



City of Aurora, Colorado **2005** COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Year Ended
December 31, 2005

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, 2004

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President

Jeffrey R. Emer

Executive Director



Comprehensive Annual Financial Report

City of Aurora, Colorado
For the Year Ended December 31, 2005

Prepared by the Controller's Office
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CITY OF AURORA, COLORADO

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May 19, 2006

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, 2005.

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, 2005, 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, 2005 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; management's discussion and analysis of the basic financial statements; 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), the Aurora Urban Renewal Authority (AURA), the 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 Note 1 of the accompanying financial 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 the 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 2005 of 303,833. This is approximately 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. Council members elected prior to November 1, 2005 are limited to two consecutive terms of office. Council members elected after November 1, 2005 are limited to three 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 three other appointees: the City Attorney, the Presiding Judge and the Court Administrator. Each of these appointees is responsible for the administration of his or her respective operation.

Strong Financial Condition

The City is strong financially and is recognized as such by the independent bond rating agencies. At the same time it consistently provides quality services to its citizens. 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 64.3 percent of total General Fund budgetary revenues in 2005. Sales and use tax revenues have grown substantially over the last decade. Property tax represents a secondary revenue source (9.9 percent of total General Fund budgetary revenues in 2005) that is less impacted by changing economic conditions than is the sales and use tax.

The Aurora economy is growing as new retail centers and other businesses continue to locate in Aurora. General Fund revenues on a budgetary basis, net of operating transfers, increased by \$14.8 million in 2005 compared to 2004 of which \$4.4 million represented increased use tax which is dedicated to capital related uses. Budgetary General Fund revenue other than use tax increased \$10.4 million or 5.9 percent in 2005 compared to 2004.

Sales tax revenues on a budgetary basis increased 5.2 percent in 2005, as compared to 2004, and are expected to grow another 4.7 percent in 2006 if the present economic turnaround and new retail activity continue as expected. Retail sales remain the backbone of General Fund revenues and are expected to demonstrate moderate, but stable growth.

The City has enjoyed a high rate of growth in residential, industrial and commercial construction because of its advantageous location in the metro area. Use tax revenue from construction-related activity set a new record in 2005. While long term construction growth is expected, 2006 use tax revenues may decline as construction activity in the City slows due to higher interest rates.

While Aurora's overall revenue outlook for 2006 is positive, growth is expected to continue at a slower pace than in the years prior to the 2001 economic downturn. Slower revenue growth has created challenges for the City to meet increasing costs of present services and to extend services to newly developed areas. To meet this challenge the City adjusted its 2002 through 2005 operating and capital budgets by reductions in staffing and services, hiring and salary freezes, delays of projects, and use of short term reserves. The City adopted a 2006 budget that focuses on sustainable budget reductions through prioritization of services and projects. The 2007 budget is expected to continue to address long-term sustainable solutions. The adopted 2006 City budget continues to not include use of the funds in the City's long-term reserves (including the TABOR and the Policy Reserve Funds). Those Funds are set aside for unanticipated emergency needs and are set by Council at a minimum of 13 percent of the General Fund's adjusted budgetary operating expenditures.

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 City Charter exempting the City's main revenue source, sales and use tax, from constitutional limits

on fiscal year spending. As a result of these voter-approved changes, 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.

Long Term Growth and Development Continue to be Important

During 2005, the city continued to grow, issuing permits for 2,478 new residential units and 192 commercial permits. Ultimately, the City expects over 63,000 newly built housing units along the new E-470 highway corridor in Aurora. The City added approximately 27,000 residents between 2000 and 2005 and anticipates adding another 27,000 residents between 2006 and 2011.

The E-470 toll highway is expected to influence the patterns and level of growth in the area for the foreseeable future. The City is taking advantage of this opportunity through strategic annexation, coordinated transportation planning, E-470 corridor land planning and zoning, and economic development policies. The Aurora Reservoir area adjacent to E-470 in the southeast corner of the City is ultimately expected to support a residential population of 80,000. Construction of high-quality homes and multi-family units is active throughout the City of Aurora, but the majority of this new residential development is occurring along the southern and eastern portions of E-470. A wide variety of nationally known development companies is presenting some of the best new housing options/locations in Colorado.

Fourteen office and industrial parks are located in the City. These parks 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 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. Planning is also underway on several master-planned developments near DIA that will bring a wide array of office and flex development to the corridor. One of these high-end mixed use projects, High Point at DIA, will include a conference center/resort hotel and golf course.

Other additions in the office and industrial market in the past year include:

- The Kroger Company occupied an existing vacant 600,000 square foot warehouse in Aurora, consolidating their operations and bringing 285 jobs to the City. Kroger invested \$47 million in new equipment.
- Imperial Headwear occupied an existing vacant 110,000 square foot flex space in Aurora, bringing 225 new manufacturing and distribution jobs to the City.
- Northrop Grumman opened a 75,000 square foot office building in June 2005 and is planning an additional expansion in 2006. Northrop currently employs 1,100 at their Aurora campus.
- Corporate Express occupied an existing vacant 80,000 square foot office building on a 10-year lease, bringing 600 new jobs.
- MasterCraft Cabinets will consolidate its operations and occupy 201,000 square feet in a new building at ProLogis Park 70, retaining 280 jobs.

- Whole Foods warehouse capacity expanded from 75,000 square feet to 211,000 square feet in a building at Gateway Park.

Retail Development

In the retail sector, a number of exciting projects are expanding the City's tax base and ensuring a variety of vibrant commercial destinations draw customers from a wide swath of the metro area.

- The Town Center at Aurora (formerly the Aurora Mall) is completing its \$100 million redevelopment with the opening of a new Dillard's store in August of 2006. This redevelopment has brought many new retail tenants and helped the Town Center regain its status as a regional retail draw.
- In southeast Aurora, near the Aurora Reservoir, construction began on Phase Three of the Southlands project, 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 contain 1.76 million square feet of retail space, 275,000 square feet of office space and over 1,100 housing units. A variety of large retailers are already open at Southlands adding to the City's sales tax revenue. Over the next year and a half, they will be joined by a number of lifestyle, entertainment, restaurant and other larger retailers. This retail venue will be a regional destination, attracting shoppers from within and outside of Aurora.
- New retail development is underway in North Aurora at the Gateway Park development near DIA. Home Depot and a host of medium-sized retailers will soon join Wal-Mart at this development, a national test site for "green technology," which is already drawing customers into Aurora for their shopping needs.

Water and Utilities

Aurora continues to deal directly with the recent drought's affect on the City's water supplies and anticipates that even in non-drought conditions more water will be required to serve the City's needs. Aurora has a comprehensive plan to provide a future supply of high quality, reliable water to the City. Aurora's plan includes projects that will strengthen the reliability of the existing water system; increase the water supply; provide more water storage; maintain and upgrade pipes, pumps and purification facilities; and expand water conservation programs. Also, the City will continue to effectively use recycled water for irrigating golf courses and parks.

A key element of Aurora's plan for a future supply of water is the Prairie Waters Project. This project is the most cost-effective, environmentally friendly and immediate way to meet the City's water needs. It will annually deliver as much as 3.3 billion gallons of water to the City, 20 percent more than is available today. The Prairie Waters Project and other capital improvement projects are being funded through increased water rates and tap fees, and through use of available Aurora Water fund balances.

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 the 11th busiest in the world. In 2005, the airport saw airline traffic growth of 2.6% over 2004. DIA, which employs over 30,000 people, is located at the City's northern border and generates substantial development activity in the immediate area. New development within the City near DIA includes a variety of new office buildings opened; an average of one million square feet of new flex/industrial space every year since 1997; and seven hotels containing a total of 1,200 rooms at an average occupancy rate of 74 percent for 2005. DIA continues to spur substantial growth of all development sectors in northeastern Aurora.

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 comprises the entire eastern half of the Metro area's beltway, affording easy access between Aurora and DIA, as well as all other regional employment centers.

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. The re-uses of the two closed bases have become a major part of the commercial and residential fabric of the area. The active base (Buckley Air Force Base) is expanding and is of increasing importance 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.

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 reach 19,000 by 2010 and 32,000 by build-out, with jobs in teaching, patient care, basic-science research and biotechnology research and development.

The Fitzsimons Redevelopment Authority (FRA) is responsible for the development and management of the bioscience park component at Fitzsimons. The Authority's formal programs as well as informal encounters facilitate collaborations between private industry and the University at Fitzsimons. Facilities, services and support give start-up and early stage bioscience

companies the best possible opportunities to succeed and help mature companies thrive. 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. The Bioscience Park Center, a 60,000 square foot incubator facility, opened in 2000 and is near full occupancy. Bioscience East, a 25,000 square foot former Army facility, is being renovated for expansion stage bioscience companies. Approximately 80% of the building has been leased with full occupancy anticipated mid 2006. The FRA has entered into a Memorandum of Understanding with a private real estate developer to build-out the remainder of the bioscience park.

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 2008. Approximately 5,500 employees are currently employed 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; the Rocky Mountain Lion's Eye Institute; the Anschutz Outpatient Pavilion; the \$20 million University Physicians, Inc. office building; the 600,000 square foot Research Complex 1 and the Lazzara Center for Oral and Facial Health which houses the CU dental school. The Anschutz complex is expected to serve 300,000 patients per year by 2010. Eight additional new buildings are currently under construction on the University campus.

In late 2001, The Children's Hospital ("TCH") announced it would relocate from its Denver location to Fitzsimons. With construction underway, TCH plans to develop a 1.3 million square foot campus on 41 acres for clinical, research and administrative use including a 270-bed inpatient facility. Total estimated development costs are \$550 million, with completion scheduled for late 2007.

At the center of the Fitzsimons development is the planned 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 under construction for a 2007 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. Ground-breaking for this project is expected in summer of 2006.

In early 2006, the FRA made a formal offer to the United States Veterans Administration ("VA") to sell approximately 24 acres of land for a new VA Hospital on the Fitzsimons Campus.

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 (LRA) 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. Redevelopment costs totaling approximately \$309 million are being financed in a variety of ways including revenue bonds, bank loans, real estate sales and leasing along with other sources such as federal, state and local grants.

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 enrollment expected to reach 7,000 students by the end of the decade.

LRA expects to spend a total of approximately \$555 million to prepare the Lowry site for sale to residential and commercial developers. Nearly 300 buildings have been demolished, 34 miles of new roads were constructed, and 30 miles of water main, 25 miles of sanitary sewer lines and 8 miles of storm sewer were installed to upgrade storm, sewer and water systems. Today, approximately 6,445 residents live in 2,840 homes and apartments; and more than 6,000 workers are employed by approximately 100 organizations.

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. The development of through streets and the construction of new housing, office and retail space have significantly affected nearby neighborhoods and commercial activity within the City. Commercial and residential development should be completed by late 2007.

Buckley Air Force Base - Buckley Air Force Base (Buckley) is one of the key components of the United States Space Command (Space Command) and home to 37 different military missions. Due to the increasing importance of Buckley’s mission, the base came under Air Force control in 2000, becoming the first facility to be designated an air force base in over 30 years. In 2004 the host unit, the 460th Air Base Wing, became fully operational and was redesignated the 460th Space Wing.

This increased importance has created the need for major infrastructure improvements on base. Buckley spent nearly \$78 million on construction activities in 2005. Additions included a base chapel, control tower, civil engineer complex and a second child development center.

Buckley’s annual economic impact on the region, which reached \$1.1 billion in 2005, continues to grow along with the base’s strategic importance. Buckley is the City’s largest employer, with most of this employment focused in the engineering and telecommunications sectors. The

Department of Defense employs more than 12,000 full-time military, part-time guard and reservists, civilian and contractual personnel at Buckley. In addition, Buckley supports nearly 55,000 dependents and veterans and 22,000 military retirees.

The 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 including Lockheed Martin, Raytheon and Northrop Grumman.

Urban Renewal Supports Economic Development

The Aurora City Center Urban Renewal Area 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. Those revenue bonds will be paid off in 2007. Under a separate development agreement the City 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. The debt related to the area was paid off in 2005. 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. The 25-year lifespan of the tax increment financing will also expire in 2007.

In June 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 and lodgers' tax revenues generated in the Renewal Area to fund redevelopment projects. The first private development to receive financing assistance is currently under construction and is eligible to receive up to \$360,000 of property tax increment for project design upgrades.

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 in this area has not been established, but it may be created in the future. Proceeds from a voter-approved bond issue were used to finance a new library and municipal services center in the FPURA. A 220-unit residential/mixed-use project will begin its second phase of construction in 2006. The project received \$1.5 million of Capital Projects funds from the City to offset extraordinary land costs.

THE FUTURE

Maintaining Growth and Strong Finances

For the future, the City plans to continue emphasizing provision of quality basic services, maintaining its infrastructure, and maintaining a strong financial position.

Growth issues are expected to continue to be a major focus over the next few years. The City benefits 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 positive economic climate 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 moving aggressively to strengthen its water system and to provide for future water needs.

The City expects to remain strong financially. The City in its 2006 budget focuses on sustainable budget reductions through prioritization of services and projects and does not expect draw down of long-term policy reserves. The City is conducting a revenue study in 2006, which is expected to identify new and/or increased revenue sources. The City Manager's proposed 2007 budget may include new or increased revenues resulting from the revenue review. In any event, the proposed budget is not expected to include any use of long-term policy reserves. 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 a continuation of the present local economic turnaround and continued strength in Aurora's housing and commercial developments, is anticipated to result in a return to moderate, but stable 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 and Fire Pension Funds for police officers and full-time firefighters hired on or before April 7, 1978. 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 notes of the accompanying financial report and in the required supplementary information following the notes.

Debt Administration Highlights -

- As of December 31, 2005, the City had outstanding revenue bond, certificate of participation, general obligation bond and note debt of \$458,171,774 (excluding unamortized bond premiums and discounts). This debt was comprised of:
 - \$203,091,642 in water revenue bonds
 - \$116,165,000 in certificates of participation
 - \$51,635,000 in general obligation water debt supported by the Water Fund
 - \$44,945,000 in general obligation debt supported by the General Fund
 - \$15,598,484 in sewer revenue bonds
 - \$12,730,000 in General Fund revenue bonds
 - \$6,698,054 in water rights purchase notes
 - \$4,310,000 in golf revenue bonds
 - \$1,045,000 in AURA tax increment revenue refunding bonds
 - \$813,594 in golf revenue notes
 - \$1,140,000 in a special assessments revenue note
- Details concerning the City’s debt ratings are included in Exhibit I-5 of the accompanying financial report.
- 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) as of December 31, 2005 was \$143.
- The per capita amount of the net general obligation bonded debt (as defined above) plus the certificates of participation (excluding unamortized premium) as of December 31, 2005 was \$525.

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. The financial management goals criteria relates primarily to ensuring compliance with the TABOR constitutional amendment. This criteria currently does not affect investment decisions as the City is within TABOR compliance limits. Deposits are 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 2005, 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, Taxable Municipal Debt, bank certificates of deposit and a local government investment pool (COLOTRUST).

As of December 31, 2005, the bank deposit credit balance and investments in the City’s cash and investment pool were allocated as follows:

	<u>% of Resources</u>
Bank deposit credit balance	(0.50)%
U.S. Government and agency securities	40.28%
Corporate notes	33.38%
Commercial paper	18.05%
Certificates of deposit	1.52%
COLOTRUST	3.82%
Taxable Municipal Debt	<u>3.45%</u>
	100.00%

The average yield on the City’s pooled investments during 2005 was 3.26 percent. The City earned interest revenue, before the adjustment to fair value, of \$10.4 million on its pooled investments for the year ended December 31, 2005.

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

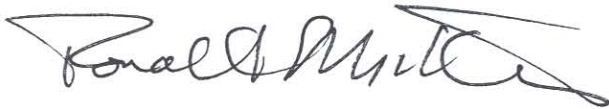
Awards – The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended December 31, 2004. The Certificate of Achievement is a

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 nineteen 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 staff of the Finance Department and of other City departmental staff who contributed information in the report. Finally, we wish to thank the Mayor and City Council for their continued support.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Ronald S. Miller", with a stylized, sweeping flourish at the end.

Ronald S. Miller
City Manager

A handwritten signature in dark ink, appearing to read "John Gross", with a stylized, sweeping flourish at the end.

John Gross
Finance Director



Ron Miller, City Manager



**City Manager and
Council Members
2005**



Mayor Ed Tauer



Sue Sandstrom
Mayor Pro-Tem, Ward V



Nadine Caldwell
Ward I (outgoing)



Deborah Wallace
Ward I (incoming)



Kathy Green
Ward II (outgoing)



Renie Peterson
Ward II (incoming)



Ingrid Lindemann
Ward III (outgoing)



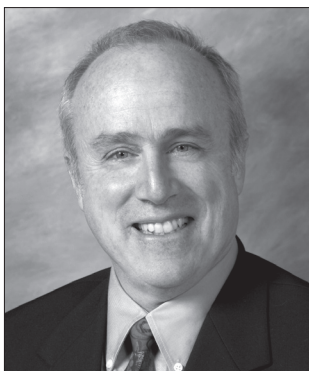
Larry Beer
Ward III (incoming)



Molly Markert
Ward IV



Bob Broom
Ward VI



Bob FitzGerald
At-Large



Ryan Frazier
At-Large



Steve Hogan
At-Large



Brad Pierce
At-Large



Officials 2005

City of Aurora, Colorado

City Council

Ed Tauer, Mayor

Larry Beer (incoming)	Ryan Frazier	Renie Peterson (incoming)
Bob Broom	Kathy Green (outgoing)	Brad Pierce
Nadine Caldwell (outgoing)	Steve Hogan	Sue Sandstrom
Bob FitzGerald	Ingrid Lindemann (outgoing)	Deborah Wallace (incoming)
	Molly Markert	

City Manager's Office

Ron Miller, City Manager
Nancy Freed, Deputy City Manager, Operations
John Hilton, Acting Deputy City Manager, Administration (incoming)
Frank Ragan, Deputy City Manager, Community Services
Katherine Svoboda, Deputy City Manager, Administration (outgoing)
Janice Napper, Assistant City Manager

Council Appointees

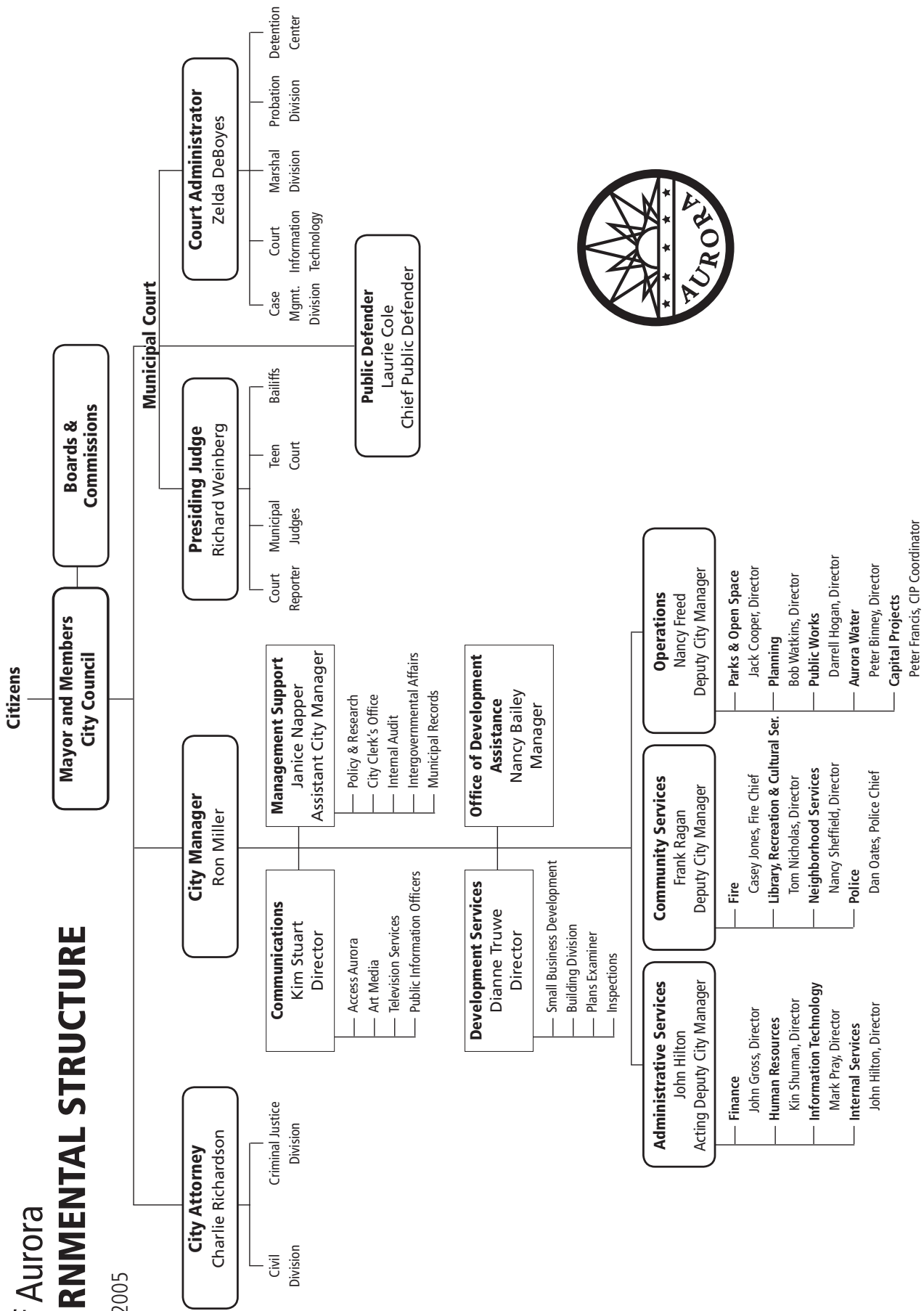
Laurie Cole, Chief Public Defender
Zelda DeBoyes, Court Administrator
Charlie Richardson, City Attorney
Richard Weinberg, Presiding Judge

Department Directors

Ricky Bennett, Police (outgoing)	Tom Nicholas, Library, Recreation & Cultural Services
Peter Binney, Aurora Water	Dan Oates, Police (incoming)
Jack Cooper, Parks & Open Space	Mark Pray, Information Technology
John Gross, Finance	Nancy Sheffield, Neighborhood Services
John Hilton, Internal Services	Kin Shuman, Human Resources
Darrell Hogan, Public Works	Kim Stuart, Communications
Casey Jones, Fire & Public Safety Communications	Dianne Truwe, Development Services

City of Aurora GOVERNMENTAL STRUCTURE

December 2005





KPMG LLP
Suite 2700
707 Seventeenth Street
Denver, CO 80202

Independent Auditors' Report

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, 2005, 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 of Aurora'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% and 22%, respectively, of the assets and revenues of the aggregate remaining fund information. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of 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, 2005, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the basic financial statements effective January 1, 2005 the City adopted the provisions of Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, an Amendment of GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2006, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting

and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages MD&A-1 through MD&A-21, schedules of funding progress on page 105, and general fund budgetary comparisons on pages 106 and 107 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, other schedules, debt continuing disclosures, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of 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 19, 2006

EXHIBIT I

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005



As management of the City of Aurora, Colorado (the 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, 2005. Both citywide and fund financial information are presented here to develop a full picture of the City's financial position and condition. Citywide information is presented to provide a broad longer-term overview of the City's financial status. Fund information is presented to assist readers in understanding that certain legal restrictions resulting from external laws and agreements, and from City Council internally adopted laws, restrict the use of revenues to specific purposes. Further, we encourage readers to understand that City Council, management, lenders and rating agencies work within the framework of fund financial information. Readers should consider the information presented in this discussion and analysis in conjunction with additional information furnished in our letter of transmittal, which can be found on pages i-xiii of this report, and the City's financial statements, which begin on page 1.

I. Financial Highlights

- State of the Economy

The Aurora economy is growing as new retail centers and other businesses continue to locate in the City. As a result, sales tax revenue, the City's principal revenue, saw moderate growth in 2005. General Fund adjusted budgetary revenues (net of operating transfers) increased by \$14.8 million or 7.3% in 2005 compared to 2004, and were \$5.5 million more than budgeted as a result of increased sales and franchise taxes, use taxes designated for capital purposes, and licenses and permit fees. Additionally, expenditures were under budget by \$2.0 million as a result of efforts to reduce spending on City programs and services.

- Aurora Water

The City plans to make substantial capital investments in the water system to "harden" it against drought, enhance its reliability and to provide for the water needs of a growing population. The Aurora Water Department has initiated a comprehensive plan that includes acquiring water rights and developing facilities to permit the use of reusable return water flows that can be subsequently reused by the water system. Capital needs also include acquiring more storage capacity and upgrading current equipment and facilities. In order to fund these capital purchases and improvements, the City has utilized long-term debt financing. The City has also implemented a water management plan that includes future rate and tap fee increases.

