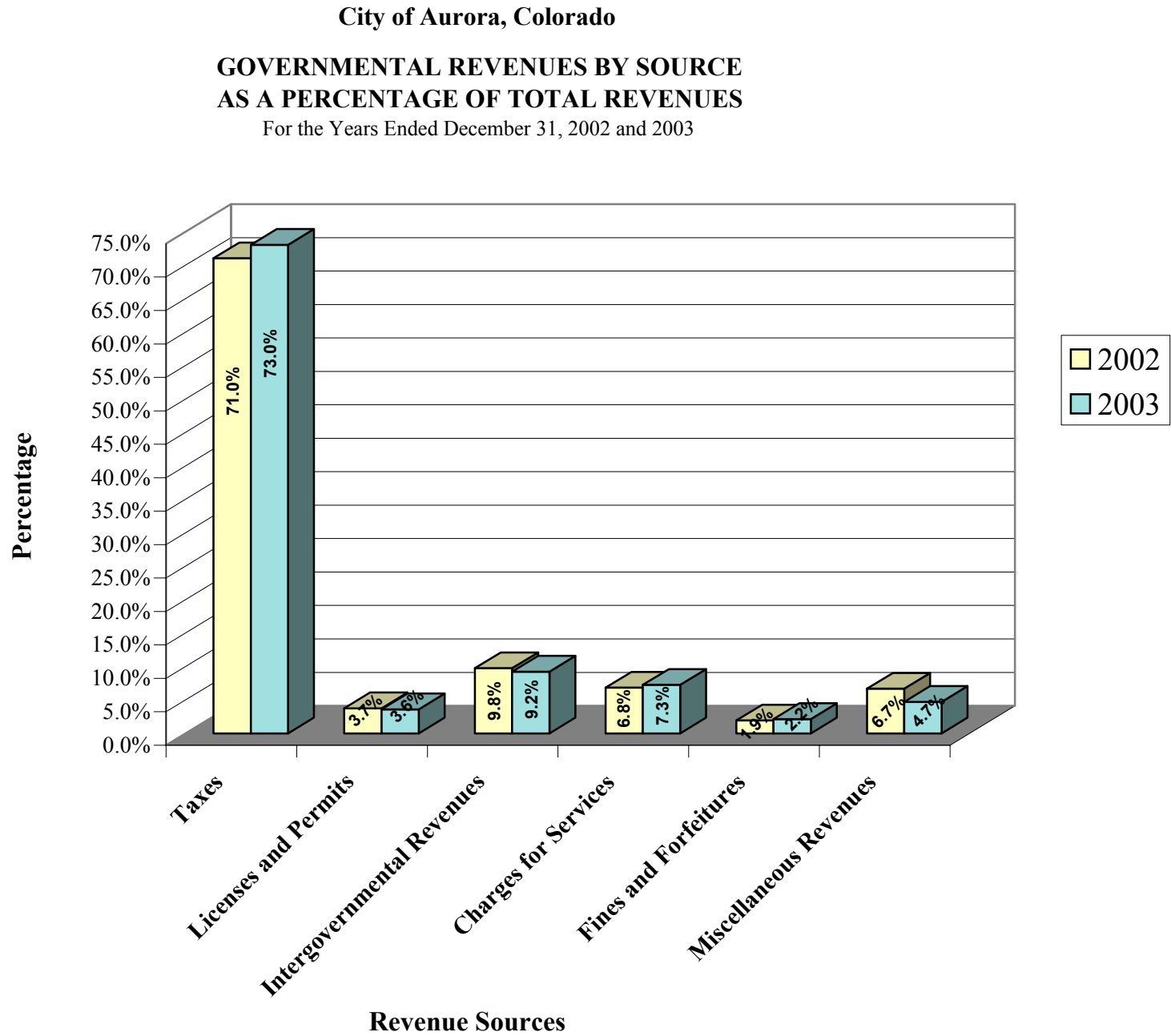
	Economic Development		Community Services		Culture and Recreation		Debt Service (b)		Capital Outlay (b)		Total Governmental Expenditures	
Year	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount (a)	%
1994	\$ 5,749,583	3.5%	\$ 5,603,881	3.4%	\$ 20,392,938	12.3%	\$ 8,129,575	4.9%	\$ 35,479,140	21.4%	\$ 165,662,326	100%
1995	6,177,298	4.3%	6,963,041	4.8%	20,884,682	14.5%	6,610,299	4.6%	4,653,327	3.2%	143,781,984	100%
1996	7,490,955	4.7%	5,863,878	3.7%	22,974,287	14.6%	8,264,898	5.2%	7,381,153	4.7%	157,827,950	100%
1997	8,569,693	4.8%	5,829,947	3.3%	23,902,684	13.5%	7,694,234	4.3%	12,753,584	7.2%	177,228,895	100%
1998	9,329,376	5.0%	6,796,644	3.6%	25,449,191	13.6%	7,978,217	4.3%	18,657,437	10.0%	186,970,897	100%
1999	10,447,573	5.3%	7,493,193	3.8%	27,376,586	14.0%	8,838,868	4.5%	10,074,621	5.1%	196,078,608	100%
2000	12,581,764	5.9%	7,830,788	3.7%	26,054,567	12.2%	8,915,212	4.2%	13,780,493	6.4%	214,383,914	100%
2001	14,461,822	5.9%	8,024,930	3.3%	28,574,815	11.6%	11,889,286	4.8%	48,011,080	19.5%	246,740,831	100%
2002	15,940,491	5.2%	7,233,833	2.3%	29,599,895	9.6%	11,904,610	3.8%	102,817,652	33.2%	309,418,957	100%
2003	15,753,060	5.5%	8,829,366	3.1%	29,364,357	10.3%	16,639,254	5.8%	61,302,113	21.5%	285,748,002	100%