- Citywide Financial Statements

City assets exceeded liabilities at the end of 2005 by \$3.6 billion (*net assets*). Of this amount, \$254.2 million, or 7.1% was unrestricted. Unrestricted net assets for use in governmental activities and business-type activities were \$72.0 million and \$182.2 million, respectively. Although the governmental activities \$72.0 million unrestricted net assets may be used to meet the City's ongoing obligations to citizens or creditors, City policies and budget plans limit their use. Unrestricted net assets for use in governmental activities have been segregated by City Council for specific purposes including City capital improvement

EXHIBIT I

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005

I. Financial Highlights (continued)

- Citywide Financial Statements (continued)

projects, enhanced development review, designated revenues, the policy reserve, and risk management. The remaining unrestricted net assets consist primarily of undesignated fund balance in the General Fund. Citywide net assets increased \$205.1 million in 2005 due to contributed capital assets, developer tap and annexation fees, and ongoing operations.

- Governmental Funds Ending Fund Balance

At December 31, 2005, the City's governmental funds reported combined ending fund balances of \$152.8 million, an increase of \$16.4 million from the prior year, resulting from a favorable court settlement and the issuance of COPs. Of the \$152.8 million, \$44.0 million is reserved for specified purposes, \$49.6 million is designated for future spending, \$50.7 million is undesignated, primarily in funds where the purpose of the fund restricts the availability of the resources, and \$8.5 million is an operating designation for one-time items. The governmental funds unreserved and undesignated fund balance, including the operating designation for one-time items, was \$9.3 million.

- Capital Assets Under Construction

Capital improvement activity primarily relates to the City's spending down of proceeds of the Series 2000 General Obligation bonds. Additionally, several water and sewer system improvements were constructed and water rights were purchased.

- Debt Issuances

Four debt issuances occurred in 2005: \$100.0 million in water revenue bonds funding various capital improvements in the Water Fund; \$4.6 million in golf revenue refunding bonds; \$23.4 million in certificates of participation to fund parks and open space acquisitions and various other public improvements; and a \$1.1 million special improvement district revenue note to fund construction of a neighborhood fence.

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. While these statements assist in evaluating finances of the City in its entirety, City Council and debt underwriters refer to the fund financial statements to make spending and lending decisions as the availability of resources is controlled at the fund level. The citywide statements use the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses.

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

II. Overview of the Basic Financial Statements (continued)

A. Citywide Financial Statements (continued)

Certain interfund activities including interfund balances, transfers, and internal billings are eliminated in the aggregation of data for the citywide statements. The citywide statements include not only the City itself, but also legally separate component units, entities for which the City is financially accountable. Accordingly, the citywide statements are divided into two groups, the "primary government" and "component unit" (discretely presented). The primary government includes all activities of the City (including blended component units) except fiduciary funds. Fiduciary funds are not included in these statements because resources of these funds are not available to support City programs.

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

Governmental Activities reflect the basic services of the City including: judicial, police, fire, public safety communications, 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 as 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 a statement of net assets and a 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. Net assets are divided into three classifications: invested in capital assets, net of related debt; restricted; and unrestricted. Invested in capital assets, net of related debt refers to the extent to which the City has invested in capital assets net of the debt related to those assets.

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 function-related revenues or if it is supported through taxes and other general revenues of the City.

The citywide financial statements can be found on pages 1-3 of this report.

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

II. Overview of the Basic Financial Statements (continued)

B. Fund Financial Statements

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

Governmental Funds

Governmental funds account for essentially the same functions reported as governmental activities as described in section A. The City has 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 is 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.

The governmental fund financial statements can be found on pages 5-8 of this report.

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.

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. Because these services predominantly benefit government rather than business-type functions, they have been included within governmental activities in the citywide financial statements.

The proprietary fund financial statements can be found on pages 9-15 of this report.

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

II. Overview of the Basic Financial Statements (continued)

B. Fund Financial Statements (continued)

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. The fiduciary fund financial statements can be found on pages 17-18 of this report.

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. The notes to the basic financial statements begin on page 19 of this report.

III. Overview of Other Information

Required Supplementary Information

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

- A schedule of the City's progress in funding its obligation to provide pension benefits to its employees. The schedule of funding progress can be found on page 105.
- A schedule presenting the General Fund original and amended (final) budget with a comparison between the final budget and the actual budgetary revenues and expenditures. 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 balance is provided at the bottom of the schedule. The General Fund schedule of Sources, Uses and Changes in Funds Available – Budget to Actual is presented on page 106.
- Notes to required supplementary information can be found on page 108.

IV. Financial Analysis

The focus of this financial analysis is on comparisons of the activities of the current year (2005) with those of the prior year (2004) 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 4. This information shows the governmental activities, the business-type activities and the total "primary government" which is labeled "citywide totals."

EXHIBIT I**CITY OF AURORA, COLORADO****MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005****IV. Financial Analysis****Citywide
Comparative Summary of Net Assets
(in thousands)**

	Primary Government											
	Governmental Activities				Business-type Activities				Citywide Totals			
	December 31 2005	December 31 2004	Increase (Decrease)	% Change	December 31 2005	December 31 2004	Increase (Decrease)	% Change	December 31 2005	December 31 2004	Increase (Decrease)	% Change
Assets												
Current and other	\$ 228,535	\$ 213,314	\$ 15,221	7.1	\$ 304,268	\$ 191,800	\$ 112,468	58.6	\$ 532,803	\$ 405,114	\$ 127,689	31.5
Capital assets, net	<u>2,723,278</u>	<u>2,624,118</u>	<u>99,160</u>	3.8	<u>952,973</u>	<u>865,971</u>	<u>87,002</u>	10.0	<u>3,676,251</u>	<u>3,490,089</u>	<u>186,162</u>	5.3
Total Assets	<u>2,951,813</u>	<u>2,837,432</u>	<u>114,381</u>	4.0	<u>1,257,241</u>	<u>1,057,771</u>	<u>199,470</u>	18.9	<u>4,209,054</u>	<u>3,895,203</u>	<u>313,851</u>	8.1
Liabilities												
Current and other	55,203	54,480	723	1.3	16,228	10,656	5,572	52.3	71,431	65,136	6,295	9.7
Non-current	<u>206,739</u>	<u>191,158</u>	<u>15,581</u>	8.2	<u>289,701</u>	<u>202,863</u>	<u>86,838</u>	42.8	<u>496,440</u>	<u>394,021</u>	<u>102,419</u>	26.0
Total Liabilities	<u>261,942</u>	<u>245,638</u>	<u>16,304</u>	6.6	<u>305,929</u>	<u>213,519</u>	<u>92,410</u>	43.3	<u>567,871</u>	<u>459,157</u>	<u>108,714</u>	23.7
Net Assets												
Invested in capital												
assets, net of												
related debt	2,564,482	2,479,755	84,727	3.4	764,659	675,345	89,314	13.2	3,329,141	3,155,100	174,041	5.5
Restricted	53,348	42,427	10,921	25.7	4,484	7,300	(2,816)	(38.6)	57,832	49,727	8,105	16.3
Unrestricted	<u>72,041</u>	<u>69,612</u>	<u>2,429</u>	3.5	<u>182,169</u>	<u>161,607</u>	<u>20,562</u>	12.7	<u>254,210</u>	<u>231,219</u>	<u>22,991</u>	9.9
Total net assets	<u>\$ 2,689,871</u>	<u>\$ 2,591,794</u>	<u>\$ 98,077</u>	3.8	<u>\$ 951,312</u>	<u>\$ 844,252</u>	<u>\$ 107,060</u>	12.7	<u>\$ 3,641,183</u>	<u>\$ 3,436,046</u>	<u>\$ 205,137</u>	6.0

Chart 1

EXHIBIT I**CITY OF AURORA, COLORADO****MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005****IV. Financial Analysis (continued)**

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 2005 were \$4.2 billion. The largest portion of these assets, \$3.7 billion (88%) were capital assets that include: land and water rights, buildings and improvements, infrastructure, 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 \$0.5 billion were current and other assets consisting primarily of cash, investments and receivables.

City capital assets increased \$186.2 million in 2005. Of this increase, \$99.2 million occurred in capital assets used in governmental activities. The remaining \$87.0 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, footnote 6.

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

	Primary Government								
	Governmental Activities			Business-type Activities			Citywide Totals		
	December 31 2005	December 31 2004	Increase (Decrease)	December 31 2005	December 31 2004	Increase (Decrease)	December 31 2005	December 31 2004	Increase (Decrease)
Land and water rights	\$ 212,790	\$ 199,055	\$ 13,735	\$ 232,543	\$ 217,507	\$ 15,036	\$ 445,333	\$ 416,562	\$ 28,771
Buildings and improvements	168,192	155,940	12,252	96,270	48,425	47,845	264,462	204,365	60,097
Infrastructure	2,309,802	2,214,895	94,907	568,261	498,701	69,560	2,878,063	2,713,596	164,467
Machinery and equipment	18,515	19,894	(1,379)	16,148	16,514	(366)	34,663	36,408	(1,745)
Construction in progress	13,979	34,334	(20,355)	39,751	84,824	(45,073)	53,730	119,158	(65,428)
Totals	<u>\$ 2,723,278</u>	<u>\$ 2,624,118</u>	<u>\$ 99,160</u>	<u>\$ 952,973</u>	<u>\$ 865,971</u>	<u>\$ 87,002</u>	<u>\$ 3,676,251</u>	<u>\$ 3,490,089</u>	<u>\$ 186,162</u>

Chart 2

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

IV. Financial Analysis (continued)

A. Assets (continued)

Governmental Activities

The \$99.2 million increase in governmental activities capital assets is explained as follows:

- Infrastructure increased \$94.9 million. During 2005, developers donated streets to the City valued at \$75.7 million. In addition, \$21.6 million in street and traffic signal improvements and \$6.0 million in parks improvements were added. Infrastructure decreased \$8.8 million through current year depreciation expense.
- Land increased \$13.7 million. The developer-donated streets included land valued at \$5.3 million. The City also incurred land acquisition costs of \$6.5 million, primarily for open space funded with 2005 COPs proceeds from the ACLC Capital Projects Fund. Another \$1.9 million in land acquisitions were made from the Conservation Trust Fund and the City Capital Projects Fund.
- Buildings and improvements increased \$12.3 million primarily as a result of the completion of Phase II of the Central Maintenance Facility project for \$10.6 million. Other facilities, including animal care, municipal courts, and various libraries and recreation centers, were completed for \$6.5 million. Buildings decreased \$4.8 million through current year depreciation expense.
- Machinery and equipment decreased \$1.4 million. The General Fund entered into two new capital leases in 2005 for two fire trucks adding \$0.9 million to machinery and equipment. The City also added assets valued at \$2.4 million, primarily for public safety vehicles and equipment. Machinery and equipment valued at \$0.3 million was disposed of during 2005. Additionally, machinery and equipment decreased \$4.4 million through current year depreciation expense.
- The decrease of \$20.4 million in construction in progress relates primarily to the transfer of completed projects from construction in progress to buildings and improvements and infrastructure. The majority of the projects transferred relate to the completed Central Maintenance Facility, which added \$10.6 million to buildings and improvements. The completed animal care and municipal courts facilities, and various libraries and recreation centers added \$3.2 million to building and improvements. Various street and parks projects valued at \$6.9 million, including the Dam West Fence, Sunrise Park, Olympic Park, Mountain View Neighborhood Park, Settler's Park, and Aqua Vista Park, were completed in 2005 and transferred to infrastructure.

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

IV. Financial Analysis (continued)

A. Assets (continued)

Business-type Activities

Business-type activities capital assets increased \$87.0 million as a result of the following events:

- The Water Fund purchased land and water rights for \$15.0 million, primarily funded by the 2005 Water Revenue Bond proceeds.
- Building additions in the amount of \$47.8 million resulted from the completion and transfer of the following Water Fund projects from construction in progress to buildings and improvements: the Wemlinger Water Treatment Plant, valued at \$27.4 million, the Otero pump station, valued at \$5.7 million and the building A remodel, valued at \$2.7 million. Additionally, the Sewer Fund Sand Creek reuse plant project, valued at \$12.5 million, was transferred from construction in progress to buildings and improvements in 2005. Depreciation expense decreased buildings and improvements by \$1.9 million.
- The increase in infrastructure of \$69.6 million is attributable to water lines, valued at \$17.1 million, and sewer lines, valued at \$16.9 million, constructed by developers and contributed to the City. Additionally, various water line replacement, well improvement, and water storage projects, valued at \$24.7 million, and various sewer line and drainage improvement projects, valued at \$19.9 million, were transferred from construction in progress to infrastructure in 2005. Depreciation expense of \$7.7 million was recorded.
- Machinery and equipment additions approximated the current year depreciation expense.
- Construction in progress decreased \$45.1 million as the various projects previously outlined were completed in 2005 and transferred to buildings and improvements and infrastructure. These transfers were offset by additions relating to projects for water purification, water storage, and the building remodel, with a total value of \$34.6 million in the Water Fund, and projects for Sandcreek water quality, and various sewer lines and drainage improvements, valued at \$14.9 million, in the Sewer Fund.

B. Liabilities

Citywide total liabilities at the end of 2005 were \$567.9 million. The largest portion of these liabilities, \$496.4 million (87.4%) were non-current, including: accrued compensated absences, accrued risk claims and long-term debt. The remaining \$71.4 million in liabilities were in current and other liabilities, which were primarily amounts due to vendors and unearned revenues. A summary of changes in the City's non-current liabilities including outstanding bonds and certificates of participation is provided in Chart 3. Additional information on the City's debt can be found in the notes to the basic financial statements, footnote 9.

EXHIBIT I**CITY OF AURORA, COLORADO****MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005****IV. Financial Analysis (continued)*****B. Liabilities (continued)******Comparative Schedule of Non-current Liabilities (in thousands)***

	Primary Government								
	Governmental Activities			Business-type Activities			Citywide Totals		
	December 31 2005	December 31 2004	Increase (Decrease)	December 31 2005	December 31 2004	Increase (Decrease)	December 31 2005	December 31 2004	Increase Decrease
General obligation bonds	\$ 44,945	\$ 48,870	\$ (3,925)	\$ 51,635	\$ 59,155	\$ (7,520)	\$ 96,580	\$ 108,025	\$ (11,445)
Revenue bonds	13,775	15,190	(1,415)	223,000	128,820	94,180	236,775	144,010	92,765
Certificates of participation	116,165	97,745	18,420	-	-	-	116,165	97,745	18,420
Unamortized premiums & discounts	(167)	191	(358)	4,586	3,335	1,251	4,419	3,526	893
Compensated absences	20,411	19,962	449	2,601	2,541	60	23,012	22,503	509
Risk claims	8,856	8,203	653	-	-	-	8,856	8,203	653
Other	2,754	997	1,757	7,879	9,012	(1,133)	10,633	10,009	624
Totals	\$ 206,739	\$ 191,158	\$ 15,581	\$ 289,701	\$ 202,863	\$ 86,838	\$ 496,440	\$ 394,021	\$ 102,419

Chart 3

At the end of 2005, the City had total bonded debt of \$333.4 million and approximately \$116.2 million in certificates of participation (COPs). COPs represent rights to receive revenues through a capital lease and are similar to a bondholder's right to receive debt service on bonds. Aurora Capital Leasing Corporation (ACLC), a blended component unit that provides financing for City capital assets, issues the COPs. Citywide net bonded and COP debt increased \$99.7 million during 2005. This increase reflects the issuance of \$100.0 million of water revenue bonds to fund water rights acquisitions, and construction and acquisition of water facilities. Additionally, \$23.4 million in COPs were issued by ACLC to fund the acquisition and construction of public improvements and open space. The Golf Fund issued \$4.6 million in refunding revenue bonds to refund the outstanding balance of \$5.2 million on the 1995 revenue bonds, originally issued to construct the Saddle Rock Golf Course. Scheduled debt principal payments decreased outstanding debt by \$23.1 million.

The City's underlying general obligation debt rating is Aa2 by Moody's Investors Service and AA by Standard & Poor's.

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, 2005 was approximately \$76.9 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. Voter approval of additional debt typically includes a provision exempting the new debt from the debt margin. Consequently, the computation of the City's legal debt margin has little real significance.

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

IV. Financial Analysis (continued)

C. Net Assets

At the end of 2005, total net assets (assets minus liabilities) were \$3.6 billion. The largest portion of net assets (\$3.3 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.

Total restricted net assets at the end of 2005 were \$57.8 million. This amount represents net resources that were subject to external requirements dictating how funds may be used. Restrictions result from debt covenants, legislation, agreements, or requirements of the specific revenue source. The remaining net assets of \$254.2 million were unrestricted. While there were no outside restrictions on these funds, City policies and budget plans limit the use of these amounts. Unrestricted net assets include the following items:

- \$148.7 million in the Water Fund and \$32.7 million in the Sewer Fund, intended for use by the Utility Enterprise,
- \$28.0 million in the Capital Projects Fund authorized by City Code to be used for capital purposes,
- \$5.3 million in the Development Review Fund authorized by City Council to support activities of the enhanced development review program,
- \$6.6 million in the Designated Revenues Fund authorized by City Council primarily to support development activity,
- \$18.7 million in the Policy Reserve Fund to maintain reserves at 10% of General Fund adjusted budgetary expenditures and,
- \$3.3 million in the Risk Management Fund to be used for future claims.

As indicated in Chart 1, net assets increased \$205.1 million in 2005, of which \$98.1 million (47.8%) was attributable to governmental activities and \$107.1 million (52.2%) was attributable to business-type activities.

The increase in net assets attributable to governmental activities primarily resulted from recording street infrastructure and land contributed by developers valued at \$81.0 million (82.6% of the governmental activities increase).

Water and sewer lines, constructed by developers and deeded to the City, accounted for \$34.0 million (31.7%) of the increase in net assets attributable to business-type activities. An additional \$62.4 million (58.3%) increase resulted from water and sewer tap and annexation fees which are used for the construction and improvement of capital assets.

EXHIBIT I
CITY OF AURORA, COLORADO
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005**
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>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>	<u>% Change</u>	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>	<u>% Change</u>	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
REVENUES												
Program Revenues												
Charges for services	\$ 41,030	\$ 30,455	\$ 10,575	34.7	\$ 102,400	\$ 85,519	\$ 16,881	19.7	\$ 143,430	\$ 115,974	\$ 27,456	23.7
Operating grants and contributions	49,966	31,555	18,411	58.3	2,957	1,758	1,199	68.2	52,923	33,313	19,610	58.9
Capital grants and contributions	86,963	125,614	(38,651)	(30.8)	96,735	67,566	29,169	43.2	183,698	193,180	(9,482)	(4.9)
General Revenues												
Taxes												
Sales and use	143,592	135,610	7,982	5.9	-	-	-	-	143,592	135,610	7,982	5.9
Property	28,645	28,033	612	2.2	-	-	-	-	28,645	28,033	612	2.2
Franchise	11,225	10,606	619	5.8	-	-	-	-	11,225	10,606	619	5.8
Lodgers	3,344	3,130	214	6.8	-	-	-	-	3,344	3,130	214	6.8
Occupational privilege	3,950	3,756	194	5.2	-	-	-	-	3,950	3,756	194	5.2
Other	5,367	5,362	5	0.1	-	-	-	-	5,367	5,362	5	0.1
Grants and contributions not restricted to specific programs	794	863	(69)	(8.0)	-	-	-	-	794	863	(69)	(8.0)
Unrestricted investment earnings	2,793	2,276	517	22.7	2,294	1,261	1,033	81.9	5,087	3,537	1,550	43.8
Total revenues	<u>377,669</u>	<u>377,260</u>	<u>409</u>	0.1	<u>204,386</u>	<u>156,104</u>	<u>48,282</u>	30.9	<u>582,055</u>	<u>533,364</u>	<u>48,691</u>	9.1
EXPENSES												
General government	53,728	34,865	18,863	54.1	-	-	-	-	53,728	34,865	18,863	54.1
Judicial	6,955	6,892	63	0.9	-	-	-	-	6,955	6,892	63	0.9
Police	67,695	64,976	2,719	4.2	-	-	-	-	67,695	64,976	2,719	4.2
Fire	29,227	29,082	145	0.5	-	-	-	-	29,227	29,082	145	0.5
Other public safety	10,351	9,465	886	9.4	-	-	-	-	10,351	9,465	886	9.4
Public works	39,425	28,175	11,250	39.9	-	-	-	-	39,425	28,175	11,250	39.9
Economic development	15,215	14,096	1,119	7.9	-	-	-	-	15,215	14,096	1,119	7.9
Community services	9,632	9,408	224	2.4	-	-	-	-	9,632	9,408	224	2.4

(continued)

	Primary Government											
	Governmental Activities				Business-type Activities				Totals			
	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>	<u>% Change</u>	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>	<u>% Change</u>	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
EXPENSES (continued)												
Culture and recreation	\$ 35,608	\$ 34,217	\$ 1,391	4.1	\$ -	\$ -	\$ -	-	\$ 35,608	\$ 34,217	\$ 1,391	4.1
Unallocated depreciation	2,945	2,742	203	7.4	-	-	-	-	2,945	2,742	203	7.4
Interest on debt	8,611	8,958	(347)	(3.9)	-	-	-	-	8,611	8,958	(347)	(3.9)
Water	-	-	-	-	58,689	46,903	11,786	25.1	58,689	46,903	11,786	25.1
Sewer	-	-	-	-	30,141	26,174	3,967	15.2	30,141	26,174	3,967	15.2
Golf	-	-	-	-	8,696	8,729	(33)	(0.4)	8,696	8,729	(33)	(0.4)
Total expenses	<u>279,392</u>	<u>242,876</u>	<u>36,516</u>	5.4	<u>97,526</u>	<u>81,806</u>	<u>15,720</u>	19.2	<u>376,918</u>	<u>324,682</u>	<u>52,236</u>	16.1
Excess of revenues over expenses before transfers	98,277	134,384	(36,107)	(26.9)	106,860	74,298	32,562	43.8	205,137	208,682	(3,545)	(1.7)
Transfers in (out)	<u>(200)</u>	<u>-</u>	<u>(200)</u>	(100.0)	<u>200</u>	<u>-</u>	<u>200</u>	100.0	<u>-</u>	<u>-</u>	<u>-</u>	-
Net change in net assets	98,077	134,384	(36,307)	(27.0)	107,060	74,298	32,762	44.1	205,137	208,682	(3,545)	(1.7)
Net assets January 1	<u>2,591,794</u>	<u>2,457,410</u>	<u>134,384</u>	5.5	<u>844,252</u>	<u>769,954</u>	<u>74,298</u>	9.6	<u>3,436,046</u>	<u>3,227,364</u>	<u>208,682</u>	6.5
Net assets December 31	<u>\$ 2,689,871</u>	<u>\$ 2,591,794</u>	<u>\$ 98,077</u>	3.8	<u>\$ 951,312</u>	<u>\$ 844,252</u>	<u>\$ 107,060</u>	12.7	<u>\$ 3,641,183</u>	<u>\$ 3,436,046</u>	<u>\$ 205,137</u>	6.0
											(concluded)	

Chart 4

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

IV. Financial Analysis (continued)

D. Revenues and Expenses

Chart 4 shows a comparison of the citywide activities for 2005 compared to 2004.

Governmental activities

Total revenues for governmental activities increased \$0.4 million (0.1%) due to the following:

- An increase in operating grants and contributions of \$18.4 million attributable to reimbursement of the Fitzsimons landfill cleanup grant and the DIA noise court settlement.
- An increase in charges for services revenues of \$10.6 million attributable to permit revenue growth resulting from strong construction activity, increased fines resulting from an increase in the court fine schedule, and new special improvement district revenue.
- Increased tax revenue of \$9.6 million, primarily increased sales and use taxes, reflecting continued strength in the local economy and construction activity.
- Increased unrestricted investment earnings of \$0.5 million as a result of an increase in interest rates.
- A decrease of \$38.7 million in capital grants and contributions due to less street infrastructure contributed from developers.

Total governmental expenses increased \$36.5 million (5.4%) as described in the following analysis by function:

- General government expenses increased \$18.9 million resulting primarily from the early payoff of a tax incentive agreement, the increased payment of exaction fees to a developer, and valuation of the net pension asset.
- An increase in police expenses of \$2.7 million resulting from the hiring of 14 new officers and increases in vehicle maintenance and fuel costs.
- An increase in other public safety expenses of \$0.9 million reflecting the purchase of new wireless technology, higher E-911 contract costs, and costs related to opening a new dispatch center.
- An increase in public works expenses of \$11.2 million related to expenses incurred to complete the Fitzsimons landfill cleanup.
- An increase of \$1.1 million in economic development expenses through increased spending on community development grant projects.
- Cultural and recreation expenses increased \$1.4 million mainly through increased parks operating and maintenance expenses funded with new tax share-back receipts.
- Interest on debt decreased \$0.3 million in accordance with scheduled debt service payments.

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

IV. Financial Analysis (continued)

D. Revenues and Expenses (continued)

Governmental activities (continued)

Charts 5 and 6 present governmental activity revenues by source and governmental revenues by type of fund, respectively. Governmental activity sources include taxes and other revenues, while governmental fund revenues also include transfers in. Governmental activities are useful for understanding the sources of government revenues while governmental revenues by fund are presented as external laws and agreements, as well as City Council internally approved laws, generally restrict revenue spending by the fund in which they are received. The City's largest source of revenue used to support governmental activities is sales and use taxes. These revenues account for 37% of total revenues. Capital grants and contributions include street infrastructure and land valued at \$81.0 million.

2005 Revenues by Source - Governmental Activities

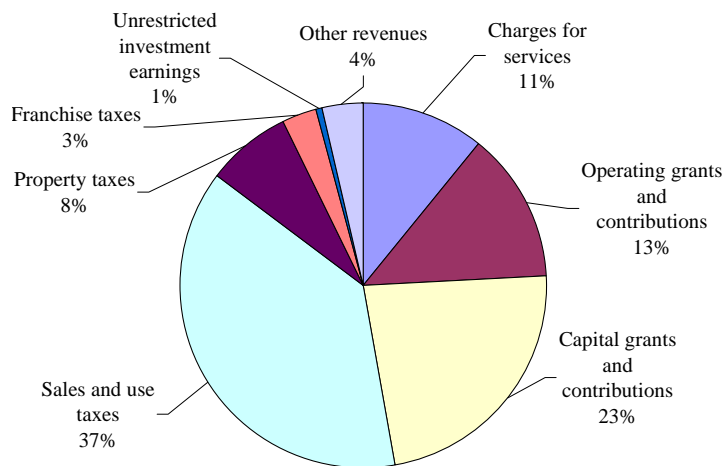


Chart 5

2005 Governmental Revenues by Type of Fund

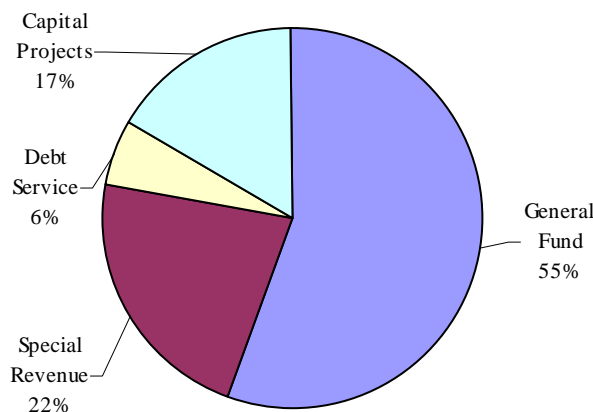


Chart 6

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

IV. Financial Analysis (continued)

D. Revenues and Expenses (continued)

Governmental activities (continued)

Charts 7 and 8 below present governmental activities expenses by function and governmental expenditures by fund, respectively. Governmental activities are useful for understanding the costs associated with types of governmental services while fund expenditures are useful for understanding the results of restrictions placed on expenditures through external laws and agreements and through City Council internally approved laws.

2005 Governmental Activities Expenses by Function

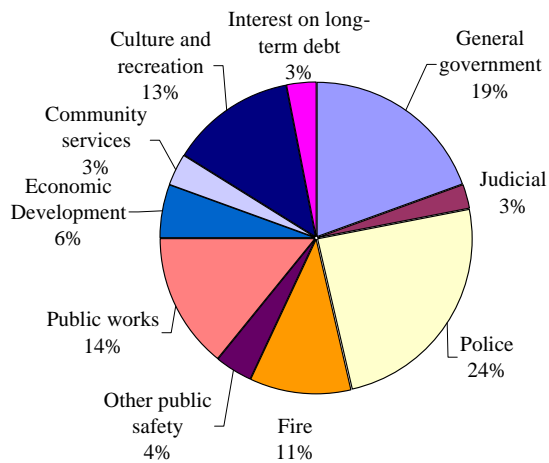


Chart 7

2005 Governmental Expenditures by Type of Fund

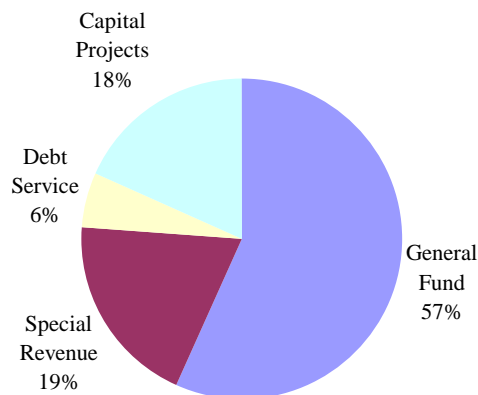


Chart 8

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

IV. Financial Analysis (continued)

D. Revenues and Expenses (continued)

Governmental activities (continued)

Chart 9 below shows the extent to which governmental activities are financed through program revenues. Public works program revenues on the citywide statement of activities include \$81.0 million of non-cash contributions for new streets and associated land deeded to the City from developers. Public works expenses are mostly related to street maintenance. Governmental Activities are primarily financed through general revenues of the City including taxes and unrestricted investment earnings.

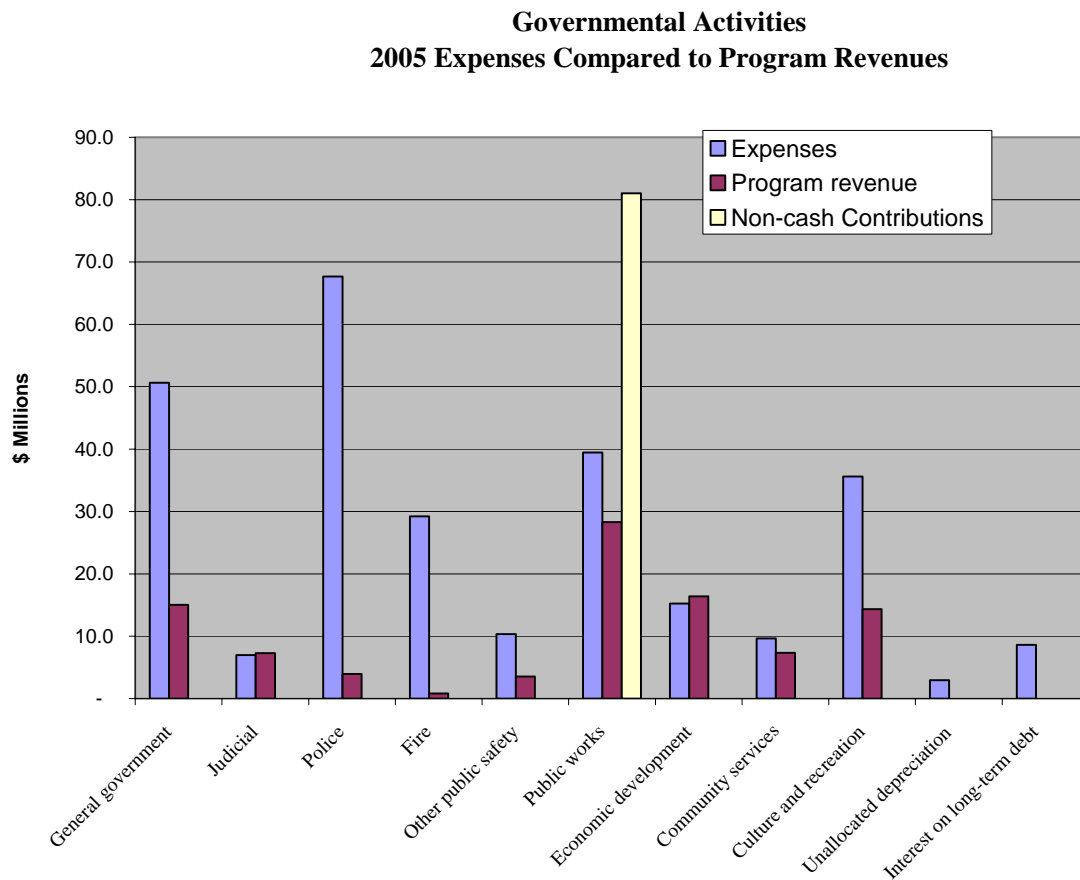


Chart 9

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

IV. Financial Analysis (continued)

D. Revenues and Expenses (continued)

Business-type activities

Total revenues for business-type activities increased \$48.3 million due to the following:

- Increase in charges for services of \$16.9 million due to water and sewer rate increases effective May 2005. Additionally, unused water flow was sold in 2005. No similar transaction occurred in 2004.
- Increase in capital grants and contributions of \$29.2 million, including an increase of \$9.3 million in contributed mains, an increase in water and sewer tap fees of \$23.8 million related to development activity and tap fee rate increases, and a decrease in water drought surcharges of \$3.9 million resulting from the expiration of the surcharge.
- Investment earnings increased \$1.0 million principally due to higher interest rates and cash balances.

Total expenses for business-type activities increased \$15.7 million due to:

- Factors attributing to the increase in Water expenses of \$11.8 million include the addition of approximately 15 new employees, increased electricity costs, increased legal services relating to the bond issuance and land acquisitions, increased water lease payments, and increased interest expense on debt.
- Sewer expenses increased \$4.0 million as a result of personnel increases and increased charges for sewer treatment services relating to increased purchased flow capacity.

Chart 10 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.

2005 Revenues by Source - Business-type Activities

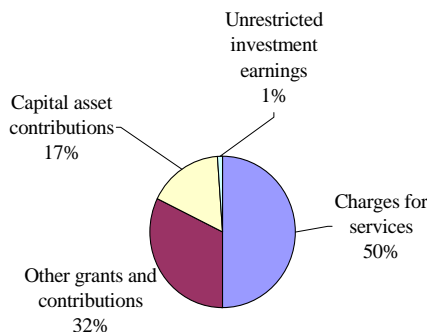


Chart 10

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

IV. Financial Analysis (continued)

D. Revenues and Expenses (continued)

Business-type activities (continued)

Chart 11 below compares expenses and program revenues for the business-type activities. In 2005, charges for services exceeded expenses. While recorded as 2005 revenue, capital grants and contributions (the primary component of other grants and contributions) and capital asset contributions are not used to fund operations.

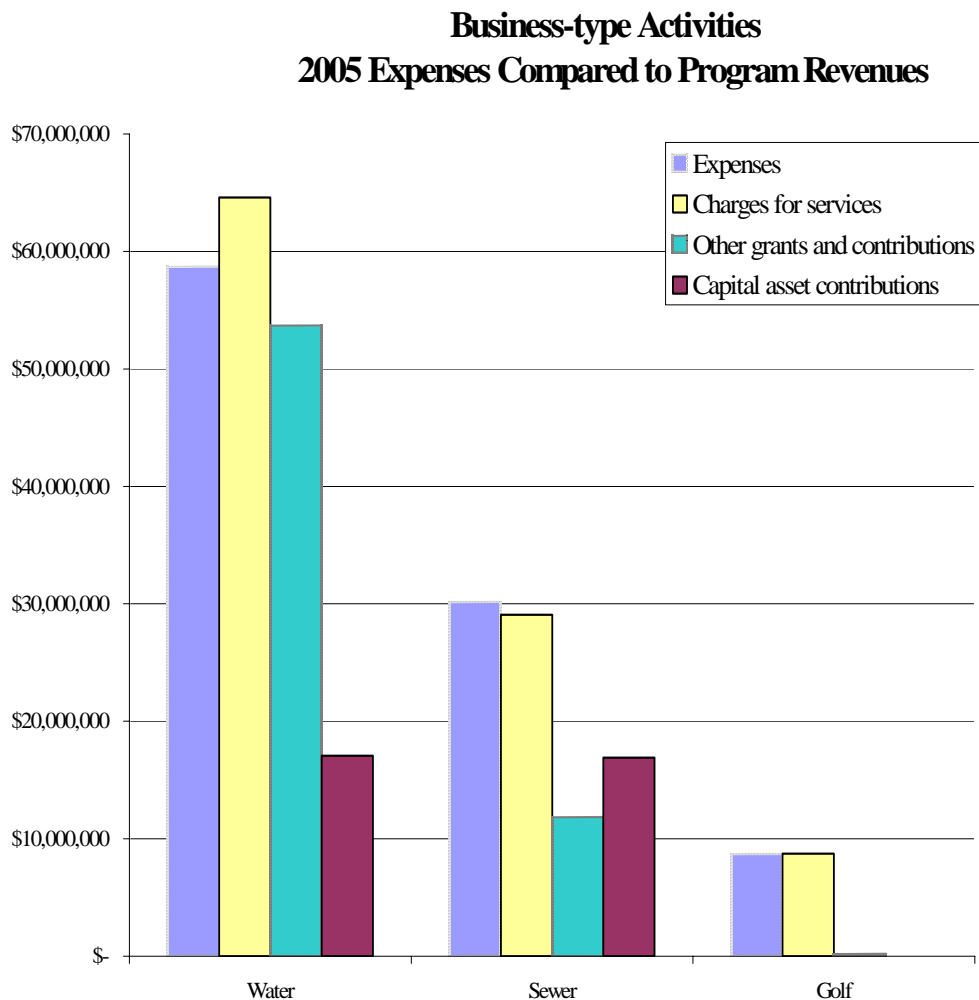


Chart 11

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

IV. Financial Analysis (continued)

E. Individual Governmental Funds

General Fund

The General Fund is the main operating fund of the City. At the end of 2005, total fund balance for the General Fund was \$27.6 million. This amount includes \$1.3 million reserved for purchase orders where the goods or services have not yet been received. Of the remaining \$26.3 million unreserved fund balance, \$17.0 million was designated for payment of long-term liabilities and \$9.3 million, including the operating designation of \$8.5 million for one-time items, was available to meet the City's ongoing obligations to citizens and creditors. Total General Fund fund balance increased \$3.2 million from 2004 reflecting the increase in taxes, offset by an increase in general government and police expenditures.

The following comparisons are useful measures of the General Fund's financial flexibility. Unreserved/undesignated fund balance plus certain designations (the operating designation for 2005 and the designation for subsequent year budgets for 2004) was 4.2% of total General Fund expenditures (including other financing uses) in 2005, compared to 3.9% in 2004. This translates to 4.2% and 4.0% of General Fund revenues (including other financing sources) for 2005 and 2004, respectively. Total fund balance was 12.4% of total General Fund expenditures (12.3% of revenues) in 2005, compared to 11.4% (11.6% of revenues) in 2004.

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, for purposes of calculating the policy reserve, exclude capital and development related expenditures and expenditures related to funding two police officers per 1,000 citizens, which are funded with voter approved sales and use taxes. At the end of 2005, Policy Reserve Fund funds available meets the minimum 10% requirement. The total of the General Fund's unreserved and undesignated funds available, the Policy Reserve Fund's funds available and the TABOR Reserve Fund's funds available was 14.5% of the General Fund's 2005 adjusted budgetary operating expenditures.

The Capital Projects Fund

The City Capital Projects Fund is a governmental fund that accounts for resources and costs relating to major capital projects. Funding for projects is primarily by transfers from the General Fund, grants, and intergovernmental agreements. Total fund balance in the City Capital Projects Fund at December 31, 2005 was \$34.3 million. Of this amount, \$10.3 million is reserved for specific purposes. Of the total unreserved amount, \$13.1 million was designated for continuing appropriations and \$2.0 million was designated for the subsequent year's budgeted shortfall. The remaining \$8.9 million was available for appropriation. The \$7.5 million decrease in fund balance at December 31, 2005 as compared to December 31, 2004 was primarily due to spending of the general obligation bond series 2000 proceeds for construction of various City facilities and parks.

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

IV. Financial Analysis (continued)

E. Individual Funds (continued)

The ACLC Capital Projects Fund

The ACLC Capital Projects Fund is a part of the component unit Aurora Capital Leasing Corporation. This fund includes activities related to the construction and acquisition of City leased property. Total fund balance in the ACLC Capital Projects Fund at the end of 2005 was \$4.5 million, which consisted of \$1.9 million unspent proceeds on the 2002 COPs and \$2.6 million unspent proceeds on the 2005 COPs.

Debt Service Funds

The City has five debt service funds that account for the accumulation of resources that fund debt service payments on governmental bonds and COPs. The total fund balance at the end of 2005 for all debt service funds included \$6.1 million reserved for payments relating to debt service, arbitrage and urban renewal. The reserved fund balance increased \$1.4 million reflecting a \$2.4 million addition of a 2005 COPs debt service reserve requirement offset by a \$1.3 million arbitrage payment on the 2000 COPs.

F. General Fund Budgetary Highlights

The final 2005 General Fund amended expenditure budget was \$8.5 million (4.0%) higher than the original 2005 expenditure budget, reflecting an increase in the required transfer of General Fund use tax revenue to the City Capital Projects Fund after those revenues came in higher than projected. Revenues for 2005 exceeded budget by \$5.3 million due to strong sales and franchise taxes, use taxes designated for capital purposes, and licenses and permit revenues. General Fund expenditures were \$2.0 million under budget resulting from efforts by City management to reduce expenditures below budget. As a result, December 31 ending funds available were \$7.3 million better than budgeted.

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, 2005

	Primary Government			Component Unit
	Governmental	Business-Type		Fitzsimons
	Activities	Activities	Total	Redevelopment
				Authority
ASSETS				
Cash and cash equivalents	\$ 5,912,529	\$ 1,345,528	\$ 7,258,057	\$ 5,502,850
Investments	78,048,836	183,511,592	261,560,428	—
Receivables (net of allowance)	52,128,712	9,603,296	61,732,008	852,092
Internal balances	650,124	(650,124)	—	—
Inventories	460,276	272,515	732,791	—
Deferred charges	404,824	1,332,726	1,737,550	296,955
Restricted assets	89,609,664	105,994,862	195,604,526	104,887
Notes receivable	1,319,535	283,558	1,603,093	1,522,145
Equity in joint venture	—	2,573,649	2,573,649	—
<i>Capital assets (net of accumulated depreciation)</i>				
Land and water rights	212,790,150	232,543,016	445,333,166	4,734,219
Buildings and improvements	168,192,221	96,270,368	264,462,589	7,399,668
Infrastructure	2,309,801,701	568,261,375	2,878,063,076	—
Machinery and equipment	18,515,065	16,147,778	34,662,843	45,590
Construction in progress	13,979,344	39,751,131	53,730,475	1,885,200
Total assets	2,951,812,981	1,257,241,270	4,209,054,251	22,343,606
LIABILITIES				
Accounts payable and other current liabilities	8,098,710	13,192,807	21,291,517	1,359,969
Unearned revenues	22,973,005	310,483	23,283,488	41,214
Payable from restricted assets	24,131,197	2,724,755	26,855,952	—
<i>Noncurrent liabilities</i>				
Due within one year	16,729,069	11,739,773	28,468,842	159,344
Due within one year payable from restricted assets	—	2,112,514	2,112,514	—
Due beyond one year	177,879,501	179,175,354	357,054,855	4,041,807
Due beyond one year payable from restricted assets	12,130,333	96,673,176	108,803,509	—
Total liabilities	261,941,815	305,928,862	567,870,677	5,602,334
NET ASSETS				
Invested in capital assets, net of related debt	2,564,482,012	764,659,039	3,329,141,051	10,841,526
<i>Restricted</i>				
Construction	11,624,224	1,984,417	13,608,641	104,887
Police	441,853	—	441,853	—
E-911 equipment and services	4,730,191	—	4,730,191	—
Parks and recreation	13,679,692	—	13,679,692	—
Emergencies	6,784,149	—	6,784,149	—
Gifts and grants	6,754,529	—	6,754,529	—
Debt related	—	2,500,000	2,500,000	—
Agreements	4,442,130	—	4,442,130	—
Urban renewal	721,486	—	721,486	—
Pension benefits	4,169,880	—	4,169,880	—
Unrestricted	72,041,020	182,168,952	254,209,972	5,794,859
Total net assets	\$ 2,689,871,166	\$ 951,312,408	\$ 3,641,183,574	\$ 16,741,272

EXHIBIT III

CITY OF AURORA, COLORADO

CITYWIDE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

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	\$ 53,727,660	\$ 5,101,144	\$ 9,818,380	\$ 98,792	\$ (38,709,344)	\$ —	\$ (38,709,344)	
Judicial	6,955,078	7,290,726	9,695	—	345,343	—	345,343	
Police	67,694,840	1,756,746	2,190,165	—	(63,747,929)	—	(63,747,929)	
Fire	29,227,035	521,594	309,596	—	(28,395,845)	—	(28,395,845)	
Other public safety	10,351,525	3,060	3,107,131	404,675	(6,836,659)	—	(6,836,659)	
Public works	39,425,303	971,021	25,127,922	83,227,780	69,901,420	—	69,901,420	
Economic development	15,214,633	16,228,709	150,588	—	1,164,664	—	1,164,664	
Community services	9,632,404	3,531,460	3,779,490	—	(2,321,454)	—	(2,321,454)	
Culture and recreation	35,608,066	5,625,750	5,473,384	3,231,944	(21,276,988)	—	(21,276,988)	
Unallocated depreciation	2,944,641	—	—	—	(2,944,641)	—	(2,944,641)	
Interest on long-term debt	8,610,617	—	—	—	(8,610,617)	—	(8,610,617)	
Total governmental activities	279,391,802	41,030,210	49,966,351	86,963,191	(101,432,050)	—	(101,432,050)	
Business-type activities								
Water	58,689,242	64,603,833	2,599,702	68,148,250	—	76,662,543	76,662,543	
Sewer	30,141,125	29,059,182	328,100	28,421,528	—	27,667,685	27,667,685	
Golf	8,696,129	8,737,191	29,645	165,600	—	236,307	236,307	
Total business-type activities	97,526,496	102,400,206	2,957,447	96,735,378	—	104,566,535	104,566,535	
Total primary government	\$ 376,918,298	\$ 143,430,416	\$ 52,923,798	\$ 183,698,569	(101,432,050)	104,566,535	3,134,485	
Component unit								
Fitzsimons Redevelopment Authority	\$ 2,411,446	\$ 1,599,209	\$ 245,313	\$ —				\$ (566,924)

	Primary Government			Component Unit
	Governmental	Business-Type		Fitzsimons
	Activities	Activities	Total	Redevelopment
				Authority
General Revenues				
<i>Taxes</i>				
Sales and use taxes	\$ 143,592,080	\$ —	\$ 143,592,080	\$ —
Property taxes	28,644,691	—	28,644,691	—
Franchise taxes	11,224,526	—	11,224,526	—
Lodgers taxes	3,344,153	—	3,344,153	—
Occupational privilege taxes	3,950,531	—	3,950,531	—
Other taxes	5,366,799	—	5,366,799	—
Grants and contributions not restricted to specific purpose	793,718	—	793,718	—
Unrestricted investment earnings	2,793,069	2,293,816	5,086,885	1,352,136
Gain on disposal of capital assets	—	—	—	3,770,434
Transfers	(200,000)	200,000	—	—
Total general revenues and transfers	199,509,567	2,493,816	202,003,383	5,122,570
INCREASE IN NET ASSETS	98,077,517	107,060,351	205,137,868	4,555,646
NET ASSETS - January 1	2,591,793,649	844,252,057	3,436,045,706	12,185,626
NET ASSETS - December 31	\$ 2,689,871,166	\$ 951,312,408	\$ 3,641,183,574	\$ 16,741,272



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. Although the City Capital Projects Fund does not currently fit the category of a major governmental fund as defined above, management has decided to treat it as a major governmental fund for current reporting purposes.

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 and participation revenue from outside sources. In 2005 the Bond Proceeds Fund was created to account for new projects financed from bond proceeds. Ongoing bond projects from previous years will continue to be recorded in the City Capital Projects Fund until completed.

OTHER (NON-MAJOR) GOVERNMENTAL FUNDS

The other governmental funds are comprised of all non-major special revenue funds, all non-major debt service funds and all non-major capital projects funds.