Notes: This schedule includes General, Special Revenue, Debt Service and Capital Projects Funds expenditures.

(a) Amounts have been re-allocated, as applicable, from prior year totals to reflect GASB 34 presentation.

(b) Prior periods adjusted to include expenditures of the ACLC. Debt Service expenditures for the years 2000, 2001 and 2002, do not include the Certificates of Participation issued by ACLC in 2000, as debt service for this issuance was funded from capitalized interest, not the General Fund.

Exhibit iii



Notes: See Exhibit iv

Exhibit iv

City of Aurora, Colorado
GOVERNMENTAL REVENUES BY SOURCE
Last Ten Years

Year	Taxes (a)		Licenses and Permits		Intergovernmental Revenues (b)		Charges for Services (c)		Fines and Forfeitures		Miscellaneous Revenues (d)		Total Governmental Revenues
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
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
2003	180,250,803	73.0%	8,902,351	3.6%	22,780,958	9.2%	17,902,700	7.3%	5,312,628	2.2%	11,631,252	4.7%	246,780,692

Notes: This schedule includes General, Special Revenue, Debt Service, and Capital Projects Funds revenues.

(a) Tax revenues are derived primarily from sales and use taxes, property taxes and gross receipts business taxes.

(b) Intergovernmental revenues are primarily State shared revenues and governmental grants.

(c) Includes surcharge revenues.