EXHIBIT IV**CITY OF AURORA, COLORADO****GOVERNMENTAL FUNDS****BALANCE SHEET****DECEMBER 31, 2005**

	General	City Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 774,383	\$ 2,697,451	\$ 4,811,393	\$ 8,283,227
Investments	11,869,082	21,133,033	56,505,208	89,507,323
Receivables (net of allowance)	44,453,434	4,348,728	7,258,110	56,060,272
Due from other funds	14,251	215,249	463,976	693,476
Restricted assets	—	9,301,574	35,819,434	45,121,008
Notes receivable	—	1,228,534	10,062,833	11,291,367
Total assets	<u>\$ 57,111,150</u>	<u>\$ 38,924,569</u>	<u>\$ 114,920,954</u>	<u>\$ 210,956,673</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities</i>				
Accounts payable and other				
current liabilities	\$ 6,371,213	\$ 352,650	\$ 2,161,389	\$ 8,885,252
Due to other funds	47,773	21,130	14,251	83,154
Deferred revenues	23,082,993	1,239,265	14,447,871	38,770,129
Payable from restricted assets	—	3,016,407	7,420,899	10,437,306
Total liabilities	<u>29,501,979</u>	<u>4,629,452</u>	<u>24,044,410</u>	<u>58,175,841</u>
<i>Fund balances</i>				
<i>Reserved</i>				
Encumbrances	1,318,383	4,026,441	3,945,015	9,289,839
Construction	—	1,611,101	17,432,113	19,043,214
Police	—	—	441,853	441,853
Gifts and grants	—	4,244,626	—	4,244,626
Debt related	—	—	4,711,343	4,711,343
Arbitrage	—	429,440	660,061	1,089,501
Agreements	—	—	4,442,130	4,442,130
Urban renewal	—	—	711,035	711,035
<i>Unreserved</i>				
Designated				
General Fund	25,451,845	—	—	25,451,845
Special revenue funds	—	—	16,901,565	16,901,565
Debt service funds	—	—	470,000	470,000
Capital project funds	—	15,121,212	134,540	15,255,752
Undesignated				
General Fund	838,943	—	—	838,943
Special revenue funds	—	—	40,129,978	40,129,978
Debt service funds	—	—	437,313	437,313
Capital project funds	—	8,862,297	459,598	9,321,895
Total fund balances	<u>27,609,171</u>	<u>34,295,117</u>	<u>90,876,544</u>	<u>152,780,832</u>
Total liabilities and fund balances	<u>\$ 57,111,150</u>	<u>\$ 38,924,569</u>	<u>\$ 114,920,954</u>	<u>\$ 210,956,673</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, 2005**

	Total Governmental Funds	Governmental Activities Adjustments	Internal Service Funds	Citywide Governmental Activities
ASSETS				
Cash and cash equivalents	\$ 8,283,227	\$ (2,943,148)	\$ 572,450	\$ 5,912,529
Investments	89,507,323	(23,427,779)	11,969,292	78,048,836
Receivables (net of allowance)	56,060,272	(4,023,790)	92,230	52,128,712
Due from other funds	693,476	(693,476)	—	—
Internal balances	—	650,124	—	650,124
Inventories	—	—	460,276	460,276
Deferred charges	—	404,824	—	404,824
Restricted assets	45,121,008	44,488,656	—	89,609,664
Notes receivable	11,291,367	(9,971,832)	—	1,319,535
<i>Capital assets (net of accumulated depreciation)</i>				
Land	—	212,790,150	—	212,790,150
Buildings and improvements	—	168,192,221	—	168,192,221
Infrastructure	—	2,309,348,184	453,517	2,309,801,701
Machinery and equipment	—	18,337,009	178,056	18,515,065
Construction in progress	—	13,979,344	—	13,979,344
Total assets	210,956,673	2,727,130,487	13,725,821	2,951,812,981
LIABILITIES				
Accounts payable and other current liabilities	8,885,252	(1,049,648)	263,106	8,098,710
Due to other funds	83,154	(83,154)	—	—
Deferred revenue / unearned revenue	38,770,129	(15,797,124)	—	22,973,005
Payable from restricted assets	10,437,306	13,693,891	—	24,131,197
<i>Noncurrent liabilities</i>				
Due within one year	—	12,919,779	3,809,290	16,729,069
Due beyond one year	—	172,433,588	5,445,913	177,879,501
Due beyond one year payable from restricted assets	—	12,130,333	—	12,130,333
Total liabilities	58,175,841	194,247,665	9,518,309	261,941,815
FUND BALANCE / NET ASSETS				
Invested in capital assets net of related debt	—	2,563,906,923	575,089	2,564,482,012
<i>Reserved / Restricted</i>				
Encumbrances	9,289,839	(9,289,839)	—	—
Construction	19,043,214	(7,418,990)	—	11,624,224
Police	441,853	—	—	441,853
E-911 equipment and services	—	4,730,191	—	4,730,191
Parks and recreation	—	13,679,692	—	13,679,692
Emergencies	—	6,784,149	—	6,784,149
Gifts and grants	4,244,626	2,509,903	—	6,754,529
Debt related	4,711,343	(4,711,343)	—	—
Arbitrage	1,089,501	(1,089,501)	—	—
Agreements	4,442,130	—	—	4,442,130
Urban renewal	711,035	10,451	—	721,486
Pension benefits	—	4,169,880	—	4,169,880
<i>Unreserved / Unrestricted</i>				
Designated	58,079,162	(58,079,162)	—	—
Undesignated / Unrestricted	50,728,129	17,680,468	3,632,423	72,041,020
Total fund balances / net assets	\$ 152,780,832	\$ 2,532,882,822	\$ 4,207,512	\$ 2,689,871,166

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, 2005**

	General	City Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
<i>Taxes</i>				
Sales and use	\$ 144,598,616	\$ —	\$ 535,432	\$ 145,134,048
Property	21,976,407	—	6,668,284	28,644,691
Franchise	11,224,526	—	—	11,224,526
Lodgers	3,344,153	—	—	3,344,153
Occupational privilege	3,898,581	—	51,950	3,950,531
Other	5,366,799	—	—	5,366,799
Charges for services	6,055,827	151,325	13,695,556	19,902,708
Licenses and permits	4,760,292	—	8,950,535	13,710,827
Fines and forfeitures	6,280,369	—	801,196	7,081,565
Special assessments	—	425,816	598,377	1,024,193
Intergovernmental	9,919,966	4,628,417	22,237,441	36,785,824
Surcharges	—	—	2,694,385	2,694,385
Miscellaneous	1,094,871	2,473,423	12,465,447	16,033,741
Investment earnings	933,772	578,750	2,179,760	3,692,282
Total revenues	219,454,179	8,257,731	70,878,363	298,590,273
EXPENDITURES				
<i>Current</i>				
General government	29,076,385	831,756	21,453,229	51,361,370
Judicial	6,700,195	10,957	107,817	6,818,969
Police	62,756,741	187,601	2,820,101	65,764,443
Fire	27,740,259	87,394	368,168	28,195,821
Other public safety	8,271,531	—	1,834,873	10,106,404
Public works	16,531,139	3,288,320	10,811,990	30,631,449
Economic development	3,668,660	14,137	11,622,396	15,305,193
Community services	4,313,883	6,612	5,172,544	9,493,039
Culture and recreation	18,490,189	1,205,769	13,070,735	32,766,693
<i>Debt service</i>				
Principal	262,968	—	10,315,000	10,577,968
Interest	43,282	—	8,555,326	8,598,608
Capital outlay	2,628,802	25,168,342	10,794,720	38,591,864
Total expenditures	180,484,034	30,800,888	96,926,899	308,211,821
Excess (deficiency) of revenues over (under) expenditures	38,970,145	(22,543,157)	(26,048,536)	(9,621,548)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,407,901	34,077,475	44,675,238	83,160,614
Transfers out	(41,317,891)	(20,227,276)	(21,200,640)	(82,745,807)
Capital leases	915,600	—	—	915,600
New debt issue	—	1,140,000	23,395,000	24,535,000
Market discount on debt	—	—	(179,797)	(179,797)
Disposal of capital assets	207,115	64,094	—	271,209
Total other financing sources (uses)	(35,787,275)	15,054,293	46,689,801	25,956,819
INCREASE (DECREASE) IN FUND BALANCES	3,182,870	(7,488,864)	20,641,265	16,335,271
FUND BALANCES - January 1	24,426,301	41,783,981	70,235,279	136,445,561
FUND BALANCES - December 31	\$ 27,609,171	\$ 34,295,117	\$ 90,876,544	\$ 152,780,832

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, 2005**

	Total Governmental Funds	Governmental Activities Adjustments	Internal Service Funds	Citywide Governmental Activities
REVENUES				
<i>Taxes</i>				
Sales and use	\$ 145,134,048	\$ (1,541,968)	\$ —	\$ 143,592,080
Property	28,644,691	—	—	28,644,691
Franchise	11,224,526	—	—	11,224,526
Lodgers	3,344,153	—	—	3,344,153
Occupational privilege	3,950,531	—	—	3,950,531
Other	5,366,799	—	—	5,366,799
<i>Charges for services - citywide</i>				
Charges for services	19,902,708	(14,363,510)	12,103,317	17,642,515
Licenses and permits	13,710,827	—	—	13,710,827
Fines and forfeitures	7,081,565	—	—	7,081,565
Special assessments	1,024,193	1,571,110	—	2,595,303
<i>Grants and contributions - citywide</i>				
Intergovernmental	36,785,824	—	—	36,785,824
Surcharges	2,694,385	—	—	2,694,385
Miscellaneous	16,033,741	80,950,109	337,576	97,321,426
Restricted investment earnings - operating	—	753,793	—	753,793
Restricted investment earnings - capital	—	167,832	—	167,832
Investment earnings (unrestricted)	3,692,282	(1,158,620)	259,407	2,793,069
Total revenues	298,590,273	66,378,746	12,700,300	377,669,319
EXPENDITURES				
<i>Current</i>				
General government	51,361,370	(11,403,753)	13,770,043	53,727,660
Judicial	6,818,969	136,109	—	6,955,078
Police	65,764,443	1,930,397	—	67,694,840
Fire	28,195,821	1,031,214	—	29,227,035
Other public safety	10,106,404	245,121	—	10,351,525
Public works	30,631,449	8,793,854	—	39,425,303
Economic development	15,305,193	(90,560)	—	15,214,633
Community services	9,493,039	139,365	—	9,632,404
Culture and recreation	32,766,693	2,841,373	—	35,608,066
Unallocated depreciation	—	2,944,641	—	2,944,641
<i>Debt service</i>				
Principal	10,577,968	(10,577,968)	—	—
Interest	8,598,608	9,241	2,768	8,610,617
<i>Capital outlay</i>	38,591,864	(38,591,864)	—	—
Total expenditures	308,211,821	(42,592,830)	13,772,811	279,391,802
Excess (deficiency) of revenues over (under) expenditures	(9,621,548)	108,971,576	(1,072,511)	98,277,517
OTHER FINANCING SOURCES (USES)				
<i>Transfers - citywide</i>				
Transfers in	83,160,614	—	574,993	83,735,607
Transfers out	(82,745,807)	—	(1,189,800)	(83,935,607)
New debt issue	24,535,000	(24,535,000)	—	—
Market discount on debt	(179,797)	179,797	—	—
Capital leases	915,600	(915,600)	—	—
Disposal of capital assets	271,209	(274,949)	3,740	—
Total other financing sources (uses)	25,956,819	(25,545,752)	(611,067)	(200,000)
INCREASE (DECREASE) IN FUND BALANCES / NET ASSETS	16,335,271	83,425,824	(1,683,578)	98,077,517
FUND BALANCES / NET ASSETS - January 1	136,445,561	2,449,456,998	5,891,090	2,591,793,649
FUND BALANCES / NET ASSETS - December 31	\$ 152,780,832	\$ 2,532,882,822	\$ 4,207,512	\$ 2,689,871,166

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 PROPRIETARY 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 PROPRIETARY 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, 2005

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds		Non-major	Total	Activities
	Water	Sewer	Fund	Enterprise	Internal
			Golf	Funds	Service Funds
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 409,797	\$ 799,116	\$ 136,615	\$ 1,345,528	\$ 572,450
Investments	146,094,944	35,794,837	1,621,811	183,511,592	11,969,292
Receivables (net of allowance)	6,287,470	3,315,146	680	9,603,296	92,230
Restricted assets	3,921,034	908,235	—	4,829,269	—
Current portion of interfund loan	—	256,000	—	256,000	—
Inventories	—	—	272,515	272,515	460,276
Total current assets	156,713,245	41,073,334	2,031,621	199,818,200	13,094,248
Noncurrent assets					
Deferred charges	1,208,496	45,330	78,900	1,332,726	—
Restricted assets	97,342,173	3,360,920	462,500	101,165,593	—
Notes receivable	79,410	—	204,148	283,558	—
Interfund loan	—	4,864,000	—	4,864,000	—
Equity in joint venture	2,573,649	—	—	2,573,649	—
Capital assets (net of accumulated depreciation)					
Land and water rights	209,944,362	7,307,051	15,291,603	232,543,016	—
Buildings and improvements	67,830,267	25,588,430	2,851,671	96,270,368	—
Infrastructure	331,309,359	222,934,747	14,017,269	568,261,375	453,517
Machinery and equipment	11,570,814	3,446,105	1,130,859	16,147,778	178,056
Construction in progress	19,924,807	19,826,324	—	39,751,131	—
Total capital assets	640,579,609	279,102,657	33,291,402	952,973,668	631,573
Total noncurrent assets	741,783,337	287,372,907	34,036,950	1,063,193,194	631,573
Total assets	898,496,582	328,446,241	36,068,571	1,263,011,394	13,725,821
LIABILITIES					
Current liabilities					
Accounts payable and other current liabilities	6,396,114	6,771,603	154,057	13,321,774	263,106
Unearned revenues	—	—	310,483	310,483	—
Payable from restricted assets	2,457,935	266,820	—	2,724,755	—
Current portion - interfund loan	—	—	256,000	256,000	—
Current portion - long-term liabilities	9,902,479	942,909	765,418	11,610,806	3,809,290
Current portion - payable from restricted assets	1,471,099	641,415	—	2,112,514	—
Total current liabilities	20,227,627	8,622,747	1,485,958	30,336,332	4,072,396
Noncurrent liabilities					
Interfund loan	—	—	4,864,000	4,864,000	—
Due beyond one year	160,307,888	14,314,551	4,552,915	179,175,354	5,445,913
Due beyond one year payable from restricted assets	96,084,173	126,503	462,500	96,673,176	—
Total noncurrent liabilities	256,392,061	14,441,054	9,879,415	280,712,530	5,445,913
Total liabilities	276,619,688	23,063,801	11,365,373	311,048,862	9,518,309
NET ASSETS					
Invested in capital assets net of related debt	471,916,822	264,296,514	23,325,703	759,539,039	575,089
Restricted					
Construction	—	1,984,417	—	1,984,417	—
Debt related	1,250,000	1,250,000	—	2,500,000	—
Unrestricted	148,710,072	37,851,509	1,377,495	187,939,076	3,632,423
Total net assets	\$ 621,876,894	\$ 305,382,440	\$ 24,703,198	\$ 951,962,532	\$ 4,207,512



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, 2005**

	Total Enterprise Funds	Business-type Activities Adjustments	Total Business-type Activities
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ 1,345,528	\$ —	\$ 1,345,528
Investments	183,511,592	—	183,511,592
Receivables (net of allowance)	9,603,296	—	9,603,296
Restricted assets	4,829,269	—	4,829,269
Internal balances	—	(650,124)	(650,124)
Current portion of interfund loan	256,000	(256,000)	—
Inventories	272,515	—	272,515
<i>Noncurrent assets</i>			
Deferred charges	1,332,726	—	1,332,726
Restricted assets	101,165,593	—	101,165,593
Notes receivable	283,558	—	283,558
Interfund loan	4,864,000	(4,864,000)	—
Equity in joint venture	2,573,649	—	2,573,649
Capital assets (net of accumulated depreciation)			
Land and water rights	232,543,016	—	232,543,016
Buildings and improvements	96,270,368	—	96,270,368
Infrastructure	568,261,375	—	568,261,375
Machinery and equipment	16,147,778	—	16,147,778
Construction in progress	39,751,131	—	39,751,131
Total assets	1,263,011,394	(5,770,124)	1,257,241,270
LIABILITIES			
<i>Current liabilities</i>			
Accounts payable and other current liabilities	13,321,774	(128,967)	13,192,807
Unearned revenues	310,483	—	310,483
Payable from restricted assets	2,724,755	—	2,724,755
Current portion - interfund loan	256,000	(256,000)	—
Current portion - long-term debt	11,610,806	128,967	11,739,773
Current portion - payable from restricted assets	2,112,514	—	2,112,514
<i>Noncurrent liabilities</i>			
Interfund loans	4,864,000	(4,864,000)	—
Due beyond one year	179,175,354	—	179,175,354
Due beyond one year payable from restricted assets	96,673,176	—	96,673,176
Total liabilities	311,048,862	(5,120,000)	305,928,862
NET ASSETS			
Invested in capital assets, net of related debt	759,539,039	5,120,000	764,659,039
<i>Restricted</i>			
Construction	1,984,417	—	1,984,417
Debt related	2,500,000	—	2,500,000
Unrestricted	187,939,076	(5,770,124)	182,168,952
Total net assets	\$ 951,962,532	\$ (650,124)	\$ 951,312,408

EXHIBIT X**CITY OF AURORA, COLORADO****PROPRIETARY FUNDS****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Major Funds		Non-major Fund	Total Enterprise Funds	Internal Service Funds
	Water	Sewer	Golf		
OPERATING REVENUES					
<i>Charges for services</i>					
Customers	\$ 64,192,968	\$ 29,059,182	\$ 8,737,191	\$ 101,989,341	\$ 12,103,317
Fire protection	410,865	—	—	410,865	—
Total operating revenues	64,603,833	29,059,182	8,737,191	102,400,206	12,103,317
OPERATING EXPENSES					
Cost of sales and services	42,022,670	23,834,605	6,367,066	72,224,341	9,167,045
Claims losses	—	—	—	—	4,400,528
Administrative expenses	3,143,921	789,059	928,317	4,861,297	98,934
Depreciation	7,401,865	4,634,877	938,285	12,975,027	103,536
Total operating expenses	52,568,456	29,258,541	8,233,668	90,060,665	13,770,043
Operating income (loss)	12,035,377	(199,359)	503,523	12,339,541	(1,666,726)
NONOPERATING REVENUES (EXPENSES)					
Investment income	4,231,540	984,779	124,660	5,340,979	259,407
Intergovernmental revenue	142,493	—	—	142,493	—
Miscellaneous revenues	63,488	34,224	29,645	127,357	337,576
Interest expense	(6,438,629)	(652,990)	(616,670)	(7,708,289)	(2,768)
Amortization expense	168,967	(8,206)	(6,706)	154,055	—
Disposal of capital assets	336,550	(120,634)	(6,394)	209,522	3,740
Equity in joint venture	(34,779)	—	—	(34,779)	—
Net nonoperating revenues (expenses)	(1,530,370)	237,173	(475,465)	(1,768,662)	597,955
Income (loss) before capital contributions and transfers	10,505,007	37,814	28,058	10,570,879	(1,068,771)
Capital contributions	68,005,757	28,391,467	165,600	96,562,824	—
Transfers in	200,000	—	—	200,000	574,993
Transfers out	—	—	—	—	(1,189,800)
CHANGE IN NET ASSETS	78,710,764	28,429,281	193,658	107,333,703	(1,683,578)
NET ASSETS - January 1	543,166,130	276,953,159	24,509,540	844,628,829	5,891,090
NET ASSETS - December 31	\$ 621,876,894	\$ 305,382,440	\$ 24,703,198	\$ 951,962,532	\$ 4,207,512

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, 2005**

	Total Enterprise Funds	Business-type Activities Adjustments	Total Business-type Activities
OPERATING REVENUES			
<i>Charges for services</i>			
Customers	\$ 101,989,341	\$ —	\$ 101,989,341
Fire protection	410,865	—	410,865
Total operating revenues	102,400,206	—	102,400,206
OPERATING EXPENSES			
Cost of sales and services	72,224,341	83,261	72,307,602
Administrative expenses	4,861,297	—	4,861,297
Depreciation	12,975,027	15,348	12,990,375
Total operating expenses	90,060,665	98,609	90,159,274
Operating income	12,339,541	(98,609)	12,240,932
NONOPERATING REVENUES (EXPENSES)			
Investment income	5,340,979	(187,012)	5,153,967
Intergovernmental revenue	142,493	—	142,493
Miscellaneous revenues	127,357	—	127,357
Interest expense	(7,708,289)	187,012	(7,521,277)
Amortization expense	154,055	—	154,055
Disposal of capital assets	209,522	(209,522)	—
Equity in joint venture	(34,779)	34,779	—
Net nonoperating expenses	(1,768,662)	(174,743)	(1,943,405)
Income before capital contributions and transfers	10,570,879	(273,352)	10,297,527
Capital contributions	96,562,824	—	96,562,824
Transfers in	200,000	—	200,000
CHANGE IN NET ASSETS	107,333,703	(273,352)	107,060,351
NET ASSETS - January 1	844,628,829	(376,772)	844,252,057
NET ASSETS - December 31	\$ 951,962,532	\$ (650,124)	\$ 951,312,408

EXHIBIT XII
CITY OF AURORA, COLORADO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds		Non-major Fund	Total Enterprise Funds	Activities
	Water	Sewer	Golf		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash received from:</i>					
Customers and others	\$ 64,216,866	\$ 28,990,171	\$ 8,994,345	\$ 102,201,382	\$ 352,314
Interfund services provided	—	—	—	—	12,088,617
<i>Cash payments to:</i>					
Employees	(12,622,194)	(7,372,479)	(4,133,905)	(24,128,578)	(2,874,037)
Suppliers for goods and services	(30,183,759)	(15,097,893)	(3,184,133)	(48,465,785)	(10,269,743)
Net cash provided by (used in) operating activities	21,410,913	6,519,799	1,676,307	29,607,019	(702,849)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash transfers in	200,000	256,000	—	456,000	574,993
Cash transfers out	—	—	(256,000)	(256,000)	(1,189,800)
Net cash provided by (used in) noncapital financing activities	200,000	256,000	(256,000)	200,000	(614,807)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
<i>Proceeds from:</i>					
Capital debt	10,651,529	—	4,625,000	15,276,529	—
Capital contributions	50,930,032	11,486,684	165,600	62,582,316	—
Sale of capital assets	645,450	8,510	—	653,960	3,740
<i>Payments for:</i>					
Capital assets	(49,565,357)	(15,624,048)	(176,030)	(65,365,435)	(67,325)
Capital asset prepayment	—	(2,110,920)	—	(2,110,920)	—
Principal on capital debt	(11,920,756)	(1,496,335)	(5,840,858)	(19,257,949)	(35,892)
Interest on capital debt	(6,278,743)	(670,893)	(626,127)	(7,575,763)	(3,231)
Debt issue and discount costs	(150,000)	—	(134,125)	(284,125)	—
Net cash used in capital and related financing activities	(5,687,845)	(8,407,002)	(1,986,540)	(16,081,387)	(102,708)
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in equity in pooled investments	(26,984,920)	(7,805,489)	(702,147)	(35,492,556)	(845,785)
Decrease in equity in pooled investments	—	—	—	—	199,640
Increase in investments	(1,285,062)	—	—	(1,285,062)	—
Decrease in investments	—	5,861,027	916,950	6,777,977	—
Interest received	5,296,243	1,315,098	151,210	6,762,551	396,473
Net cash provided by (used in) investing activities	(22,973,739)	(629,364)	366,013	(23,237,090)	(249,672)

See notes to the basic financial statements.

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds		Non-major	Total	Activities
	Water	Sewer	Fund Golf	Enterprise Funds	Internal Service Funds
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,050,671)	(2,260,567)	(200,220)	(9,511,458)	(1,670,036)
TOTAL CASH AND CASH EQUIVALENTS, January 1	7,460,468	3,059,683	336,835	10,856,986	2,242,486
TOTAL CASH AND CASH EQUIVALENTS, December 31	<u>\$ 409,797</u>	<u>\$ 799,116</u>	<u>\$ 136,615</u>	<u>\$ 1,345,528</u>	<u>\$ 572,450</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
OPERATING INCOME (LOSS)	<u>\$ 12,035,377</u>	<u>\$ (199,359)</u>	<u>\$ 503,523</u>	<u>\$ 12,339,541</u>	<u>\$ (1,666,726)</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Depreciation	7,401,865	4,634,877	938,285	12,975,027	103,536
Miscellaneous nonoperating revenues	205,981	34,224	29,645	269,850	337,576
<i>Changes in operating assets and liabilities</i>					
Receivables	(592,948)	(103,235)	126,656	(569,527)	38
Inventories	—	—	8,656	8,656	(45,816)
Accounts payable and other current liabilities	2,360,638	2,153,292	(31,310)	4,482,620	568,543
Unearned revenues	<u>—</u>	<u>—</u>	<u>100,852</u>	<u>100,852</u>	<u>—</u>
Total adjustments	<u>9,375,536</u>	<u>6,719,158</u>	<u>1,172,784</u>	<u>17,267,478</u>	<u>963,877</u>
Net cash provided by (used in) operating activities	<u><u>\$ 21,410,913</u></u>	<u><u>\$ 6,519,799</u></u>	<u><u>\$ 1,676,307</u></u>	<u><u>\$ 29,607,019</u></u>	<u><u>\$ (702,849)</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Borrowing under capital lease	—	—	160,456	160,456	—
Acquisition of capital assets by lease	—	—	(160,456)	(160,456)	—
Contribution of capital assets	17,075,725	16,904,784	—	33,980,509	—
Decrease in fair value of investments	(1,600,231)	(379,808)	(26,217)	(2,006,256)	(151,581)



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 employees, elected officials and council appointees. The pension trust funds are comprised of the General Employees' Retirement Plan Fund (GERP) and the Elected Officials' and Executive Personnel Defined Benefit Plan Fund (EOEP).