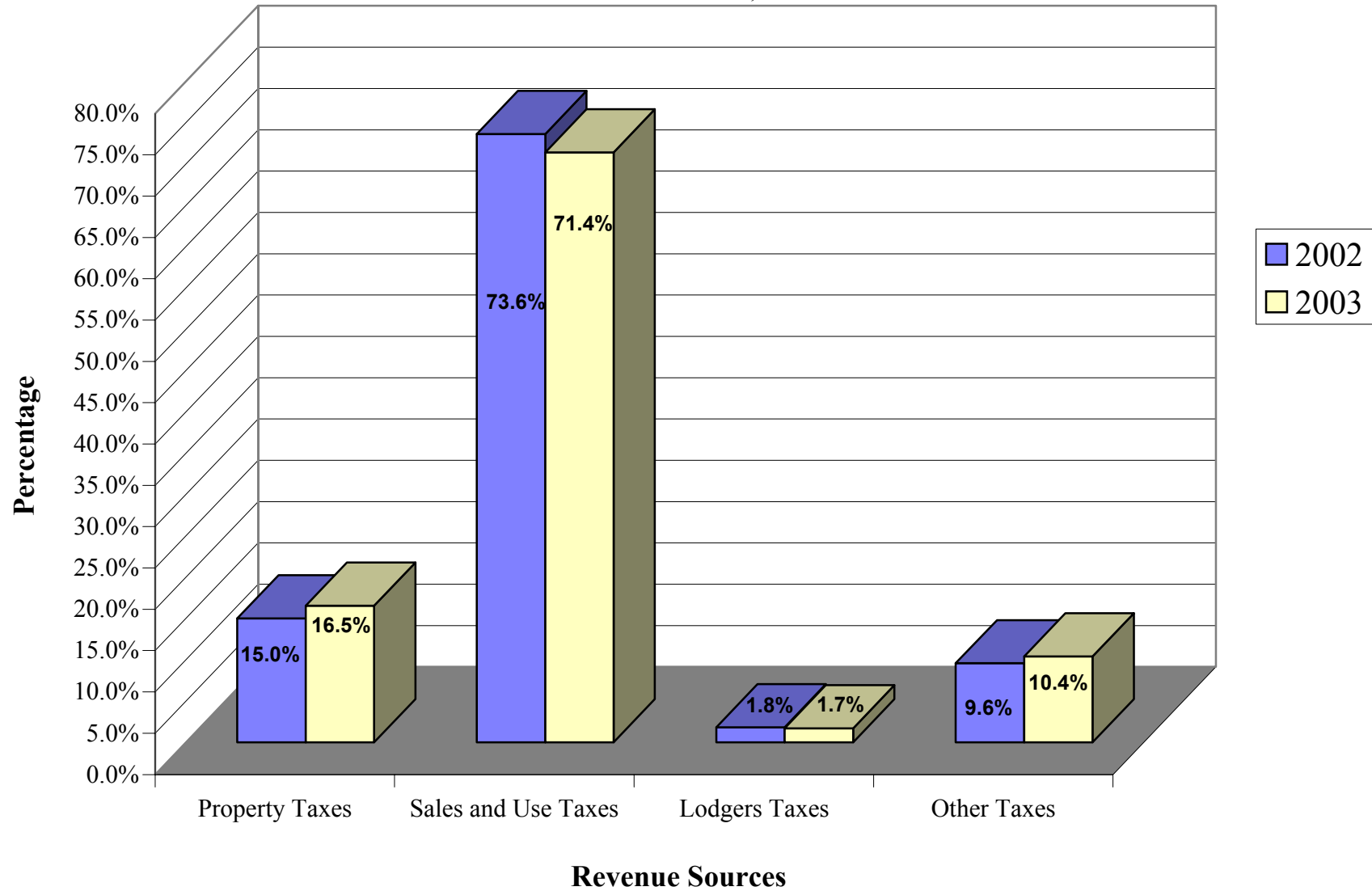
(d) Includes special assessments, miscellaneous revenues and investment income.

City of Aurora, Colorado

Exhibit v

**GOVERNMENTAL TAX REVENUES BY SOURCE
AS A PERCENTAGE OF TOTAL TAX REVENUES**

For the Years Ended December 31, 2002 and 2003



Notes: See Exhibit vi

Exhibit vi

City of Aurora, Colorado

GOVERNMENTAL TAX REVENUES BY SOURCE

Last Ten Years

Year	Property Tax (a)		Sales & Use Taxes		Lodgers Tax		Other Taxes (b)		Total Governmental Tax Revenues
	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
2003	29,799,273	16.5%	128,674,426	71.4%	3,044,341	1.7%	18,732,763	10.4%	180,250,803

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.

- (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.

In November, 2003, a majority of the City's electors authorized the City to collect, retain and spend a portion of 2003 property tax revenues which was in excess of the TABOR limits and would otherwise have to be refunded to the City's taxpayers. See "Constitutional Limitations on Taxes, Revenues, Borrowing and Spending". This amounted to \$2,039,130 for the period ended 2003.

- (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.

Exhibit vii

City of Aurora, Colorado

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			
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
2002	2003		27,738,843		27,468,922	99.03%	(164,695)		27,304,227	98.43%	- (d)	2,008,487	486,559	29,799,273

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 2004 are based on the 2003 assessment, which itself is based on property values as of June 30, 2002.

- (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) For collection years 1999, 2000 and 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.
- (d) In November, 2003, a majority of the City's electors authorized the City to collect, retain and spend a portion of 2003 property tax revenues which was in excess of the TABOR limits and would otherwise have to be refunded to the City's taxpayers. This amounted to \$2,039,130 for the period ended 2003.

City of Aurora, Colorado

Exhibit viii

SPECIAL ASSESSMENT COLLECTIONS

(Principal Only)

Last Ten Years

Collection Year		Assessments Receivable January 1		New Assessments Levied and Adjustments		Assessments Collected		Assessments Receivable December 31
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
2003		114,301		702,801		(264,003)		553,099

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		
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%
2003	2004	415,203,720	2,069,917,070	48,550	2,485,169,340	20,375,486,637	2,744,449,372	12.2%

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 2004 are based on the 2003 assessment, which itself is based on property values as of June 30, 2002.

The assessed valuation percentage is established each year and was as follows: Residential: 1994 - 12.86%; 1995 and 1996 - 10.36%; 1997 through 2000 - 9.74%; 2001 and 2002 - 9.15%; and 2003 - 7.96%.

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: \$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; \$6,685,640 - 2002 and \$5,813,860 - 2003.

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
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
2003	2004	11.161	26.779	14.140	47.964	49.654	85.904	73.265	74.955

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 2004 are based on the 2003 assessment, which itself is based on property values as of June 30, 2002.

- (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, 2003

Assessed valuation:			
Arapahoe County		2,069,917,070	
Adams County		415,203,720	(a)
Douglas County		48,550	
Total		<u>\$ 2,485,169,340</u>	
Debt limit - Three (3) percent of assessed valuation			\$ 74,555,080
Amount of debt outstanding: (a)			
Total bonded debt	\$ 227,405,895		
Other debt	<u>108,647,624</u>		
Total		\$ 336,053,519	
Less:			
Fund balance in debt service funds	\$ 1,260,224		
Other deductions allowed by law:			
General obligation bonds exempt from limit	45,345,000	(b)	
General obligation water bonds	68,410,000		
Capitalized lease obligations	915,756		
Certificates of participation	107,430,000		
Water rights and other contracts payable	301,868		
Revenue bonds:			
General fund	14,865,000		
Sewer	18,553,478		
Water	67,457,417		
Golf	<u>5,510,000</u>		
Total deductions		<u>330,048,743</u>	
Total amount of debt applicable to debt limit			<u>6,004,776</u>
Legal Debt Margin			<u>\$ 68,550,304</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, regardless of whether or not the City is at its legal debt margin. Whenever there is a TABOR mandated ballot question requiring voter approval for a proposed additional debt, the ballot question almost always includes a provision exempting the new debt from the debt margin. Consequently, the City's legal debt margin has little real significance.

Enterprises, as defined in Article X, Section 20(2)(d) of the Colorado Constitution, are not required to receive voter approval. 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, 2003

Jurisdiction	Debt Outstanding (a)	Percent Applicable to City of Aurora	Amount Applicable to City of Aurora
<i>Direct:</i>			
City of Aurora (b)	\$ 52,610,000	100.00%	\$ 52,610,000
<i>Overlapping:</i>			
Adams-Arapahoe School District 28J	179,087,240	98.51%	176,424,135
Cherry Creek School District	304,108,412	28.54%	86,786,805
Other (c)	669,615,721	21.94%	146,896,852
Total overlapping debt:	1,152,811,373		410,107,791
Total Direct and Overlapping Debt	\$ 1,205,421,373		\$ 462,717,791