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, 2005**

	Pension Trust Funds	Agency Fund
	<hr/>	<hr/>
ASSETS		
<i>Current assets</i>		
Cash and equivalents	\$ 5,742,098	\$ 1,897,989
Investments		
Equity securities and funds	150,949,007	—
U.S. government and U.S. government agency obligations	9,738,317	—
Corporate bonds and funds	76,149,997	—
Real estate funds	25,323,758	—
Alternative investments	2,499,621	—
Receivables (net of allowance)	997,124	—
	<hr/>	<hr/>
Total assets	271,399,922	<u><u>\$ 1,897,989</u></u>
 LIABILITIES		
<i>Current liabilities</i>		
Accounts payable and other current liabilities	378,771	<u><u>\$ 1,897,989</u></u>
	<hr/>	<hr/>
Total liabilities	378,771	<u><u>\$ 1,897,989</u></u>
 NET ASSETS		
Held in trust for pension benefits	<hr/> 271,021,151	
	<hr/>	
Total net assets	<u><u>\$ 271,021,151</u></u>	

EXHIBIT XIV
CITY OF AURORA, COLORADO
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Pension Trust Funds
ADDITIONS	
<i>Contributions</i>	
City	\$ 4,433,160
Plan members	4,007,302
Total contributions	8,440,462
<i>Investment activity</i>	
Investment income	18,997,547
Investment expense	(643,990)
Net investment income	18,353,557
Other income	19,681
Total additions	26,813,700
DEDUCTIONS	
Benefits	8,155,691
Administrative expenses	429,150
Total deductions	8,584,841
CHANGE IN NET ASSETS	18,228,859
NET ASSETS - January 1	252,792,292
NET ASSETS - December 31	\$ 271,021,151

NOTES TO THE BASIC FINANCIAL STATEMENTS

EXHIBIT XV

CITY OF AURORA, COLORADO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

SUMMARY OF NOTES TO THE BASIC FINANCIAL STATEMENTS

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 - B. Fund Accounting
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Effective January 1, 2005, the City implemented the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This Statement establishes disclosure requirements for deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Deposit and investment policies related to the risks identified in the Statement should also be disclosed.

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) 859-4100.

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 noncurrent 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 financial statements for EOEP.

4) Joint Venture

Aurora-Colorado Springs Joint Water Authority (ACSJWA) – ACSJWA was formed in 1983, by contract, between the City and the City of Colorado Springs, Colorado, 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. The City has a 1/3 participation share and Colorado Springs has a 2/3 participation share in the project.

The City'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, P.O. Box 1103, MC1821, Colorado Springs, Colorado 80947-1821 or telephone (719) 668-8712 or (719) 668-4052.

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-six (26) 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 sixteen (16) special revenue funds: Gifts and Grants, Development Review, Abatement, Community Maintenance, Community Development, Enhanced E-911, Conservation Trust, Emergency Contingency, Parks Development, Arapahoe County Open Space, Recreation Services, Cultural 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 has five (5) debt service funds: City Debt Service, SID Debt Service, Surplus and Deficiency, AURA Debt Service and ACLC Debt Service.

Capital Projects Funds account for resources allocated for the acquisition or construction of capital projects except those financed by special revenue or proprietary funds. The City has four (4) capital project funds: the City Capital Projects Fund, a major fund, the Bond Proceeds Fund, the Building Repair 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 is provided by proceeds from long-term borrowings, participation revenues and transfers from the General Fund. The Bond Proceeds Fund was established in 2005 to provide for specific transportation, facilities construction, parks acquisitions and construction, and other projects funded through bond financing and the related interest. The Building Repair Fund accounts for the centralized repairs of City owned facilities. Funding comes from operating transfers from the City Capital Projects 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. ACLC certificates of participation provide funding for these projects.

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 measurable and available if collected within two months after year-end. Grants are considered measurable and available if collected within one year after year-end and all eligibility requirements, including incurring allowable costs, have been met. 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, franchise, and specific ownership tax. All other revenues are considered measurable and available only when cash is received.

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 be spent, which is the year the tax is collected.

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 (GASB). Governments have the option of following subsequent private-sector guidance for business-type activities and enterprise funds, subject to this same limitation. The City and its component unit FRA have elected to not follow subsequent private sector guidance.

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 is 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.

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

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

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 primarily of cash, investments, receivables, equity in a joint venture and capital assets. Capital assets include land and water rights, buildings and improvements, infrastructure, 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, deferred property taxes, 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 governmental funds balance sheet to governmental activities on the citywide statement of net assets; 3) statement of revenues, expenditures and changes in fund balances; and 4) 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.

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. Other than the General Fund, no governmental fund met both the 10% and 5% test; however, City management designated the City Capital Projects Fund as a major fund given its importance to financial statement users. Therefore, 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 Bond Proceeds Fund, the Building Repair Fund, and the proprietary funds. Major capital projects include: streets, parks, 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 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 total enterprise funds on the proprietary fund statement of revenues, expenses and changes in net assets to 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 any of the following occur: 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 and payables related to these transactions are reported as due from other funds and due to other funds, respectively, in the fund statements.

Interfund loans or advances, which are made to provide internal financing of capital projects, are reported as interfund loan in the fund statements.

In the processes of aggregating data for the citywide 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, including transactions with internal service funds, are shown as revenues and expenses / expenditures in the respective funds. As a general rule, these revenues / transfers in and expenditures / expenses / transfers out have been eliminated in the aggregation of data for the citywide statement of activities. Exceptions to this rule are charges between the City’s water function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported in the various functions concerned.

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	
Street overlay and improvements	10
Other utility improvements	20-65
Mains and conduits	65-95
Reservoirs/Park improvements	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 was recorded from 1973 through 2002 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. If cost figures are not provided, the City estimates the value of the donated asset. 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. Noncurrent Liabilities

Noncurrent 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 noncurrent 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 noncurrent liabilities. Principal payments are shown as decreases in noncurrent liabilities. The outstanding amounts of noncurrent 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 straight-line 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

Generally, 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 noncurrent 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, Community Maintenance, Enhanced E-911, Conservation Trust, Parks Development, Arapahoe County Open Space, Designated Revenues, Bond Proceeds, and Building Repair. 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 in proprietary funds include the current portion of accrued compensated absences and the current portion of long-term debt.

The City’s budget disclosure presents 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, if any, 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) Proceeds from capital leases and related capital expenditures are not budgeted.
- s) The value received on the trade-in of capital assets and the related capital expenditures are not budgeted.
- t) 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, 2005**

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

The following departments or capital projects had budgetary actual expenditures and other financing uses in excess of final budget, which may be a violation of the City's Charter. Appropriation amendments for these expenditures will be requested in the following year and are subject to City Council approval by ordinance.

<u>Fund/Department</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>	<u>Variance with Final</u>
General Fund/Public Defender	\$ 501,619	\$ 511,980	\$ (10,361)
General Fund/Civil Service	505,080	529,403	(24,323)
General FundNon-Departmental	41,271,630	41,518,531	(246,901)
SID Debt Service/Non-Departmental	288,950	561,418	(272,468)
Fleet Management/ Administrative Services Group	6,059,597	6,173,792	(114,195)
Risk Management/ Administrative Services Group	7,498,929	7,945,168	(446,239)
<u>Capital Improvement Project</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>	<u>Variance with Final</u>
Capital Projects Fund/ Non-Departmental/ Fitzsimons Area/FRA Study	\$ 36,619	\$ 42,784	\$ (6,165)

EXHIBIT XV**CITY OF AURORA, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005****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	\$ 152,780,832
Cash, investments, receivables, notes receivable	(40,366,549)
Deferred charges	404,824
Due from other funds	(693,476)
Internal balances	650,124
Restricted assets	44,488,656
Capital assets	2,722,646,908
Accounts payable and other current liabilities	1,049,648
Due to other funds	83,154
Deferred revenue / unearned revenue	15,797,124
Payable from restricted assets	(13,693,891)
Non-current liabilities	(197,483,700)
Internal service funds - total net assets	<u>4,207,512</u>
Net assets - Citywide Statement of Net Assets	<u><u>\$ 2,689,871,166</u></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	\$ 16,335,271
Sales and use tax audit revenue	(1,541,968)
Charges for services	(12,792,400)
Miscellaneous revenues	80,950,109
Restricted investment income	921,625
Investment earnings	(1,158,620)
Current expenditures	(6,567,761)
Debt service	10,568,727
Capital outlay	38,591,864
Capital leases	(915,600)
New debt issue	(24,535,000)
Market discount on debt	179,797
Disposal of capital assets	(274,949)
Internal service funds - total change in net assets	<u>(1,683,578)</u>
Change in net assets - Citywide Statement of Activities	<u><u>\$ 98,077,517</u></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 immediately expensed in the governmental funds but are deferred and amortized in the citywide statement of net assets.

3) Due to / Due from

Amounts due to of \$83,154 and due from of (\$693,476) other funds are eliminated through the governmental activities adjustment.

4) Internal balances

The internal balances due to the governmental activities from the business-type activities result from the allocation of the cumulative internal service fund 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 \$40,366,549, have been reclassified to restricted assets for citywide reporting. The net pension asset of \$4,169,880, recorded in the citywide statement of net assets, is not available to pay current period expenditures and, therefore, is not recorded in the funds. Restricted amounts due from other funds of (\$47,773), 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 (\$1,032,110) is not recorded in the governmental funds balance sheet. The funded portion of the sick and annual leave accrual of \$996,167 is reclassified to noncurrent liabilities “due within one year” in the citywide statement of net assets. The liabilities of certain governmental funds, totaling \$1,085,591, 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 balance sheet as deferred revenues. These amounts, totaling \$3,620,229, are recognized as revenues for citywide reporting, leaving only unearned revenue on the citywide statement of net assets at year-end. These amounts include revenues from special assessments, tax audits and notes receivable. Deferred revenues of \$12,176,895 are reclassified to “payable from restricted assets” as they represent deferred revenue from a restricted source.

9) Payable from restricted assets

Payables (\$1,085,591) and deferred revenues (\$12,176,895) are reclassified to “payable from restricted assets” where the corresponding asset is restricted. Arbitrage liability (\$1,089,501), 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 \$658,096, recorded in the governmental funds balance sheet, are eliminated.

10) Noncurrent liabilities

Noncurrent liabilities include amounts: “due within one year” of (\$12,919,779), “due beyond one year” of (\$172,433,588) and “due beyond one year payable from restricted assets” of (\$12,130,333). 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. Included in “due within one year” are accrued compensated absences of (\$996,167), reclassified from accounts payable and other current liabilities in the fund financial statements.

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 statement 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. Also included is the change in special assessment revenue, deferred in the fund financial statements but recognized as revenue on the citywide statement of activities.

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 (\$18,417,601), change in arbitrage rebate of \$1,294,501, change in net pension asset/obligation of (\$3,088,593), loss on sale of capital asset of (\$1,831,979) and certain accrued compensated absences of \$227,450. Additionally, internal service charge expenditures of \$15,248,461, recorded in the governmental fund financial statements, are eliminated here.

6) Debt service

The repayment of principal of \$10,577,968 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 (\$9,241) 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 statement of activities, the expenditures are capitalized.

8) Capital leases

Capital lease proceeds are recorded in the governmental fund financial statements but have no effect on net assets.

9) New debt issue

The proceeds from new bond issuance are recorded in the governmental fund financial statements but have no effect on net assets.

10) Market discount on debt

The market discount on debt is recorded in the governmental fund financial statements but have no effect on net assets.

11) 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, which also includes the write-off of the carrying value on the related capital assets, is reclassified to general governmental expenses.

12) Internal service funds - total change in net assets

The increase 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.

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

1) Internal balances

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

2) Interfund loan

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

3) Accounts payable and other current liabilities/current portion - long-term debt

The funded portion of accrued compensated absences is reclassified from current liabilities to current portion of long-term debt.

4) Operating expenses

The current year internal service fund operating loss and depreciation expense attributable to business-type activity functions are eliminated for citywide reporting. Additionally, the gain on disposal of assets and the loss on equity in joint venture are reclassified to expense 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) Disposal of capital assets

The gain on disposal of capital assets is reclassified to expense for citywide reporting.

7) 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, 2005****3. CASH AND INVESTMENTS**

Cash and investments as of December 31, 2005 are classified in the accompanying financial statements as follows:

**Classifications of Cash and Investments per Citywide and Fiduciary Statements of Net Assets
December 31, 2005**

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Totals
Cash and cash equivalents	\$ 5,912,529	\$ 1,345,528	\$ 5,502,850	\$ 7,640,087	\$ 20,400,994
Investments	78,048,836	183,511,592	—	264,660,700	526,221,128
Restricted assets	64,367,071	12,846,398	104,887	—	77,318,356
Total cash and investments	\$ 148,328,436	\$ 197,703,518	\$ 5,607,737	\$ 272,300,787	\$ 623,940,478

**Summary of Cash and Investments by Fund and Type
December 31, 2005**

Fund	Petty cash	Deposits	Investments	Equity in City pool	Totals
Governmental Activities					
General Fund					
Cash and equivalents	\$ 22,362	\$ 190,944	\$ —	\$ 561,077	\$ 774,383
Investments	—	—	—	11,869,082	11,869,082
City Capital Projects					
Cash and equivalents	—	—	—	2,697,451	2,697,451
Investments	—	—	—	21,133,033	21,133,033
Restricted assets	—	—	1,693,280	7,276,243	8,969,523
Other Governmental Funds					
Cash and equivalents	4,330	2,998	—	4,804,065	4,811,393
Investments	—	—	—	56,505,208	56,505,208
Restricted assets	—	—	11,319,420	17,707,201	29,026,621
Internal Service Funds					
Cash and equivalents	—	—	—	572,450	572,450
Investments	—	—	—	11,969,292	11,969,292
Governmental activities adjustments					
Cash and equivalents	—	—	—	(2,943,148)	(2,943,148)
Investments	—	—	—	(23,427,779)	(23,427,779)
Restricted assets	—	—	—	26,370,927	26,370,927
Total governmental activities	26,692	193,942	13,012,700	135,095,102	148,328,436

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

3. CASH AND INVESTMENTS (continued)

Summary of Cash and Investments by Fund and Type

December 31, 2005

Fund	Petty cash	Deposits	Investments	Equity in City pool	Totals
Business-type Activities					
Water Fund					
Cash and equivalents	\$ 100	\$ —	\$ —	\$ 409,697	\$ 409,797
Investments	—	—	—	146,094,944	146,094,944
Restricted assets	—	—	5,047,741	5,179,034	10,226,775
Sewer Fund					
Cash and equivalents	50	—	—	799,066	799,116
Investments	—	—	—	35,794,837	35,794,837
Restricted assets	—	—	—	2,158,234	2,158,234
Golf Fund					
Cash and equivalents	12,800	—	—	123,815	136,615
Investments	—	—	—	1,621,811	1,621,811
Restricted assets	—	—	445,991	15,398	461,389
Total business-type	12,950	—	5,493,732	192,196,836	197,703,518
Component Unit					
Fitzsimons Redevelopment Authority					
Cash and equivalents	—	5,502,850	—	—	5,502,850
Restricted assets	—	104,887	—	—	104,887
Total component unit	—	5,607,737	—	—	5,607,737
Pension Trust and Agency					
Payroll Clearing Agency Fund					
Cash and equivalents	—	—	—	1,897,989	1,897,989
Pension Trust Funds					
Cash and equivalents	—	340,971	5,401,127	—	5,742,098
Investments	—	—	264,660,700	—	264,660,700
Total Pension Trust and Agency	—	340,971	270,061,827	1,897,989	272,300,787
Total Cash and Investments					
Total All Funds	39,642	6,142,650	288,568,259	329,189,927	\$ 623,940,478
City Pool Deposits	—	(1,634,968)	—	1,634,968	
City Pool Investments	—	—	330,824,895	(330,824,895)	
Total Cash and Investments	\$ 39,642	\$ 4,507,682	\$ 619,393,154	\$ —	

(concluded)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

3. CASH AND INVESTMENTS (continued)

The following schedules present all investments held by the City and its component unit. As a home rule city, the City is allowed by state statute to invest public funds as permitted by charter or ordinance of the City. The City, by ordinance, has established an investment policy that does not include the pension funds. All non-pension plan investments are governed by this policy except for bond proceeds, which are invested in accordance with state statute, terms of the bond indenture or to meet bond insurer requirements.

Investments are subject to many different types of risk including, but not limited to, credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The City has no custodial credit or foreign currency risk. City policy gives guidance for investment activity to limit these risks, as outlined in the following schedules and discussion.

Applicable Risk on City Pooled Investments

December 31, 2005

Security	Fair Value	Interest Rate Risk			Credit Risk		
		Weighted Average	% of Total Portfolio	% Allowed by Policy	Credit Risk Allowed by City Policy	Current Ratings on City Investments	
		Maturity (Years)					
<i>City Pool</i>						Moody's	S & P
US Agency Notes	\$ 118,156,815	1.68	35.72%	50%	Rating not limited by City policy.	Aaa	AAA
US Treasury Notes	15,018,000	2.11	4.54%	Not limited	Rating not limited by City policy.	Aaa	AAA
Commercial paper	59,258,882	0.12	17.91%	50%	A rating of A-1, P-1 or their equivalent by any two nationally recognized credit rating agencies.	P1	A1, A1+
Corporate notes	109,562,879	1.17	33.12%	40%	Rating AAA, 40% maximum, 5 year maturity Rating AA, 35% maximum, 5 year maturity Rating A1 or A+, 15% maximum, 3 year maturity.	A1-Aaa	A+-AAA
Municipal bonds	11,336,601	1.73	3.43%	50%	Rated in one of the three highest rating categories by a nationally recognized organization which regularly rates such obligations.	A1-Aaa	A+-AAA
COLOTRUST	12,541,718	-	3.79%	10%	Must be registered with the SEC or rated AAA by any nationally recognized credit rating agency.	Aaa	AAA
Certificates of deposit	4,950,000	-	1.50%	Not limited	City policy mirrors State statute, which does not limit certificates of deposit. City practice is to require asset and equity ratios be met as well as limiting amounts invested in any single institution.	N/A	N/A
Total City Pool	\$ 330,824,895	1.16	100.00%				

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

3. CASH AND INVESTMENTS (continued)

Applicable Risk on City Non-pooled Investments
December 31, 2005

		Interest Rate Risk	Concentration Risk	Credit Risk		
<i>Non-pooled investments</i>	Fair Value	Weighted Avg Maturity (Years)	% of Total Fund Investments	Current Ratings Moody's	S & P	Purpose of Investment
Governmental Activities						
<i>City Capital Projects Fund</i>						
Repurchase agreement	\$ 1,693,280	3.32	8.78%	Aaa*	AAA*	Remaining 2000 Library, Parks and Public Safety bond proceeds for capital projects.
<i>Other Governmental Funds</i>						
<i>City Debt Service</i>						
Repurchase agreement	451,320	3.32	30.41%	Aaa*	AAA*	2000 bond proceeds reserved for arbitrage.
<i>AURA Debt Service</i>						
Money market funds	1,384,210	—	N/A	Aaa	AAAm	Money held by trustee for debt service and reserve requirement.
<i>ACLIC Debt Service</i>						
Money market funds	311,865	—	N/A	Aaa	AAA	2000, 2002, 2004 and 2005 COPs issues held by trustee for debt service.
US Treasury Notes	3,148,950	6.95	N/A	N/A	N/A	2004 and 2005 COPs issues held by trustee for reserve requirement.
<i>ACLIC Capital Projects</i>						
Money market funds	4,485,369	—	N/A	Aaa	AAA	2002 and 2005 COPs proceeds held by trustee for ACLIC capital projects.
<i>Bond Proceeds</i>						
Repurchase agreement	1,537,706	3.32	100.00%	Aaa*	AAA*	Remaining 2000 Library, Parks and Public Safety bond proceeds for capital projects.
Total Other Governmental Funds	11,319,420					
Total Governmental Activities	13,012,700					
Business-type Activities						
<i>Water Fund</i>						
US Treasury Notes	4,996,622	7.63	N/A	N/A	N/A	2003 bond issue held by trustee for bond reserve requirement.
Money market funds	51,119	—	N/A	Aaa	AAA	2004A 2nd Lien Water bond issue held for debt service.
Total Water Fund	5,047,741					
<i>Golf Fund</i>						
US Agency Notes	445,991	10.31	21.57%	Aaa	AAA	2005 refunding bond issue held for bond reserve requirement.
Total business-type activities	5,493,732					
Fiduciary Funds						
<i>General Employee's Retirement Plan (GERP)</i>	267,413,951	See following disclosures				
<i>Elected Officials' and Executive Personnel Defined Benefit Plan (EOEP)</i>	2,647,876	See following disclosures				
Total Fiduciary Funds	270,061,827					
Total All Investments	\$ 619,393,154					

* The credit ratings represent the rating on the underlying investments within the Repurchase Agreement.

3. CASH AND INVESTMENTS (continued)

A. Non-Pension Plan Investments

1) Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the City as holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Obligations of the U.S. government or explicitly guaranteed by the U.S. government are not considered to have credit risk. All City non-pension plan investments meet credit risk control requirements as specified by City policy.

2) Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to interest rate risk, it is the City's policy to invest in a manner that securities can normally be held to maturity, or close to maturity, and to limit the types and maturities of permitted securities.

The City manages its exposure by limiting the weighted average maturities of the portfolio to less than 2.5 years, unless the investments are funded by specifically identified sources such as bond indentures. The weighted average maturity for investments in the City pool is 1.16 years. Non-pooled investments, having a weighted average maturity exceeding 2.5 years, are invested in accordance with state statute, terms of the bond indenture or to meet bond insurer requirements.

3) Concentration Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investment in a single issuer. Concentration risk as defined by the Governmental Accounting Standards Board is any investment that represents 5% or more of the total investments to any one issuer. The City pooled fund investments are in compliance with City policy which limits unsecured investments with any single issuer other than the federal government to less than 4%.

The City does have investments that represent more than 5% to a single issuer within specific funds within the City. These include bond proceeds invested in the Capital Projects Fund, the City Debt Service Fund, and the Bond Proceeds Fund. The reserve requirement for bond issuance in the Golf Fund also represents more than a 5% concentration. These investments are invested pursuant to specific requirements of bond indentures.

3. CASH AND INVESTMENTS (continued)***B. Pension Plan Investments*****General Employees' Retirement Plan**

1) Credit Risk – Each investment portfolio is managed in accordance with investment guidelines as stated in the Plan's investment policy adopted July 21, 2005. These guidelines are specific to two strategies (core and core plus) within the fixed income asset class.

The *core* portfolio will include the following:

- Debt instruments issued by the U.S. Government, its Agencies and Instrumentalities.
- Debt instruments that have been issued by domestic entities rated BBB- or Baa3 or above by Standard & Poor's rating service or Moody's Investors Service, respectively.
- Dollar denominated debt securities issued under section 144(A); and mortgage backed and asset backed securities of investment grade quality.

The *core plus* portfolio will follow the above guidelines with the following exceptions:

- While the overall portfolio credit quality shall be maintained at investment grade, up to 25 percent of the portfolio at market value may be invested in securities rated below investment grade. Split rated securities will be governed by the lower designation.
- Up to 20 percent of the portfolio at market value may be invested in securities issued by foreign issuers and denominated in foreign currencies.

At December 31, 2005, the Plan held the following fixed income investments with respective quality ratings, excluding those obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, which are not considered to have credit risk.

Description	Credit Quality Rating	Fair Value	% of Total
Corporate Bonds	AAA	\$ 9,607,123	12.8%
	AA	3,344,185	4.4%
	A	17,118,089	22.8%
	BBB	20,510,041	27.2%
	BB	1,544,541	2.1%
	NR	329,480	.4%
Bond Fund	AAA	22,761,115	30.3%
Total Corporate Bonds and Funds		\$ 75,214,574	100.00%

3. CASH AND INVESTMENTS (continued)***B. Pension Plan Investments (continued)*****General Employees' Retirement Plan (continued)**

2) Interest Rate Risk – Interest rate risk exposure is dictated by each portfolio manager's agreement. Each portfolio is managed in accordance with investment guidelines as stated in the Plan's investment policy adopted on July 21, 2005. These guidelines are specific to two strategies (core and core plus) within the fixed income asset class.

- The *core* fixed income portfolio is to maintain duration within plus or minus 25 percent of the duration of the Lehman Government Corporate Index.
- The *core plus* portfolio shall normally maintain duration within a range of three to six years.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees. The Board of Trustees for the Plan has formally adopted an investment policy that allows investment maturities greater than five years.

The Plan had the following investments and maturities at December 31, 2005:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	> 10
Industrial Bonds	\$ 17,543,547	\$ -	\$ 7,766,105	\$ 6,804,888	\$ 2,972,554
Transportation Bonds	2,085,980	-	1,035,155	454,330	596,495
Utility Bonds	4,319,618	-	2,264,225	1,036,968	1,018,425
Finance Bonds	9,415,038	-	5,285,200	2,276,340	1,853,498
REIT Bonds	8,880,575	-	2,919,763	5,706,412	254,400
Non-Corp Bonds	640,116	-	640,116	-	-
Asset Backed Bonds	4,570,825	-	2,476,674	393,333	1,700,818
Coll Debt Oblig	1,070,867	-	568,367	-	502,500
Comm Mtg Backed	1,068,696	-	50,416	530,615	487,665
Govt Mtg Backed	2,495,830	-	57,222	-	2,438,608
Coll Mtg Oblig	362,367	-	362,367	-	-
U.S. Agency Bonds	1,460,325	-	1,460,325	-	-
U.S. Treasury Bonds	8,277,992	-	3,892,812	2,349,399	2,035,781
Certificate of Deposit	249,228	-	-	249,228	-
Corporate Bond Fund	22,761,115	-	-	22,761,115	-
Money Market Funds	5,138,658	5,138,658	-	-	-
Equity Investments					
Equity Securities	149,514,935				
Real Estate Funds	25,058,618				
Alternative Invest.	2,499,621				
Total All Investments	\$ 267,413,951	\$ 5,138,658	\$ 28,778,747	\$ 42,562,628	\$13,860,744

3. CASH AND INVESTMENTS (continued)***B. Pension Plan Investments (continued)*****General Employees' Retirement Plan (continued)**

3) Concentration of Credit Risk – For the fixed income investment manager, the Plan's investment policy states that for purposes of diversification, the exposure to any single issuer, other than securities guaranteed by the U.S. Treasury, shall not exceed 5% of the market value of the portfolio. For the domestic equity investment manager, the Plan's investment policy states that the market value of any single security holding should be limited to a weight of 5% of the portfolio, or 150% of the security's weight in the benchmark, whichever is higher. There is no formal policy for concentration of credit risk for the international equity and real estate investment managers.