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, Eagle Bend Metropolitan Districts No. 1-3, Sand Creek Metropolitan District, Aurora Centertech Metropolitan District, Tower Metropolitan District and Saddle Rock 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 Governmental Expenditures (c)	Percent of GO Debt Service to Governmental Expenditures	Certificates of Participation (b)		Percent of GO and COPs Debt Service to Governmental Expenditures
	Total	Debt Service			Total	Debt Service	
1994	\$	2,695,218	\$	133,629,656	2.0%	\$	-
1995		1,868,874		141,747,458	1.3%		2,692,665
1996		2,238,055		155,529,558	1.4%		4,588,455
1997		2,240,265		174,438,024	1.3%		4,591,855
1998		2,217,156		182,289,635	1.2%		4,681,263
1999		3,258,345		191,491,573	1.7%		4,587,032
2000		2,153,025		209,901,932	1.0%		4,214,883
2001		6,444,567		251,073,626	2.6%		2,784,883
2002		6,171,575		252,554,506	2.4%		3,024,545
2003		6,186,015		285,748,002	2.2%		7,880,114

Notes:

- (a) Includes general obligation bonds serviced by the Debt Service Fund. General obligation water bonds serviced by Water Fund revenues are excluded.
- (b) The Certificates of Participation issued by ACLC in 2000 are not included for the years 2000, 2001 and 2002 as debt service for this issuance was 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.

City of Aurora, Colorado

Exhibit xiv

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 ALCLC	GO Bonds & COPs to Assessed Value	GO Bonds & COPs Debt Per Capita
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	140,660,000	11,846,645	0.9%	47	35,240,000	-	186
1996	257,340	1,290,226,220	142,905,000	65,711	132,655,000	10,184,289	0.8%	40	32,680,000	3.3%	167
1997	261,089	1,507,378,276	132,555,000	65,959	124,040,000	8,449,041	0.6%	32	29,995,000	2.6%	147
1998	267,685	1,543,816,940	131,725,000	294,476	115,030,000	16,400,524	1.1%	61	27,085,000	2.8%	162
1999	272,642	1,887,060,350	120,070,000	446,998	105,610,000	14,013,002	0.7%	51	24,115,000	2.0%	140
2000	276,393	1,989,977,161	158,845,000	564,549	95,750,000	62,530,451	3.1%	226	97,565,000	8.0%	579
2001	284,606	2,329,308,450	145,095,000	464,815	85,615,000	59,015,185	2.5%	207	96,070,000	6.7%	545
2002	291,418	2,431,312,340	131,295,000	1,394,136	75,185,000	54,715,864	2.3%	188	109,875,000	6.8%	565
2003	292,158	2,485,169,340	121,020,000	1,260,224	68,410,000	51,349,776	2.1%	176	107,430,000	6.4%	543

Notes:

- (a) Data was provided by the City's Planning Department. The population for 1994 - 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). The population for 2003 was provided by Clarion Associates.
- (b) Does not include tax increment financing district assessed valuation of: \$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; \$6,685,640 - 2002 and \$5,813,860 for 2003. 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 for from Water Fund revenues but are a contingent general obligation of the City. Includes General Obligation Bonds Series 2000 and General Obligation Refunding Bonds Series 2003 which are excluded from the debt limit calculation per Section 11-19-1 of the City Charter.

City of Aurora, Colorado

Exhibit xv

SCHEDULE OF WATER REVENUE BOND COVERAGE

Last Ten Years

Year	Gross Revenue (a)	Expenses (b)	Net Revenue Available For Debt Service	Total Debt Service Requirements Principal and Interest			Coverage Ratios (f)		
				First-Lien Revenue Bonds (c)	Debt Secured by Net Pledged Revenues (d)	Debt Payable from System Revenues (e)	(c)	(d)	(e)
1994	\$ 34,506,793	\$ 11,037,426	\$ 23,469,367			\$ 12,490,074			1.88
1995	33,623,885	11,479,948	22,143,937			29,840,577			0.74
1996	38,048,034	12,240,040	25,807,994			14,958,830			1.73
1997	39,283,694	11,707,171	27,576,523			14,751,125			1.87
1998	41,519,310	12,894,040	28,625,270			14,301,601			2.00
1999	47,467,930	15,578,617	31,889,313	37,500	37,500	14,264,046	850.38	850.38	2.24
2000	51,883,165	16,707,759	35,175,406	979,491	1,054,958	15,226,703	35.91	33.34	2.31
2001	63,681,217	21,965,001	41,716,216	1,283,190	1,356,141	15,483,334	32.51	30.76	2.69
2002	61,869,563	21,961,421	39,908,142	1,378,084	1,448,520	15,537,033	28.96	27.55	2.57
2003	67,083,106	28,694,146	38,388,960	1,381,239	1,449,159	10,953,943	27.79	26.49	3.50

Note: Includes long-term debt payable from Water revenues, including General Obligation bonds, Revenue bonds, and Water Notes Payable. The year end 2003 was the first year to present debt issues categorized by type.

- (a) Includes charges for services and other operating revenues, tap and development fees, and interest income. Excludes fair value adjustment and annexation fees.
- (b) Includes operating expenses such as personal services, supplies and other services and charges. Excludes depreciation expense.
- (c) Includes the City's portion of the Colorado Water Resources and Power Development Authority's Drinking Water Bonds Series 1999A and the City's First Lien Water Improvement Revenue Bonds Series 2003A.
- (d) All obligations secured by net pledged revenues. Includes ' (c) ' above and water rights notes.
- (e) All obligations payable from system revenues. Includes (d) above and general obligation water bonds.
- (f) Net Revenue Available for Debt Service divided by Total Debt Service Requirements for "c", "d" and "e", respectively.

(continued)

City of Aurora, Colorado

Exhibit xv

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	
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
2003	32,061,284	20,976,324	11,084,960	1,426,362	756,247	2,182,609	5.08

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 Seven 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
2003	8,710,254	7,470,858	1,239,396	315,000	347,628	662,628	1.87	256,000	221,520	477,520	1.21

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
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
2003	203	96.11	1,416	2,146	355.38	6,713	55.84	8,332	507.33	2,485,169,340	20,375,486,637

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: \$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; \$6,685,640 - 2002; and \$5,813,860 in 2003.

Exhibit xvii**City of Aurora, Colorado****DEMOGRAPHIC STATISTICS**

Last Ten Years

Year	Population (a)	Median Family Income (b)	Unemployment Rate (c)
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%
2003	292,158	51,778	6.2%

Notes:

- (a) Data was provided by the City's Planning Department. The population for 1994 - 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). The population for 2003 was provided by Clarion Associates.
- (b) Data for 1994 - 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. Data for 2003 was derived from a database provided to the City of Aurora's Planning Department by Claritas IXpress.
- (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, 2003

Public Institutions	Approximate Number of Employees	Corporations	Approximate Number of Employees	Type of Industry
Buckley Air Force Base (a)	10,291	Raytheon	1,900	Aerospace Manufacturing
<i>Buckley Air Force Base Includes:</i>		ADT Security Systems	1,600	Security Services
<i>Air Force, Army, Marines, Navy, Department</i>		HealthOne Medical Center of Aurora	1,500	Health Care
<i>of Defense (civilians), Air National Guard,</i>		Wal-Mart	1,400	Retail
<i>Active Duty Reserves, and other civilian employees</i>		Kaiser Permanente	1,000	Health Care
		McDonalds	950	Restaurant
Cherry Creek Public Schools	4,350	King Soopers	850	Retail
Aurora Public Schools	2,950	Northrop Grumman (formerly TRW Systems)	800	Aerospace Manufacturing
City of Aurora	2,709	Wagner Equipment Company	620	Heavy Equipment Sales & Leasing
University of Colorado Hospital	1,500	Nelnet Group (formerly UNIPAC Serv. Corp.)	600	Financial
University of Colorado Health Sciences Center	900	Qwest Dex	600	Telephone Book Publisher
		Target	600	Retail

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, 2003

Taxpayer	Type of Industry	Assessed Valuation of Property	Percentage of Total Assessed Valuation
Public Service Company of Colorado	Gas/Electric Utilities	\$ 44,559,000	1.79%
Qwest Communications	Telecommunications	44,306,900	1.78%
Columbia Health One, LLC	Healthcare	20,433,150	0.82%
Arapahoe Crossings	Real Estate	15,805,000	0.64%
Comcast of Colorado (f/k/a AT&T Broadband)	Telecommunications	15,133,250	0.61%
Pro Logis	Real Estate	10,126,650	0.41%
Retail Property Trust	Real Estate	6,960,000	0.28%
ADC LLC	Real Estate	6,348,430	0.26%
Property Management	Real Estate	6,235,000	0.25%
Kaiser Permanente	Healthcare	6,022,600	0.24%
		<u>\$ 175,929,980</u>	<u>7.08%</u>

Note: Data obtained from Certifications of Valuation provided by Adams, Arapahoe and Douglas counties.
The total Assessed Value in assessment year 2003 is: \$2,485,169,340 . Does not include tax increment
financing district incremental assessed valuation of \$5,813,860.