At December 31, 2005 the Plan did not have investments in any one organization representing 5% or more of the Plan's assets other than the following indexed and commingled Funds:

Investment	Fair Value	% of Investments
Barclays Global Investors Equity Index Fund A	\$ 80,805,594	30.22%
Lazard International Equity Portfolio Institutional Shares	32,560,594	12.18%
Pimco Total Return Fund	22,761,115	8.51%
Metlife Tower Fund	17,034,462	6.37%

Elected Officials' and Executive Personnel Defined Benefit Plan

1) Credit Risk – Credit risk exposure is dictated by each manager's agreement with the Plan or in the fund's prospectus.

At December 31, 2005, the Plan held the following fixed income investments:

Description	Average Credit Quality Rating	Fair Value	% of Total
PIMCO Total Return Fund	AAA	\$466,646	49.9%
Westcore Plus Bond Fund	A	468,777	50.1%
Total Corporate Bond Funds		\$935,423	100.0%

2) Interest Rate Risk – Colorado revised statutes limit investment maturities to five years or less unless formally approved by the trustee(s). The EOEP trustee has determined that it is appropriate for the Plan to follow the investment guidelines developed by the City of Aurora General Employees' Retirement Plan. Those guidelines allow investment maturities greater than five years.

3. CASH AND INVESTMENTS (continued)***B. Pension Plan Investments (continued)*****Elected Officials' and Executive Personnel Defined Benefit Plan (continued)****2) Interest Rate Risk – (continued)**

The Plan had the following investments at December 31, 2005:

Investment Type	Average Maturity (years)	Fair Value
Debt		
Corporate Bond Funds	6.11	\$ 935,423
Money Market Funds	Less than 1	13,241
Equities		
Equity Securities		1,434,072
Real Estate Funds		265,140
Total		\$ 2,647,876

3) Concentration of Credit Risk – The Plan does not have a formal policy regarding the concentration of credit risk. The Plan's investment at December 31, 2005 in any one organization representing 5% or more of the Plan assets, other than indexed and commingled funds, is listed below:

Investment	Fair Value	% of Investments
IShares Trust – S & P 500 Index Fund	\$754,253	28.5%
Westcore Plus Bond Fund	468,777	17.7%
PIMCO Total Return Fund	466,646	17.6%
Ark Asset Management Small Cap Value Fund I	319,923	12.1%
Lazard International Equity Portfolio	290,122	11.0%
MetLife Tower Fund	180,232	6.8%

4. RECEIVABLES

**Classifications of Receivables per Citywide and Fiduciary Statements of Net Assets
December 31, 2005**

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Total
Receivables (net of allowance)	\$ 52,128,712	\$ 9,603,296	\$ 852,092	\$ 997,124	\$ 63,581,224
Restricted assets	25,242,593	93,148,464	-	-	118,391,057
Notes receivable	<u>1,319,535</u>	<u>283,558</u>	<u>1,522,145</u>	<u>-</u>	<u>3,125,238</u>
Total receivables	\$ 78,690,840	\$ 103,035,318	\$ 2,374,237	\$ 997,124	\$185,097,519

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

4. RECEIVABLES

Receivables by Fund and Type
December 31, 2005

Fund	Taxes	Accounts	Interest	Due from Other Governments	Other	Notes	Total Receivables	Collection not expected within one year
Governmental Activities								
General Fund								
Receivables (net)	\$ 41,900,853	\$ 209,598	\$ 711,137	\$ 1,100,667	\$ 531,179	\$ -	\$ 44,453,434	\$ -
Capital Projects Fund								
Receivables (net)	-	169,151	131,940	4,047,637	-	-	4,348,728	-
Restricted assets	-	4,000	8,110	319,941	-	-	332,051	-
Notes receivable	-	-	-	-	-	1,228,534	1,228,534	1,228,534
Other Governmental Funds								
Receivables (net)	-	465,110	180,143	3,797,947	2,814,910	-	7,258,110	-
Restricted assets	6,251,655	-	62,300	-	478,858	-	6,792,813	-
Notes receivable	-	-	-	-	-	10,062,833	10,062,833	10,062,833
Internal Service								
Receivables (net)	-	-	90,430	-	1,800	-	92,230	-
Governmental Activities Adjustment								
Receivables (net)	-	-	(47,726)	(3,797,947)	(178,117)	-	(4,023,790)	-
Restricted assets	-	30,790	47,726	3,797,947	4,269,434	9,971,832	18,117,729	9,971,832
Notes receivable	-	-	-	-	-	(9,971,832)	(9,971,832)	(9,971,832)
Total governmental activities	48,152,508	878,649	1,184,060	9,266,192	7,918,064	11,291,367	78,690,840	11,291,367
Business-type Activities								
Water Fund								
Receivables (net)	-	4,883,727	1,071,719	-	332,024	-	6,287,470	-
Restricted assets	-	-	80,939	-	90,955,493	-	91,036,432	-
Notes receivable	-	-	-	-	-	79,410	79,410	79,410
Sewer Fund								
Receivables (net)	-	3,083,709	231,437	-	-	-	3,315,146	-
Restricted assets	-	-	-	-	2,110,921	-	2,110,921	-
Golf Fund								
Receivables (net)	-	-	680	-	-	-	680	-
Restricted assets	-	-	1,111	-	-	-	1,111	-
Notes receivable	-	-	-	-	-	204,148	204,148	204,148
Total business-type	-	7,967,436	1,385,886	-	93,398,438	283,558	103,035,318	283,558
Component Unit								
FRA								
Receivables (net)	-	-	-	-	852,092	1,522,145	2,374,237	1,522,145
Total component unit	-	-	-	-	852,092	1,522,145	2,374,237	1,522,145
Fiduciary Funds								
GERP								
Receivables (net)	-	-	816,670	180,418	-	-	997,088	-
EOEP								
Receivables (net)	-	-	36	-	-	-	36	-
Total fiduciary funds	-	-	816,706	180,418	-	-	997,124	-
Total								
Total all funds	\$ 48,152,508	\$ 8,846,085	\$ 3,386,652	\$ 9,446,610	\$ 102,168,594	\$ 13,097,070	\$ 185,097,519	\$ 13,097,070

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

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 citywide reporting. Revenue is recognized when collected in the following year. Collection begins on January 1 of the following year. Based upon experience, two percent of outstanding receivables is recorded in an allowance account and is deducted from the deferred revenue and the receivable for reporting purposes. Total allowance at December 31, 2005 is \$594,167.

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, which include water and sewer usage and storm drainage fees, are billed monthly and are due and payable within 25 days from the billing date. Earned but unbilled utility charges at December 31, 2005 are \$3,004,711. Billed and unbilled charges are recorded as revenue when earned. Estimates of uncollectible utility charges, based upon a percentage of aged outstanding receivables, are established in allowance accounts which are deducted from

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

4. RECEIVABLES (continued)

B. Accounts (continued)

2) Utility Billings (continued)

utility receivables for reporting purposes. Total allowance at December 31, 2005 is \$17,977.

C. Interest

Amount includes interest earned but not received on investments and notes receivable.

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 for wastewater services, E-911 surcharges, special improvement district receivables, the net pension asset, rent receivable for FRA, and bond proceeds loaned to the City from the Colorado Water Resources and Power Development Authority. 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, 2005**

Fund	Economic Development	Community Services	FRA	Total Notes Receivable
Gifts and Grants	\$ 501,923	\$ -	\$ -	\$ 501,923
Community Development	-	9,469,910	-	9,469,910
Designated Revenue	91,000	-	-	91,000
Capital Projects	-	-	1,228,534	1,228,534
Water	-	79,410	-	79,410
Golf	-	-	204,148	204,148
FRA	-	1,522,145	-	1,522,145
Total	\$ 592,923	\$ 11,071,465	\$ 1,432,682	\$ 13,097,070

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. The balance outstanding as of December 31, 2005 is \$501,923.

In 2000, the City created an Art District Loan Fund by ordinance, the purpose of which was to promote and establish art uses in the downtown Aurora Arts District. At December 31, 2005, one loan to a non-profit organization was outstanding for \$91,000.

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. The balance outstanding as of December 31, 2005 is \$9,469,910.

In December of 2003 the City entered into a payment plan with a customer 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. The balance outstanding as of December 31, 2005 is \$66,533. In July of 2004 the City entered into a payment plan with a customer in the amount of \$17,365 for the deferral of water and sewer connection fees. Payments are to be made monthly beginning in August 2004 for 60 months at an interest rate of 5% per annum. The balance outstanding as of December 31, 2005 is \$12,877.

In 2004, FRA entered into a note receivable with The Children's Hospital (TCH) for \$2,645,967 for the transfer of land from FRA to TCH for construction of its new hospital. The note is payable to FRA in quarterly installments through July 30, 2009. The balance outstanding as of December 31, 2005 is \$1,522,145.

3) 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. The balance outstanding as of December 31, 2005 is \$1,243,024, including accrued interest of \$14,490.

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**4. RECEIVABLES (continued)***F. Notes (continued)***3) FRA (continued)**

In January 2004, the City entered into a note agreement for \$245,935 to assist FRA with the initial purchase of equipment and startup costs of the Fitzsimons Golf Course. This note is being paid to the City in ten equal annual installments of principal and interest beginning December 1, 2004. The balance outstanding as of December 31, 2005 is \$204,148.

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, 2005**

	Governmental Activities	Business-type Activities	Component Unit	Totals
Cash and investments	\$ 64,367,071	\$ 12,846,398	\$ 104,887	\$ 77,318,356
Receivables	25,242,593	93,148,464	—	121,479,646
Total restricted assets per citywide statement of net assets	<u>\$ 89,609,664</u>	<u>\$ 105,994,862</u>	<u>\$ 104,887</u>	<u>\$195,709,413</u>

**Payable from Restricted Assets
December 31, 2005**

	Governmental Activities	Business-type Activities	Component Unit	Totals
Payables - current and other	\$ 5,702,647	\$ 2,724,755	\$ —	\$ 8,427,402
Unearned Revenues	18,428,550	—	—	18,428,550
Due within one year payable from restricted assets	—	2,112,514	—	2,112,514
Due beyond one year payable from restricted assets	12,130,333	96,673,176	—	108,803,509
Total payable from restricted assets per citywide statement of net assets	<u>\$ 36,261,530</u>	<u>\$ 101,510,445</u>	<u>\$ —</u>	<u>\$137,771,975</u>

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

Restricted Balances by Purpose
December 31, 2005

	Construction	Arbitrage	Debt Service	Other	Total Restricted Assets	Payable from Restricted Assets	Reserved Fund Balance/ Restricted Net Assets
Governmental Activities							
City Capital Projects Fund							
2000 GO bonds FMP	\$ 1,220,372	\$ 429,440	\$ —	\$ —	\$ 1,649,812	\$ (92,679)	\$ 1,557,133
1999 General Fund - Sports Park	145,895	—	—	—	145,895	—	145,895
Adams County road and bridge	337,513	—	—	—	337,513	—	337,513
Gifts and Grants	—	—	—	7,168,354	7,168,354	(2,923,728)	4,244,626
Total City Capital Projects	1,703,780	429,440	—	7,168,354	9,301,574	(3,016,407)	6,285,167
Other Governmental Funds							
<i>Gifts and Grants</i>							
Police - seizure funds	—	—	—	460,478	460,478	(18,625)	441,853
<i>Arapahoe County Open Space</i>							
Urban Drainage	304,903	—	—	—	304,903	—	304,903
<i>Designated Revenues</i>							
Agreements	11,319,321	—	—	4,919,463	16,238,784	(477,333)	15,761,451
<i>City Debt Service</i>							
Bond proceeds	—	482,061	—	—	482,061	—	482,061
Dedicated property taxes	—	—	7,253,923	—	7,253,923	(6,251,655)	1,002,268
<i>SID Debt Service</i>							
Fence financing reserve	—	—	30,000	—	30,000	—	30,000
<i>AURA Debt Service</i>							
Refunding bond reserve	—	—	395,275	—	395,275	—	395,275
Urban renewal	—	—	—	1,111,035	1,111,035	(400,000)	711,035
<i>ACLC Debt Service</i>							
2000 COPs	—	144,000	13,591	—	157,591	—	157,591
2004 COPs	—	34,000	857,789	—	891,789	—	891,789
2005 COPs	—	—	2,455,267	—	2,455,267	(42,847)	2,412,420
<i>Bond Proceeds</i>							
2000 GO bonds FMP	1,537,706	—	—	—	1,537,706	(230,439)	1,307,267
<i>ACLC Capital Projects</i>							
2002 COPs	1,903,308	—	—	—	1,903,308	—	1,903,308
2005 COPs	2,597,314	—	—	—	2,597,314	—	2,597,314
Total Other Governmental Funds	17,662,552	660,061	11,005,845	6,490,976	35,819,434	(7,420,899)	28,398,535
Total Governmental Funds	19,366,332	1,089,501	11,005,845	13,659,330	45,121,008	(10,437,306)	34,683,702

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

Restricted Balances by Purpose December 31, 2005							
	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	\$ —	\$ —	\$ —	\$ 3,787,772	\$ 3,787,772	\$ (2,757,976)	\$ 1,029,796
Community Development	—	—	—	10,267,245	10,267,245	(10,267,245)	—
Enhanced E-911	—	—	—	4,790,831	4,790,831	(60,640)	4,730,191
Conservation Trust	—	—	—	6,352,808	6,352,808	(66,816)	6,285,992
Parks Development	—	—	—	3,656,800	3,656,800	(1,709)	3,655,091
Arapahoe County Open Space	—	—	—	3,766,972	3,766,972	(28,363)	3,738,609
Cultural Services	—	—	—	1,559,844	1,559,844	(79,737)	1,480,107
Urban Renewal-AURA General Fund	—	—	—	10,451	10,451	—	10,451
TABOR Reserve	—	—	—	6,784,149	6,784,149	—	6,784,149
Eliminate Internal Balances							
Bond Proceeds to Capital Projects Fund	—	—	—	(215,249)	(215,249)	215,249	—
AURA to Designated Revenues Fund	—	—	—	(400,000)	(400,000)	400,000	—
ACLC Debt Service to Arapahoe County Open Space Fund	—	—	—	(20,372)	(20,372)	20,372	—
ACLC Debt Service to Designated Revenues Fund	—	—	—	(22,475)	(22,475)	22,475	—
Pension benefit-net pension asset	—	—	—	4,169,880	4,169,880	—	4,169,880
Arbitrage	—	—	—	—	—	(1,089,501)	(1,089,501)
Bonds payable - construction	—	—	—	—	—	(7,418,990)	(7,418,990)
Bonds payable - debt service	—	—	—	—	—	(4,711,343)	(4,711,343)
Total Governmental Activities Adjustments	—	—	—	44,488,656	44,488,656	(25,824,224)	18,664,432
Total Governmental Activities	19,366,332	1,089,501	11,005,845	58,147,986	89,609,664	(36,261,530)	53,348,134
Business-type Activities							
Water Fund							
1999 water revenue bond -							
Operation & maintenance reserve	—	—	—	1,250,000	1,250,000	—	1,250,000
Debt payment reserve	—	—	573,712	—	573,712	(573,712)	—
2003 water revenue bond-							
Debt service reserve	—	—	5,077,561	—	5,077,561	(5,077,561)	—
Debt payment reserve	—	8,000	2,087,323	—	2,095,323	(2,095,323)	—
2004 water revenue bond-							
Debt payment reserve	—	—	51,119	—	51,119	(51,119)	—
2005 water revenue bond-							
Unspent bond proceeds	90,955,492	—	—	—	90,955,492	(90,955,492)	—
Debt payment reserve	—	—	1,260,000	—	1,260,000	(1,260,000)	—
Total Water Fund	90,955,492	8,000	9,049,715	1,250,000	101,263,207	(100,013,207)	1,250,000
Sewer Fund							
1999 sewer revenue bond -							
Operation & maintenance reserve	—	—	—	1,250,000	1,250,000	—	1,250,000
1999 sewer revenue unspent bond proceeds	126,503	—	—	—	126,503	(126,503)	—
Debt payment reserve	—	—	908,235	—	908,235	(908,235)	—
Urban Drainage	1,984,417	—	—	—	1,984,417	—	1,984,417
Total Sewer Fund	2,110,920	—	908,235	1,250,000	4,269,155	(1,034,738)	3,234,417
Golf Fund							
2005 Golf Course revenue bond -							
Debt service reserve	—	—	462,500	—	462,500	(462,500)	—
Total Golf Fund	—	—	462,500	—	462,500	(462,500)	—
Total Business-type Activities	93,066,412	8,000	10,420,450	2,500,000	105,994,862	(101,510,445)	4,484,417
Component Unit							
Fitzimons Redevelopment Authority	104,887	—	—	—	104,887	—	104,887
Total all Funds							
Total restricted balances	\$ 112,537,631	\$ 1,097,501	\$ 21,426,295	\$ 60,647,986	\$ 195,709,413	\$ (137,771,975)	\$ 57,937,438

(concluded)

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

1) Restricted for Construction

a) 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 by Adams County and allocated back to the City for the purpose of constructing roads and bridges located within both jurisdictions.

b) Arapahoe County Open Space Fund

In late 2004, the citizens in Arapahoe County voted and passed a use tax increase of .25%, the proceeds of which are remitted to the City to be used for parks and open space construction and maintenance in Arapahoe County. A portion of the remitted funds have been sent to the Urban Drainage and Flood Control District to fund construction of storm drain infrastructure in the parks. City funds not needed to complete the project will be returned to the City for use on other City parks projects within Arapahoe County.

c) Designated Revenues Fund

Amounts restricted for construction were remitted to the City as settlement of a judgment against another jurisdiction for noise violations at Denver International Airport. Amounts remitted are to be used to acquire land and improvements in the airport vicinity in an effort to mitigate noise in the surrounding communities.

d) Bond Proceeds Fund

The City created a new fund in 2005 to account for the proceeds and associated earnings on governmental bond issues. The proceeds will be used to finance improvements outlined in the related bond documents and are restricted for those purposes.

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. *Restricted and Reserved (continued)*

1) Restricted for Construction (continued)

e) ACLC Capital Projects Fund

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

In 2005, ACLC issued COPs to finance public improvement projects and to acquire property in the City dedicated to water, wildlife, open space, trails and neighborhood parks. The ACLC Capital Projects Fund has unexpended COPs proceeds and accumulated earnings on those proceeds that are restricted for the completion of the project.

f) Water Fund

The 2005 water revenue bonds were issued pursuant to an agreement with the Colorado Water Resources & Power Development Authority to finance the acquisition of water rights and acquisition and construction of water facilities.

g) Sewer Fund

The 1999 sewer revenue bonds were issued pursuant to an agreement with the Colorado Water Resources & Power Development Authority to upgrade a 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 represent 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 in a higher yielding taxable security. Arbitrage occurs if a government earns more than the yield allowed by law. Excess arbitrage earnings must be rebated to the Federal government. All outstanding bonds and COPs are reviewed annually for potential arbitrage rebate liability and corresponding reserves are established as necessary.

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. *Restricted and Reserved (continued)*

2) Restricted for Arbitrage (continued)

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.

b) City Debt Service Fund

Arbitrage amounts anticipated to be paid with funds held in the City Debt Service Fund include \$460,561 for the 2000 GO Bonds (FMP), \$16,500 for the 1998 Alameda / I225 bonds and \$5,000 for the 1999 General Fund Sports Park bonds.

c) ACLC Debt Service Fund

Arbitrage amounts anticipated to be paid on the 2000 and 2004 Certificates of Participation are shown as restricted in the ACLC Debt Service Fund.

d) Water Fund

Arbitrage amounts anticipated to be paid on the 2003 Water Revenue bonds are shown as restricted in the Water Fund.

3) Restricted for Debt Service

a) City Debt Service Fund

Property tax received for the repayment of general obligation debt is restricted in the City Debt Service Fund for the payment of debt service.

b) SID Debt Service Fund

The Special Improvement District Revenue Note Series 2005 requires the City to maintain a debt service reserve.

c) AURA Debt Service Fund

Amount represents the debt service reserve on the 1996 AURA Tax Increment Revenue Refunding Bonds.

d) ACLC Debt Service Fund

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

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. *Restricted and Reserved (continued)*

3) Restricted for Debt Service (continued)

d) ACLC Debt Service Fund (continued)

Debt service reserves and amounts set aside for debt service payments on the 2004 COPs are restricted as they are only available for the retirement of the COPs.

Debt service reserves and amounts set aside for debt service payments on the 2005 COPs are restricted as they are only available for the retirement of the COPs.

e) 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.

The 2004 Water Revenue Bonds require the City to maintain a debt payment reserve.

The 2005 Water Revenue Bonds require the City to maintain a debt payment reserve.

f) Sewer Fund

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

g) Golf Fund

The 2005 Golf Course Revenue Refunding Bonds require a debt service reserve account.

4) Other Restrictions

a) 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.

b) Gifts and Grants Fund

The City receives seizure funds from forfeiture actions in state and federal courts. State law restricts the use of seizure funds to specific activities of the City Police Department.

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. *Restricted and Reserved (continued)*

4) Other Restrictions (continued)

c) Designated Revenues Fund

Amounts represent funds that have specific purposes under various agreements with outside parties.

d) AURA Debt Service Fund

Amounts not needed for the payment of outstanding AURA obligations are restricted for approved urban renewal projects.

e) 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, the Community Development and the Cultural Services 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, revenues collected by the Parks Development Fund and by the Arapahoe County Open Space 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. Additionally, the liability for arbitrage and outstanding bonded debt, and the net pension asset are added to the governmental activities adjustment as they are reported only on the citywide financial statements.

f) 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.

g) 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.

5. RESTRICTED, RESERVED AND DESIGNATED (continued)***B. Reserved for Encumbrances***

Fund balance shown as “reserved for encumbrances” represents encumbered amounts on unperformed purchase orders. These reservations are eliminated for citywide reporting.

Reserved for Encumbrances**December 31, 2005**

Operating encumbrances	
General Fund	\$ 1,318,383
Other Governmental Funds	
Gifts and Grants	74,914
Development Review	181,128
Abatement	59,537
Enhanced E-911	130,682
Arapahoe County Open Space	65,423
Recreation Services	25,062
Cultural Services	4,243
Designated Revenues	114,651
Total operating encumbrances	1,974,023
Capital projects encumbrances (unrestricted funds)	
City Capital Projects Fund	4,026,441
Other Governmental Funds	
Gifts and Grants	1,986,748
Community Development	15,007
Enhanced E-911	39,489
Conservation Trust	300,948
Arapahoe County Open Space	153,445
Building Repair	793,738
Total capital projects encumbrances	7,315,816
Total Reserve for Encumbrances	
Total reserve for encumbrances	\$ 9,289,839

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**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. These designations are eliminated for citywide reporting.

**Designations by Fund and Type
December 31, 2005**

Fund	Payment of Long-term Liabilities	Subsequent Year Budgets	Project-length Appropriations	Operating Designation	Total
General Fund	\$ 16,958,065	\$ —	\$ —	\$ 8,493,780	\$25,451,845
City Capital Projects Fund	—	2,014,673	13,106,539	—	15,121,212
Other Governmental					
Development Review	—	199,784	—	—	199,784
Community Maintenance	—	—	347,848	—	347,848
Enhanced E-911	—	1,535,596	985,457	—	2,521,053
Conservation Trust	—	320,668	5,311,367	—	5,632,035
Parks Development	—	135,000	1,420,375	—	1,555,375
Arapahoe County					
Open Space	—	865,581	1,065,398	—	1,930,979
Cultural Services	—	641,373	—	—	641,373
Designated Revenues	—	3,744,104	329,014	—	4,073,118
Surplus & Deficiency	—	470,000	—	—	470,000
Building Repair	—	—	134,540	—	134,540
Total designations	<u>\$ 16,958,065</u>	<u>\$9,926,779</u>	<u>\$ 22,700,538</u>	<u>\$ 8,493,780</u>	<u>\$ 58,079,162</u>

1) Payment of Long-term Liabilities

Amounts equal to the sales, use and lodger tax accruals have been designated for the payment of future liabilities.

2) Subsequent Year Budgets

This amount represents fund balances budgeted as funding sources (as adopted in the 2006 budget) for subsequent year appropriations.

3) 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.

4) Operating Designation

City management has designated certain one-time revenues to be used for approved one-time expenditures.