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	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Area - Square Miles	136.83	136.83	136.83	140.15	140.15	140.15	142.57	141.16	142.42	143.85
Miles of Improved Streets	800.00	800.00	812.00	874.85	875.00	915.00	915.00	1,009.00	1,014.00	1,054.00
Miles of Sanitary Sewer	694.58	700.89	715.44	722.86	734.86	753.16	776.26	797.46	824.30	848.36
Number of Water Taps	57,588	58,187	59,204	59,771	60,393	61,366	63,409	64,845	65,933	67,953
Number of Sanitary Sewer Taps	62,298	62,869	63,884	64,599	65,455	67,011	68,840	70,777	72,920	81,552
Number of Municipal Employees (a)	2,037	2,137	2,199	2,254	2,315	2,390	2,459	2,513	2,633	2,709
Building Permits:										
Permits Issued (b)	5,666	5,717	3,710	3,808	5,130	8,270	5,724	4,104	9,314	8,332
Value of Buildings (millions)	153.95	163.38	192.81	304.89	345.52	377.73	468.26	479.43	607.33	507.33
Fire Protection:										
Number of Fire Stations	11	11	11	11	11	11	12	12	12	13
Number of Employees (a)	293	295	297	297	313	320	327	333	356	359

(Continued)

Exhibit xx**City of Aurora, Colorado****MISCELLANEOUS STATISTICAL DATA**

Last Ten Years

City of Aurora	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<hr/>										
Police Protection:										
Number of Employees (a)	599	676	724	736	745	754	763	775	797	841
Number of Law Violations (Part I Crime) (c)	20,464	16,902	16,299	16,521	14,529	14,303	15,526	17,224	18,206	17,050
Patrol Vehicles	106	111	115	126	123	127	132	138	138	138
Detention Facilities	1	1	1	1	1	1	1	1	1	1
Recreation:										
Parks - Number of Acres (d)	6,920	6,920	6,920	7,370	7,370	7,380	7,400	7,400	7,700	7,700
Number of Playgrounds	64	64	64	64	64	65	65	65	65	65
Number of Golf Courses	4	4	4	5	6	6	7	7	7	7
Number of Swimming Pools	9	9	9	10	10	10	10	10	10	10
Education (e):										
Number of Schools:										
Elementary	42	42	42	42	42	43	43	43	48	46
Junior High/Middle	10	10	10	10	10	10	10	10	12	13

Senior High/High	6	6	6	6	7	7	7	7	7	8
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 (f)	7,331	7,743	4,313	3,790	4,094	5,935	6,335	6,700	7,050	7,300
Number of Students	44,245	44,989	46,192	46,851	47,962	48,588	50,705	51,000	51,620	52,721
Elections:										
Number of Registered Voters (g)	n/a	116,800	133,198	98,641	135,693	94,297	144,786	106,842	158,448	92,920
Number Voting in Last Election	n/a	38,197	64,947	43,619	65,445	41,592	82,477	40,010	58,039	43,124
% of Registered Voters Voting in Last Election	n/a	32.7%	49.0%	44.0%	48.0%	47.0%	57.0%	37.0%	36.6%	46.4%

Notes:

- (a) Regular full time budgeted positions. The number of municipal employees includes police and fire personnel
- (b) 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.
- (c) Figures for 1995 and later reflect a revision of the Part I Crime definition. This revision was made to conform with the federal government criteria for Part I Crime.
- (d) Includes parks, golf courses and open space.
- (e) Figures include all Aurora School District 28 J schools and Cherry Creek School District schools located in the City of Aurora. 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.
- (f) 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.
- (g) The significant decreases in the number of registered voters are due to the county record purge process.

(Concluded)





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