EXHIBIT XV

CITY OF AURORA, COLORADO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

6. CAPITAL ASSETS

**Summary of Changes in Capital Assets
For the Year Ended December 31, 2005**

	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	\$ 199,055,350	\$ 13,784,800	\$ (50,000)	\$ —	\$ 212,790,150	\$ —	\$ 212,790,150
Construction in progress	34,334,116	26,746,168	(1,627,820)	(45,473,120)	13,979,344	—	13,979,344
Total capital assets not depreciated	233,389,466	40,530,968	(1,677,820)	(45,473,120)	226,769,494	—	226,769,494
<i>Capital assets being depreciated</i>							
Building and improvements	181,540,182	21,505	(55,979)	17,063,023	198,568,731	(30,376,510)	168,192,221
Infrastructure	2,260,698,824	75,743,495	(416,221)	28,410,097	2,364,436,195	(54,634,494)	2,309,801,701
Machinery and equipment	58,419,307	3,389,008	(9,507,762)	—	52,300,553	(33,785,488)	18,515,065
Total capital assets being depreciated	2,500,658,313	79,154,008	(9,979,962)	45,473,120	2,615,305,479	(118,796,492)	2,496,508,987
<i>Accumulated depreciation</i>							
Building and improvements	(25,599,904)	(4,832,585)	55,979	—	(30,376,510)		
Infrastructure	(45,804,154)	(9,055,158)	224,818	—	(54,634,494)		
Machinery and equipment	(38,525,623)	(4,529,858)	9,269,993	—	(33,785,488)		
Total accumulated depreciation	(109,929,681)	(18,417,601)	9,550,790	—	(118,796,492)		
Total governmental activities	<u>\$ 2,624,118,098</u>	<u>\$ 101,267,375</u>	<u>\$ (2,106,992)</u>	<u>\$ —</u>	<u>\$ 2,723,278,481</u>		<u>\$ 2,723,278,481</u>
Business-type Activities							
<i>Capital assets not depreciated</i>							
Land and water rights	\$ 217,507,367	\$ 15,098,789	\$ (63,140)	\$ —	\$ 232,543,016	\$ —	\$ 232,543,016
Construction in progress	84,824,060	49,646,800	—	(94,719,729)	39,751,131	—	39,751,131
Total capital assets not depreciated	302,331,427	64,745,589	(63,140)	(94,719,729)	272,294,147	—	272,294,147
<i>Capital assets being depreciated</i>							
Building and improvements	66,710,416	20,000	(16,300)	49,717,915	116,432,031	(20,161,663)	96,270,368
Infrastructure	619,373,510	34,053,704	(1,283,337)	44,541,426	696,685,303	(128,423,928)	568,261,375
Machinery and equipment	34,898,896	1,602,347	(1,150,358)	460,388	35,811,273	(19,663,495)	16,147,778
Total capital assets being depreciated	720,982,822	35,676,051	(2,449,995)	94,719,729	848,928,607	(168,249,086)	680,679,521
<i>Accumulated depreciation</i>							
Building and improvements	(18,285,552)	(1,891,936)	15,825	—	(20,161,663)		
Infrastructure	(120,672,752)	(8,767,548)	1,016,372	—	(128,423,928)		
Machinery and equipment	(18,384,452)	(2,315,543)	1,036,500	—	(19,663,495)		
Total accumulated depreciation	(157,342,756)	(12,975,027)	2,068,697	—	(168,249,086)		
Total business-type activities	<u>\$ 865,971,493</u>	<u>\$ 87,446,613</u>	<u>\$ (444,438)</u>	<u>\$ —</u>	<u>\$ 952,973,668</u>		<u>\$ 952,973,668</u>

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

6. CAPITAL ASSETS (continued)

**Summary of Changes in Capital Assets
For the Year Ended December 31, 2005 (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	\$ 3,568,699	\$ 1,165,520	\$ —	\$ —	\$ 4,734,219	\$ —	\$ 4,734,219
Construction in progress	82,658	2,041,298	(238,756)	—	1,885,200	—	1,885,200
Total capital assets not depreciated	3,651,357	3,206,818	(238,756)	—	6,619,419	—	6,619,419
Capital assets being depreciated							
Building and improvements	9,052,223	709,376	(658,884)	—	9,102,715	(1,703,047)	7,399,668
Machinery and equipment	320,642	31,790	(20,418)	—	332,014	(286,424)	45,590
Total capital assets being depreciated	9,372,865	741,166	(679,302)	—	9,434,729	(1,989,471)	7,445,258
Accumulated depreciation							
Building and improvements	(1,725,032)	(339,967)	361,952	—	(1,703,047)		
Machinery and equipment	(273,925)	(32,917)	20,418	—	(286,424)		
Total accumulated depreciation	(1,998,957)	(372,884)	382,370	—	(1,989,471)		
Total component unit	\$ 11,025,265	\$ 3,575,100	\$ (535,688)	\$ —	\$ 14,064,677		\$ 14,064,677

2005 Depreciation Expense by Function

Function	Depreciation
Governmental Activities	
General government	\$ 388,729
Judicial	17,414
Police	1,439,326
Fire	935,588
Other public safety	202,863
Public works	9,367,431
Economic development	170,847
Community services	148,991
Culture and recreation	2,786,423
Unallocated*	2,944,641
Depreciation expense governmental activities	18,402,253
Depreciation of internal service fund capital assets attributable to business-type activities	15,348
Total depreciation expense governmental activities	18,417,601
Business-type Activities	
Water	7,410,770
Sewer	4,640,227
Golf	939,378
Depreciation business-type activities	12,990,375
Depreciation of internal service fund capital assets attributable to business-type activities	(15,348)
Total depreciation business-type activities	12,975,027
Component Unit	
FRA	372,884
Total All Funds	
Total depreciation expense all funds	\$ 31,765,512

* Unallocated depreciation represents 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, 2005****6. CAPITAL ASSETS (continued)****Interest Expensed and Capitalized on Construction Projects in 2005**

Fund	Capitalized	Expensed	Totals
Water Fund	\$ 915,241	\$ 6,438,629	\$ 7,353,870
Sewer Fund	-	652,990	652,990
Golf Fund	-	616,670	616,670
Total Enterprise Funds	<u>\$ 915,241</u>	<u>\$ 7,708,289</u>	<u>\$ 8,623,530</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 pay current expenses incurred in the operation and maintenance of the project.

2005 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
\$ 2,608,428	\$ -	\$ (34,779)	\$ -	\$ 2,573,649

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

8. PAYABLES

**Classifications of Payables per the Citywide Statement of Net Assets
December 31, 2005**

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Totals
Accounts payable and other current liabilities (Accounts payable and other)	\$ 8,098,710	\$ 13,192,807	\$ 1,359,969	\$ 2,276,760	\$ 24,928,246
Payable from restricted assets (excluding unearned revenues of \$18,428,550)	5,702,647	2,724,755	—	—	8,427,402
Total payables	<u>\$ 13,801,357</u>	<u>\$ 15,917,562</u>	<u>\$ 1,359,969</u>	<u>\$ 2,276,760</u>	<u>\$ 33,355,648</u>

**Payables by Fund and Type
December 31, 2005**

	Vendors	Salaries & Benefits	Accrued Interest	Deposits & Refunds	Other	Total Payables (All due within one year)
Governmental Activities						
General Fund						
Accounts payable and other	\$ 2,256,260	\$ 3,287,836	\$ —	\$ 481,845	\$ 345,272	\$ 6,371,213
City Capital Projects Fund						
Accounts payable and other	350,051	2,599	—	—	—	352,650
Payable from restricted assets	3,016,407	—	—	—	—	3,016,407
Total City Capital Projects Fund	<u>3,366,458</u>	<u>2,599</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,369,057</u>
Other Governmental Funds						
Accounts payable and other	1,331,432	430,288	—	380,578	19,091	2,161,389
Payable from restricted assets	511,150	—	—	—	—	511,150
Total other governmental funds	<u>1,842,582</u>	<u>430,288</u>	<u>—</u>	<u>380,578</u>	<u>19,091</u>	<u>2,672,539</u>
Internal Service Funds						
Accounts payable and other	204,494	57,883	729	—	—	263,106
Governmental Activities Adjustments						
Accounts payable and other	(1,085,591)	(996,167)	1,032,110	—	—	(1,049,648)
Payable from restricted assets	2,175,090	—	—	—	—	2,175,090
Total governmental activities adjustments	<u>1,089,499</u>	<u>(996,167)</u>	<u>1,032,110</u>	<u>—</u>	<u>—</u>	<u>1,125,442</u>
Total Governmental Activities	<u>8,759,293</u>	<u>2,782,439</u>	<u>1,032,839</u>	<u>862,423</u>	<u>364,363</u>	<u>13,801,357</u>

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

8. PAYABLES (continued)

Payables by Type Fund and Type
December 31, 2005 (continued)

	Vendors	Salaries & Benefits	Accrued Interest	Deposits & Refunds	Other	Total Payables (All due within one year)
Business-type Activities						
Water						
Accounts payable and other	\$ 3,359,436	\$ 312,939	\$ 2,612,058	\$ 106,750	\$ 4,931	\$ 6,396,114
Payable from restricted assets	2,457,935	—	—	—	—	2,457,935
Sewer						
Accounts payable and other	6,345,082	159,701	266,820	—	—	6,771,603
Payable from restricted assets	266,820	—	—	—	—	266,820
Golf						
Accounts payable and other	42,700	70,841	40,516	—	—	154,057
Business-type Activities adjustments						
Reclass compensated absences	(128,967)	—	—	—	—	(128,967)
Total Business-type Activities	12,343,006	543,481	2,919,394	106,750	4,931	15,917,562
Component Unit						
Fitzsimons Redevelopment Authority						
Accounts payable and other	1,224,542	42,433	—	92,994	—	1,359,969
Fiduciary Funds						
General Employees' Retirement Plan						
Accounts payable and other	377,124	—	—	—	—	377,124
EOEP Pension Fund						
Accounts payable and other	1,647	—	—	—	—	1,647
Payroll Clearing Agency Fund						
Accounts payable and other	—	1,897,989	—	—	—	1,897,989
Total Fiduciary Funds	378,771	1,897,989	—	—	—	2,276,760
Total Reporting Entity						
Total Reporting Entity	\$ 22,705,612	\$ 5,266,342	\$ 3,952,233	\$ 1,062,167	\$ 369,294	\$ 33,355,648

(concluded)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

9. NONCURRENT LIABILITIES

Noncurrent Liabilities per the Citywide Statement of Net Assets
December 31, 2005

Description	Governmental Activities	Business-type Activities	Component Unit
Due in one year	\$ 16,729,069	\$ 11,739,773	\$ 159,344
Due in one year – payable from restricted assets	–	2,112,514	–
Due beyond one year	177,879,501	179,175,354	4,041,807
Due beyond one year - payable from restricted assets	<u>12,130,333</u>	<u>96,673,176</u>	<u>–</u>
Total noncurrent liabilities	<u>\$ 206,738,903</u>	<u>\$ 289,700,817</u>	<u>\$ 4,201,151</u>

Summary of Changes in Noncurrent Long-Term Liabilities During 2005

Description	Balance January 1	Additions	Reductions	Balance December 31	Due within One year
Governmental Activities					
General obligation bonds	\$ 48,870,000	\$ –	\$ (3,925,000)	\$ 44,945,000	\$ 4,105,000
Revenue bonds	15,190,000	–	(1,415,000)	13,775,000	1,485,000
Certificates of participation	97,745,000	23,395,000	(4,975,000)	116,165,000	5,690,000
Notes Payable	<u>–</u>	<u>1,140,000</u>	<u>–</u>	<u>1,140,000</u>	<u>31,000</u>
Total bonds, COPs & notes payable	161,805,000	24,535,000	(10,315,000)	176,025,000	11,311,000
Capitalized leases	997,232	915,600	(298,860)	1,613,972	395,000
Accrued compensated absences	19,962,184	1,873,099	(1,424,042)	20,411,241	1,275,433
Accrued claims payable	8,203,241	4,400,528	(3,747,636)	8,856,133	3,747,636
Unamortized debt discounts	(34,148)	(322,975)	10,270	(346,853)	–
Unamortized debt premium	<u>224,375</u>	<u>–</u>	<u>(44,965)</u>	<u>179,410</u>	<u>–</u>
Total Governmental Activities	<u>\$ 191,157,884</u>	<u>\$ 31,401,252</u>	<u>\$ (15,820,233)</u>	<u>\$ 206,738,903</u>	<u>\$ 16,729,069</u>
Business-type Activities					
General obligation bonds	\$ 59,155,000	\$ –	\$ (7,520,000)	\$ 51,635,000	\$ 7,725,000
Revenue bonds	128,820,266	104,625,000	(10,445,139)	223,000,127	5,435,033
Notes payable	8,663,525	–	(1,151,877)	7,511,648	269,874
Less: Unamortized bond discounts	(804,911)	(192,373)	132,257	(865,027)	–
Unamortized bond premiums	<u>4,140,597</u>	<u>1,607,022</u>	<u>(296,409)</u>	<u>5,451,210</u>	<u>–</u>
Total bonds and notes payable	199,974,477	106,039,649	(19,281,168)	286,732,958	13,429,907
Capitalized leases	347,836	160,456	(140,935)	367,357	133,846
Accrued compensated absences	<u>2,541,152</u>	<u>232,421</u>	<u>(173,071)</u>	<u>2,600,502</u>	<u>288,534</u>
Total Business-type Activities	<u>\$ 202,863,465</u>	<u>\$ 106,432,526</u>	<u>\$ (19,595,174)</u>	<u>\$ 289,700,817</u>	<u>\$ 13,852,287</u>
Component Unit					
Notes payable	\$ 3,195,626	\$ 260,692	\$ (173,637)	\$ 3,282,681	\$ 159,344
Interest payable	<u>915,830</u>	<u>2,640</u>	<u>–</u>	<u>918,470</u>	<u>–</u>
Total Component Unit	<u>\$ 4,111,456</u>	<u>\$ 263,332</u>	<u>\$ (173,637)</u>	<u>\$ 4,201,151</u>	<u>\$ 159,344</u>

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

9. NONCURRENT LIABILITIES (continued)

Debt Service Requirements by Type of Debt As of December 31, 2005

Year Due	Governmental Activities							
	General Obligation		Revenue		Certificates of Participation		SID Notes	
	2.00-5.00%		4.875-5.80%		2.50-6.00%		4.89%	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 4,105,000	\$ 2,079,685	\$ 1,485,000	\$ 671,080	\$ 5,690,000	\$ 5,583,641	\$ 31,000	\$ 45,681
2007	4,295,000	1,902,380	1,915,000	593,829	5,900,000	5,398,579	123,000	53,130
2008	4,500,000	1,714,500	1,270,000	490,774	5,830,000	5,205,673	123,000	47,091
2009	4,715,000	1,516,783	1,335,000	425,649	6,940,000	5,002,973	123,000	41,051
2010	4,480,000	1,307,933	1,400,000	357,274	5,760,000	4,759,348	124,000	35,012
2011-2015	22,850,000	3,309,543	6,370,000	668,579	26,805,000	20,009,137	616,000	83,837
2016-2020	—	—	—	—	14,490,000	15,379,889	—	—
2021-2025	—	—	—	—	19,250,000	10,611,900	—	—
2026-2030	—	—	—	—	25,500,000	4,357,375	—	—
Total	\$ 44,945,000	\$ 11,830,824	\$ 13,775,000	\$ 3,207,185	\$ 116,165,000	\$ 76,308,515	\$ 1,140,000	\$ 305,802

Year Due	Business-type Activities							
	General Obligation Water		Water Revenue		Water Notes		Sewer Revenue	
	2.00-4.90%		2.00-5.00%		5.00.%		5.00-5.125%	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 7,725,000	\$ 1,752,413	\$ 3,530,638	\$ 7,858,664	\$ 50,311	\$ 10,062	\$ 1,539,396	\$ 640,368
2007	6,635,000	1,545,475	3,607,104	8,504,069	941,952	332,387	1,577,072	603,312
2008	6,840,000	1,363,013	3,708,938	8,401,668	941,952	285,289	1,620,132	563,517
2009	5,905,000	1,157,816	3,810,404	8,295,665	941,952	218,192	1,663,192	520,756
2010	6,120,000	965,900	3,962,238	8,144,551	587,494	191,094	1,711,634	467,201
2011-2015	18,410,000	1,545,000	33,597,320	36,922,854	2,526,859	514,851	7,487,058	1,231,224
2016-2020	—	—	36,490,000	28,520,575	707,534	88,443	—	—
2021-2025	—	—	39,100,000	19,653,774	—	—	—	—
2026-2030	—	—	36,605,000	12,355,062	—	—	—	—
2030-2035	—	—	38,680,000	4,580,580	—	—	—	—
Total	\$ 51,635,000	\$ 8,329,617	\$ 203,091,642	\$ 143,237,462	\$ 6,698,054	\$ 1,640,318	\$ 15,598,484	\$ 4,026,378

Year Due	Business-type Activity				Component Unit	
	Golf Revenue		Golf Note		FRA	
	3.375-4.375%		4.54%		3.26-6.25%	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 365,000	\$ 174,300	\$ 219,564	\$ 34,474	\$ 159,344	\$ 51,428
2007	375,000	161,525	229,645	24,392	160,231	61,987
2008	385,000	146,525	240,187	13,847	161,152	54,206
2009	405,000	131,125	124,199	2,819	162,111	46,388
2010	420,000	114,925	—	—	163,108	38,532
2011-2015	2,360,000	306,825	—	—	1,366,735	1,559,656
2016-2020	—	—	—	—	925,000	1,854,780
2021	—	—	—	—	185,000	370,956
Total	\$ 4,310,000	\$ 1,035,225	\$ 813,595	\$ 75,532	\$ 3,282,681	\$ 4,037,933

9. NONCURRENT LIABILITIES (continued)**A. General Obligation Bonds**

The City has issued governmental and business-type activities 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.

1) Governmental Activities

The City has three outstanding general obligation bonds. Amounts originally issued and amounts outstanding at December 31, 2005, respectively were: 1998 Alameda and I-225 Interchange \$10,000,000 and \$5,895,000; 2000 Facility Master Plan \$50,100,000 and \$37,325,000; and 2003 Public Safety Refunding \$2,530,000 and \$1,725,000. Unamortized discounts and premiums totaled \$3,725 and \$9,780, respectively.

2) Business-type Activities

The two general obligation water bonds are payable from earnings of the Water Fund. Amounts originally issued and amounts outstanding at December 31, 2005, respectively were: 1996 Refunding \$2,615,000 and \$1,250,000; and 2003 Refunding \$62,775,000 and \$50,385,000. Unamortized discounts on the bonds totaled \$164,412 and the unamortized premiums on the bonds totaled \$805,683.

B. Revenue Bonds

Revenue bonds pledge income derived from the acquired or constructed assets to pay debt service. In the case of the General Fund bonds, income pledged is from any legally available funds or revenues of the General Fund.

1) Governmental Activities

In 1999, the City issued \$17,470,000 in Sports Park General Fund bonds, payable from General Fund revenue, to finance the creation of a youth sports complex. As of December 31, 2005, the amount of Sports Park bonds outstanding was \$12,730,000.

In 1996, AURA issued \$3,580,000 in revenue refunding bonds payable from incremental sales and property taxes collected within the Aurora City Center Urban Renewal Area. As of December 31, 2005, the amount of revenue bonds outstanding was \$1,045,000. If AURA balances are insufficient, the General Fund has a "moral obligation" (not a legal obligation) to maintain the debt service reserve at the required annual minimum of \$395,275 in 2005.

2) Business-type Activities

In 2005, the City issued its \$100,000,000 Governmental Agency Bond, evidencing the City's obligation pursuant to a loan agreement between the City and the Colorado Water Resources and Power Development Authority (CWR&PDA), for the purpose of financing the acquisition of water rights and the acquisition and construction of water facilities. As of December 31, 2005, the amount outstanding was \$100,000,000. Unamortized premiums on the bond at December 31, 2005 totaled \$1,593,630. CWR&PDA was established by the

9. NONCURRENT LIABILITIES (continued)***B. Revenue Bonds (continued)*****2) Business-type Activities (continued)**

Colorado Water Resources and Power Development Authority Act under Colorado Revised Statutes for the purpose of financing projects for the preservation, upgrading, development, and management of water resources in the State.

In 2004, the City issued \$40,000,000 in variable rate Second-Lien Water Improvement Revenue Bonds, Series 2004A for the purpose of financing additions and improvements to the water system. Variable rate debt bears interest at an “auction period rate” resulting from a weekly bond auction. As of December 31, 2005, the interest rate on the bonds was 3.15%. As of December 31, 2005, the amount outstanding was \$40,000,000 and unamortized underwriter’s discounts totaled \$200,496.

In 2003, the City issued \$55,860,000 First-Lien Water Improvement Revenue Bonds, Series 2003A for the purpose of financing additions and improvements to the water system. As of December 31, 2005, the amount outstanding was \$53,335,000. Unamortized underwriter’s discount on the bond at December 31, 2005 totaled \$174,125. Unamortized premium on the bond totaled \$2,747,870 as of December 31, 2005.

In 1999, the City issued a \$14,999,899 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, 2005, the amount outstanding was \$9,756,642. Unamortized underwriter’s discount on the bond at December 31, 2005 totaled \$54,347. Unamortized premium on the bond totaled \$239,558 as of December 31, 2005.

In 1999, the City issued a \$24,124,366 Governmental Agency revenue bond, pursuant to a loan 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, 2005, the amount outstanding was \$15,598,484. Unamortized underwriter’s discount on the bond at December 31, 2005 totaled \$88,893. Unamortized premium on the bond totaled \$64,468 as of December 31, 2005.

In 2005, the City issued \$4,625,000 of Golf Course Enterprise System Refunding Revenue Bonds, Series 2005 for the purpose of refinancing obligations originally incurred in 1995 that financed construction of the Saddle Rock Golf Course. The refunding bonds have a bond yield of 4.34%, compared to the refunded bonds yield of 5.97%, and will provide a net cash flow savings of \$565,498 and a net economic gain of \$312,803. The bonds are payable from revenues of the Golf Fund. As of December 31, 2005, the amount outstanding was \$4,310,000. Unamortized discounts on the bonds at December 31, 2005 totaled \$48,519.

9. NONCURRENT LIABILITIES (continued)***C. Certificates of Participation***

Certificates of Participation (COPs) are issued by ACLC and 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 2000 Series, originally issued for \$76,375,000, financed the construction of a City administrative office building. The 2002 Series, originally issued for \$15,380,000, financed the acquisition of public safety vehicles and the construction of public safety communications equipment. In 2004, the City issued \$8,750,000 Refunding Certificates of Participation. On March 8, 2005 the City issued \$23,395,000 Certificates of Participation, Series 2005 to finance public improvements and open space acquisition.

The amounts outstanding at December 31, 2005 were: 2000 Series \$74,755,000, 2002 Series \$12,180,000, 2004 Series \$7,285,000 and Series 2005 \$21,945,000. Unamortized discount on the 2004 and 2005 COPs totaled \$23,144 and \$319,967 respectively at December 31, 2005. Unamortized premium on the 2002 and 2004 COPs totaled \$25,792 and \$143,835, respectively, at December 31, 2005.

D. Notes Payable**1) Governmental Activities**

In 2005, the City issued a Special Improvement District Revenue Note for \$1,140,000 to reimburse the City for expenditures made by the City to construct the Dam West masonry fence. The note is payable solely from the special assessments levied on the Dam West neighborhood. The total outstanding amount of the note at December 31, 2005 was \$1,140,000.

2) Business-type Activities

In 2004, the City issued utility enterprise water resources revenue notes to acquire certain water rights in the amount of \$8,280,091. The water rights notes are paid from the revenues of the Water Fund. In 1999, the City issued \$503,112 in water rights notes to acquire certain water rights. Total water rights notes outstanding at December 31, 2005 for the 1999 and 2004 issues are \$201,245 and \$6,496,809, respectively.

In 2004, the City issued \$1,125,000 in golf course enterprise system revenue notes for the purpose of financing irrigation system improvements to the golf course system and are paid from the revenues of the Golf Fund. The amount outstanding at December 31, 2005 is \$813,594.

9. NONCURRENT LIABILITIES (continued)***D. Notes Payable (continued)*****3) Component Unit**

The FRA entered into an agreement with the United States Army for the conveyance of 332 acres of land along with associated improvements and equipment at Fitzsimons. The purchase price for the conveyance is \$1,850,000. The note is payable in ten equal annual installments of \$555,956 beginning December 31, 2012 through December 31, 2021. Interest accrued at December 31, 2005 is \$903,300.

The FRA entered into a loan agreement with the City whereby the FRA could draw up to \$1,150,000. The FRA was permitted to draw the funds to provide partial matching 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 loan is payable in ten equal installments of \$137,189 beginning June 1, 2005 through June 1, 2014. Interest accrued from the time of draw through June 1, 2005 is rolled into the balance of the loan. At December 31, 2005 the balance of the loan is \$1,228,534 and accrued interest is \$14,490.

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 make improvements to the clubhouse. The note is payable in ten equal installments of principal and interest 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 at December 31, 2005 is \$204,147 and accrued interest is \$680.

E. Capitalized Leases

**Capitalized Leases Debt Service Requirements
December 31, 2005**

Year Due	Governmental Activities				Business-type Activities	
	General Fund Revenues		Print Shop		Golf	
	2.97-3.49%		3.87%		3.85-5.73%	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 357,706	\$ 49,120	\$ 37,295	\$ 1,829	\$ 133,846	\$ 13,940
2007	369,685	37,141	19,190	371	105,755	8,835
2008	382,067	24,758	—	—	78,918	4,837
2009	349,179	11,960	—	—	48,838	1,729
2010	98,850	1,725	—	—	—	—
Total	<u>\$ 1,557,487</u>	<u>\$ 124,704</u>	<u>\$ 56,485</u>	<u>\$ 2,200</u>	<u>\$ 367,357</u>	<u>\$ 29,341</u>

9. NONCURRENT LIABILITIES (continued)

E. Capitalized Leases (continued)

1) Governmental Activities

The City has entered into leases for four dump trucks, two motor graders and two fire trucks which are funded from the General Fund, and a lease for imaging equipment which is funded from the Print Shop Fund. The leases 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 \$522,616, \$421,664, \$915,600 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 \$594,406.

F. Accrued Compensated Absences

Accrued compensated absences recorded in governmental activities are generally liquidated from the General Fund. Amounts outstanding at December 31, 2005 are \$20,411,241.

G. 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, 2005 is \$76,922,589. 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. Voter approval of additional debt typically includes a provision exempting the new debt from the debt margin. Consequently, the computation of the City's legal debt margin has little real significance.

H. Subsequent Event

On February 16, 2006, ACLC issued 2006 Series A-1 Refunding Certificates of Participation for \$20,290,000 and 2006 Series A-2 Adjustable-Rate Refunding Certificates of Participation for \$60,915,000 for the purpose of refinancing the Series 2000 Certificates of Participation originally issued to finance the acquisition and construction of the Aurora Municipal Center.

On May 11, 2006, the City issued \$57,790,000 First-Lien Sewer Improvement Revenue Bonds, Series 2006 to finance the acquisition and construction of additions and improvements to the Wastewater Utility System.

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

10. INTERFUND TRANSACTIONS

Interfund Receivables and Payables
December 31, 2005

Reporting fund Fund due from / due to	Purpose	Receivable Due From	Payable Due to
Governmental Activities			
<i>Reported in Unrestricted</i>			
General Fund			
Gifts & Grants	Offset negative cash balance	\$ 14,251	\$ —
AURA Debt Service	Urban renewal - January accrued sales tax	—	47,773
City Capital Projects			
Cultural Services	Art in Public Places fees	—	21,130
Bond Proceeds	Offset negative cash balance	194,119	—
	Art in Public Places fees	21,130	—
Other Governmental Funds			
<i>Gifts & Grants</i>			
General Fund	Offset negative cash balance	—	14,251
<i>Arapahoe County Open Space</i>			
ACLC Debt Service	ArCo COPs debt service	20,372	—
<i>Cultural Services</i>			
City Capital Projects	Art in Public Places fees	21,130	—
<i>Designated Revenues</i>			
AURA Debt Service	ACLC future lease funding	400,000	—
ACLC Debt Service	Public improvement COPs debt service	22,474	—
<i>Governmental Activities Adjustment</i>			
Governmental Activities	Citywide elimination of interfund receivables and payables	(693,476)	(83,154)
Business-type Activities	Internal Service Funds profit/loss attributable to Enterprise Funds	650,124	—
Total reported in unrestricted assets		\$ 650,124	\$ —
<i>Reported in Restricted</i>			
Other Governmental Funds			
<i>Bond Proceeds</i>			
City Capital Projects	Offset negative cash balance	\$ —	\$ 194,119
	Art in Public Places fees	—	21,130
<i>AURA Debt Service</i>			
General Fund	Urban renewal - January accrued sales tax	47,773	—
Designated Revenues	ACLC future lease funding	—	400,000
<i>ACLC Debt Service</i>			
Arapahoe County Open Space	ArCo COPs debt service	—	20,372
Designated Revenues	Public improvement COPs debt service	—	22,475
<i>Governmental Activities Adjustment</i>			
Governmental Activities	Citywide elimination of interfund receivables and payables	(47,773)	(658,096)
Total reported in restricted assets		\$ —	\$ —
			(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

10. INTERFUND TRANSACTIONS (continued)

Interfund Receivables and Payables (continued)

December 31, 2005

Reporting fund Fund due from / due to	Purpose	Receivable Due From	Payable Due to
Business-type Activities			
<i>Reported in Unrestricted</i>			
Business-type Activities Adjustment			
Governmental Activities	Internal Service Funds profit/loss attributable to Enterprise Funds	\$ (650,124)	\$ —
Total reported in unrestricted assets		<u>\$ (650,124)</u>	<u>\$ —</u>
<i>Reported in Current/Noncurrent 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)	4,864,000	—
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)	—	4,864,000
Business-type Activities Adjustment			
Enterprise Funds	Citywide elimination of interfund receivables and payables	(5,120,000)	(5,120,000)
Total reported in interfund loan		<u>\$ —</u>	<u>\$ —</u>
			(concluded)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

10. INTERFUND TRANSACTIONS (continued)

2005 Interfund Transfers			
Reporting Fund Fund transfer from/to	Purpose	Transfer In	Transfer Out
Governmental Activities			
General Fund			
Development Review	Indirect/support costs	\$ 1,424,090	\$ —
Community Maintenance	Assist General Fund operations	4,009	—
Community Development	HOAP loans & Home program match	—	292,600
Emergency Contingency	Fall snowstorm cleanup	316,700	—
	Repay fall snowstorm cleanup funds	—	300,000
Recreation Services	Sports Park maintenance	1,140,000	—
	Recreation programs	—	5,062,654
Cultural Services	Cultural services programs	—	949,974
Designated Revenues	Assist General Fund operations	194,802	—
	Sister Cities support	—	1,000
	Arapahoe Crossing tax incentive	—	516,553
	Hampden Town Center IGA	—	785,417
	Heritage Eagle Bend tax incentive	—	37,045
	Public improvement lease payments	—	1,513,643
	Merrick tax incentive	—	37,678
	Gander Mountain tax incentive	—	67,997
	Tax incentive contingency	—	1,256,192
Policy Reserve	Assist General Fund operations	97,000	—
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	—	22,642,475
Water	Repay Raytheon-related costs	—	200,000
Fleet Management	Proceeds from vehicle sale, assist operations	—	574,993
Print Shop	Assist General Fund operations	189,800	—
Risk Management	Assist General Fund operations	1,000,000	—
ACLC Debt Service	Facilities lease payments	—	5,316,253
ACLC Capital Projects	Trustee fees	—	2,317
Total General Fund		4,407,901	41,317,891
City Capital Projects			
General Fund	Capital improvement projects	22,642,475	—
Cultural Services	Art in Public Places fees	—	316,586
Arapahoe County Open Space	Move ArCo revenues to separate fund	—	3,408,417
Enhanced E-911	Radio system expansion	—	1,046,140
Designated Revenues	Aurora City Place tax incentive	—	11,434,133
	Town Center at Aurora tax incentive	—	251,093
	Other tax incentives	—	64,245
	Southlands reimbursement agreement	—	250,000
	TV equipment upgrade	—	75,302
Bond Proceeds	Move bond proceeds to separate fund	—	1,522,560
Building Repair	Building repair operations	—	1,858,800
ACLC Capital Projects	Road and bridge projects	11,435,000	—
Total City Capital Projects		34,077,475	20,227,276
Other Governmental Funds			
<i>Gifts & Grants</i>			
Designated Revenue	Establish tree mitigation program	—	11,258
<i>Development Review</i>			
General Fund	Indirect/support costs	—	1,424,090
Designated Revenues	Agency support - AEDC, NABA, ACED	—	762,000

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

10. INTERFUND TRANSACTIONS (continued)

2005 Interfund Transfers (continued)			
Reporting Fund Fund transfer from/to	Purpose	Transfer In	Transfer Out
Governmental Activities (continued)			
<i>Community Maintenance</i>			
General Fund	Assist General Fund operations	\$ —	\$ 4,009
<i>Community Development</i>			
General Fund	HOAP loans & Home program match	292,600	—
<i>Enhanced E-911</i>			
City Capital Projects	Radio system expansion	1,046,140	—
ACLC Debt Service	Communications equipment lease payments	—	1,708,976
<i>Emergency Contingency</i>			
General Fund	Fall snowstorm cleanup	—	316,700
	Repay fall snowstorm cleanup funds	300,000	—
<i>Arapahoe County Open Space</i>			
City Capital Projects	Move ArCo revenues to separate fund	3,408,417	—
ACLC Debt Service	ArCo COPs debt service	—	596,735
<i>Recreation Services</i>			
General Fund	Recreation programs	5,062,654	—
	Sports Park maintenance	—	1,140,000
<i>Cultural Services</i>			
General Fund	Cultural Services programs	949,974	—
Designated Revenues	Art in Public Places fees	216,500	—
	Special events support	2,000	—
City Capital Projects	Art in Public Places fees	316,586	—
<i>Designated Revenues</i>			
General Fund	Sister Cities support	1,000	—
	Arapahoe Crossing tax incentive	516,553	—
	Hampden Town Center IGA	785,417	—
	Heritage Eagle Bend tax incentive	37,045	—
	Public improvement lease payments	1,513,643	—
	Merrick tax incentive	37,678	—
	Gander Mountain tax incentive	67,997	—
	Tax incentive contingency	1,256,192	—
	Assist General Fund operations	—	194,802
Gifts & Grants	Establish tree mitigation program	11,258	—
Development Review	Agency support - AEDC, NABA, ACED	762,000	—
Cultural Services	Special events support	—	2,000
	Art in Public Places fees	—	216,500
City Capital Projects	Aurora City Place tax incentive	11,434,133	—
	Town Center at Aurora tax incentive	251,093	—
	Other tax incentives	64,245	—
	Southlands reimbursement agreement	250,000	—
	TV equipment upgrade	75,302	—
AURA Debt Service	ACLC future lease funding	400,000	—
ACLC Debt Service	Facilities lease payments	—	2,340,931

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

10. INTERFUND TRANSACTIONS (continued)

2005 Interfund Transfers (continued)			
Reporting Fund Fund transfer from/to	Purpose	Transfer In	Transfer Out
Governmental Activities (continued)			
<i>Policy Reserve</i>			
General Fund	Assist General Fund operations	\$ —	\$ 97,000
TABOR Reserve	Increase TABOR reserve to required amount	—	66,075
<i>TABOR Reserve</i>			
Policy Reserve	Increase TABOR reserve to required amount	66,075	—
<i>City Debt Service</i>			
General Fund	GO debt service requirements	1,761,100	—
<i>Surplus and Deficiency</i>			
General Fund	SID-related salary costs	—	41,500
SID Debt Service	Fence Replacement Program reserve	—	30,000
<i>SID Debt Service</i>			
Surplus and Deficiency	Fence Replacement Program reserve	30,000	—
<i>AURA Debt Service</i>			
Designated Revenues	ACLC future lease funding	—	400,000
<i>ACLC Debt Service</i>			
General Fund	Facilities lease payments	5,316,253	—
Enhanced E-911	Communications equipment lease payments	1,708,976	—
Arapahoe County Open Space	ArCo COPs debt service	596,735	—
Designated Revenues	Facilities lease payments	2,340,931	—
ACLC Capital Projects	Debt issuance costs	413,064	—
<i>Bond Proceeds</i>			
City Capital Projects	Move bond proceeds to separate fund	1,522,560	—
<i>Building Repair</i>			
City Capital Projects	Building repair operations	1,858,800	—
<i>ACLC Capital Projects</i>			
General Fund	Trustee fees	2,317	—
City Capital Projects	Road and bridge projects	—	11,435,000
ACLC Debt Service	Debt issuance costs	—	413,064
Total Other Governmental Funds		44,675,238	21,200,640
Internal Service Funds			
<i>Fleet Management</i>			
General Fund	Proceeds from vehicle sale, assist operations	574,993	—
<i>Print Shop</i>			
General Fund	Assist General Fund operations	—	189,800
<i>Risk Management</i>			
General Fund	Assist General Fund operations	—	1,000,000
Total Internal Service Funds		574,993	1,189,800
Governmental Activities Adjustment			
<i>Governmental Activities</i>			
Total Governmental Activities	Citywide elimination of interfund transfers	(83,735,607)	(83,735,607)
		\$ —	\$ 200,000
Business-type Activities			
Water Fund			
General Fund	Repay Raytheon-related costs	\$ 200,000	\$ —
Total All Funds		\$ 200,000	\$ 200,000
			(concluded)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

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. Additionally, any project is deemed abandoned if three years have elapsed without expenditure or encumbrance to the project. As of December 31, 2005, the City had various commitments for the acquisition and construction of projects.

Summary of Construction Commitments - Project Inception to December 31, 2005

Number of Projects	Type	Project Appropriations/ Committed Funds	Expended to December 31	Unexpended Balance
Governmental Activities				
City Capital Projects Fund				
2	Non-departmental	\$ 836,619	\$ 842,784	\$ (6,165)
1	Finance	558,766	286,769	271,997
9	Information Technology	10,403,248	9,490,179	913,069
1	Internal Services	700,000	684,716	15,284
17	Library, Recreation and Cultural Services	22,001,364	21,937,852	63,512
10	Operations Group Management	13,518,024	12,852,917	665,107
38	Public Works	145,368,469	132,112,305	13,256,164
7	Police	7,451,700	7,091,325	360,375
16	Fire	13,488,582	11,306,663	2,181,919
40	Parks and Open Space	49,922,732	45,277,261	4,645,471
2	Development Services	337,100	87,100	250,000
Total City Capital Projects Fund		264,586,604	241,969,871	22,616,733
Other Governmental Funds				
<i>Gifts and Grants Fund</i>				
1	Public Works	14,470,399	12,127,824	2,342,575
9	Parks and Open Space	2,410,236	979,763	1,430,473
Total Gifts and Grants Fund		16,880,635	13,107,587	3,773,048
<i>Community Development Fund</i>				
7	Community Development Admin	7,883,756	7,722,886	160,870
5	Public Service	1,314,240	1,021,334	292,906
8	Public Facility	3,005,408	2,332,125	673,283
2	Other	372,971	225,505	147,466
1	Relocation	50,000	—	50,000
1	HOAP Loans	4,195,646	3,238,625	957,021
4	Single Family Rehabilitation	8,356,666	6,513,535	1,843,131
1	Multi-Family Rehabilitation	1,454,588	1,010,893	443,695
1	Commercial Rehabilitation	55,000	50,437	4,563
1	Commercial Renovation	5,638,753	5,045,504	593,249
1	AHC	949,789	628,627	321,162
1	Other HOME	1,261,188	—	1,261,188
Total Community Development Fund		34,538,005	27,789,471	6,748,534

EXHIBIT XV

CITY OF AURORA, COLORADO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

11. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (continued)

A. Continuing Appropriations (continued)

Summary of Construction Commitments - Project Inception to December 31, 2005 (continued)

Number of Projects	Type	Project Appropriations/ Committed Funds	Expended to December 31	Unexpended Balance
Governmental Activities (continued)				
Other Governmental Funds (continued)				
<i>Community Maintenance Fund</i>				
1	Public Works	\$ 1,000,000	\$ 652,152	\$ 347,848
<i>Enhanced E-911 Fund</i>				
3	Information Technology	7,790,640	6,765,695	1,024,945
<i>Arapahoe County Open Space Fund</i>				
5	Parks and Open Space	1,665,000	446,157	1,218,843
<i>Designated Revenue Fund</i>				
3	Non-Departmental	11,807,384	291,500	11,515,884
1	Parks and Open Space	132,450	—	132,450
	Total Designated Revenue Fund	11,939,834	291,500	11,648,334
<i>Conservation Trust Fund</i>				
6	Library, Recreation and Cultural Services	885,000	244,318	640,682
18	Parks and Open Space	17,052,505	12,080,872	4,971,633
	Total Conservation Trust Fund	17,937,505	12,325,190	5,612,315
<i>Parks Development Fund</i>				
14	Parks and Open Space	2,419,335	998,960	1,420,375
<i>Bond Proceeds Fund</i>				
7	Library, Recreation and Cultural Services	354,288	212,836	141,452
1	Police	42,745	—	42,745
2	Fire	164,118	—	164,118
2	Parks and Open Space	627,105	—	627,105
	Total Bond Proceeds Fund	1,188,256	212,836	975,420
<i>Building Repair Fund</i>				
6	Internal Services	4,517,849	3,589,572	928,277
<i>ACLC Capital Projects Fund</i>				
1	Information Technology	14,637,916	12,734,608	1,903,308
1	Parks and Open Space	9,105,195	6,507,881	2,597,314
	Total ACLC Capital Projects Fund	23,743,111	19,242,489	4,500,622
Total other governmental funds		123,620,170	85,421,609	38,198,561
Total Governmental Activities		\$ 388,206,774	\$ 327,391,480	\$ 60,815,294

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

11. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (continued)

A. Continuing Appropriations (continued)

Summary of Construction Commitments - Project Inception to December 31, 2005 (continued)

Number of Projects	Type	Project Appropriations/ Committed Funds	Expended to December 31	Unexpended Balance
Business-type Activities				
Water Fund				
4	Reuse	\$ 3,600,000	\$ 1,413,471	\$ 2,186,529
21	Raw Water	89,586,317	37,310,379	52,275,938
4	Treatment	8,512,541	8,128,269	384,272
5	Groundwater	6,021,048	2,976,207	3,044,841
33	Distribution	65,377,339	32,800,377	32,576,962
2	Collection	1,100,000	280,878	819,122
10	Planning	4,970,000	2,517,654	2,452,346
3	SCADA	3,130,000	1,359,463	1,770,537
4	Water Rights	30,185,683	17,626,243	12,559,440
4	Land Acquisition	14,171,230	11,526,433	2,644,797
2	Watershed Protection	950,000	163,089	786,911
4	Facilities	3,227,800	2,759,553	468,247
2	Security	1,000,000	153,772	846,228
5	Miscellaneous Assets	650,000	124,075	525,925
5	CIP Division Ops	27,083,858	26,810,014	273,844
	Total Water Fund	259,565,816	145,949,877	113,615,939
Sewer Fund				
4	Reuse	17,173,194	12,717,924	4,455,270
2	Distribution	800,000	711,855	88,145
43	Collection	48,541,854	31,574,297	16,967,557
7	Planning	2,350,000	100,270	2,249,730
2	SCADA	190,000	103,410	86,590
5	Facilities	6,451,149	6,366,916	84,233
2	Miscellaneous Assets	18,844	17,655	1,189
8	CIP Division Ops	30,335,750	28,978,059	1,357,691
	Total Sewer Fund	105,860,791	80,570,386	25,290,405
Golf Fund				
12	Parks and Open Space	11,062,628	10,910,409	152,219
Total Business-type Activities		\$ 376,489,235	\$ 237,430,672	\$ 139,058,563

(concluded)

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

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 January 1, 2004 through December 31, 2008, with an option for an extension through December 31, 2013. FRA compensates the City for such services with a management fee payable solely from revenues of the golf course. In return, the City pays FRA a minimum of \$150,000 per year as FRA's share of the proceeds from the operations of the golf course. Any additional net income above the management fee will be applied to the Note balance between FRA and Fitzsimons Golf Course until such time the Note is paid in full. Once the Note is paid in full any additional net income will be split equally between FRA and the City.

C. Tax Incentive Agreements

The City enters into tax incentive agreements to encourage retail development within its borders. During 2005, the final payment was made on the Arapahoe Crossing and the Aurora City Place incentive agreements. At December 31, 2005, the City had incentive agreements with the developers of the Heritage at Eagle Bend, Town Center at Aurora and Gander Mountain retail centers.

Retail Development	Tax Incentive Payments Inception to December 31, 2005	Approximate Incentive Commitment
Arapahoe Crossings	\$ 6,690,000	\$ 6,690,000 (3)
Heritage at Eagle Bend	100,470	5,415,000 (1)
Aurora City Place	14,400,000	14,400,000 (3)
Town Center at Aurora	718,233	15,000,000 (2)
Gander Mountain	67,525	300,000 (2)

(1) Maximum payment

(2) Maximum payment not including interest of 7%

(3) Final payment paid to developer in 2005.

11. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (continued)***C. Tax Incentive Agreements (continued)***

The City also enters into tax incentive agreements whereby City levied taxes are waived as an incentive to encourage industrial enterprise expansion in the City. At December 31, 2005, the City has entered into such incentive agreements with Raytheon Company, Merrick and Company, Kroger Company and Corporate Express.

Industrial Expansion	Tax Incentive Refunds Inception to December 31, 2005	Maximum Incentive Commitment
Raytheon Company	\$ 387,922	\$ 1,450,000
Merrick and Company	65,803	497,500
Kroger Company	—	881,250
Corporate Express	—	203,000

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 Retirement Corporation (ICMA-RC), 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)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

13. PENSION PLANS (continued)

Covered and Total payroll for 2005

Plan Name	Covered Payroll
GERP	\$ 72,653,773
Old Hire - Fire	1,486,110
Old Hire - Police	1,602,783
New Hire - Fire	16,717,201
New Hire - Police	38,681,983
ERP	3,783,083
EOEP	<u>1,779,537</u>
Total covered payroll	<u>136,704,470</u>
Total 2005 payroll	<u><u>\$ 149,338,409</u></u>

Contributions for 2005

Plan Name	Employees	City	Totals
GERP	\$ 4,007,302	\$ 4,005,160	\$ 8,012,462
Old Hire - Fire	—	1,442,060	1,442,060
Old Hire - Police	—	3,134,136	3,134,136
New Hire - Fire	1,671,727	1,671,727	3,343,454
New Hire - Police	3,702,667	3,702,667	7,405,334
ERP	378,345	378,345	756,690
EOEP	<u>—</u>	<u>428,000</u>	<u>428,000</u>
Totals	<u><u>\$ 9,760,041</u></u>	<u><u>\$ 14,762,095</u></u>	<u><u>\$ 24,522,136</u></u>

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

13. PENSION PLANS (continued)

The City's Annual Pension Cost for 2005 and Related Information (unaudited)

	GERP	EOEP	Old Hire - Fire	Old Hire - Police
Annual required contribution (ARC)	\$ 7,245,072	\$ 422,000	\$ 1,442,060	\$ 3,134,136
Interest on net pension obligation (NPO)	(566,258)	—	(24,469)	(510)
Adjustment to ARC	420,237	—	25,157	524
Annual pension cost	7,099,051	422,000	1,442,748	3,134,150
Contribution made	4,005,160	428,000	1,442,060	3,134,136
Increase (decrease) in NPO	3,093,891	(6,000)	688	14
NPO (Asset) - beginning of year	(6,854,962)	(91,277)	(305,863)	(6,371)
NPO (Asset) - end of year	<u>\$ (3,761,071)</u>	<u>\$ (97,277)</u>	<u>\$ (305,175)</u>	<u>\$ (6,357)</u>
Actuarial valuation date	1/1/05	1/1/05	1/1/04	1/1/04
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percent - 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%	8.0%	8.0%	8.0%
Projected salary increases	4.5 to 7.5%	n/a	4.5%	4.5%
Includes inflation at	3.75%	3.75%	4.0%	4.0%
Cost of living adjustment	5.0%	5.0%	4.0%	4.0%

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	2003	3,843,443	97.79%	(7,933,468)
	2004	5,006,370	78.46%	(6,854,962)
	2005	7,099,051	56.42%	(3,761,071)
EOEP	2003	397,307	122.97%	(91,277)
	2004	419,304	100.00%	(91,277)
	2005	422,000	101.42%	(97,277)
Old Hire - Fire	2003	782	—	(306,552)
	2004	689	—	(305,863)
	2005	1,442,748	99.95%	(305,175)
Old Hire - Police	2003	452,922	101.43%	(6,385)
	2004	459,406	100.00%	(6,371)
	2005	3,134,150	100.00%	(6,357)

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

The Aurora General Employees' Retirement Plan (GERP) is a contributory 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.

A 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 the 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 2005 contributions were for normal costs. A funding ratio of 99.42% existed on December 31, 2005.

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

The Old Hire Plans are closed, non-contributory agent multiple-employer defined benefit plans covering all full-time police officers or fire fighters hired before April 8, 1978. The Old Hire plans are a part of the statewide multiple employer public employee retirement system and are administered by the Fire and Police Pension Association of Colorado (FPPA). The FPPA follows the Colorado Revised Statutes for plan contribution requirements and benefits. Both plans are included in the FPPA's annual report. This report can be obtained at Fire & Police Pension Association, 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111-2721 or telephone (303) 770-3772.

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.

13. PENSION PLANS (continued)

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

2) Plan Benefits (continued)

b) Old Hire – Police (continued)

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

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

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 May 1, 1991 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

13. PENSION PLANS (continued)

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

3) Funding Policies (continued)

accumulate with interest at the rate assumed in the valuation to an amount sufficient to pay all such benefits under the plans. The normal cost for the plans is determined by summing the normal costs for all members. The latest actuarial studies for both plans were dated January 1, 2004.

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 employee's years of service. Employees receive no City contributions until they have completed five years of service, at which time they begin receiving 100%. 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-RC. The plan is qualified as a tax-exempt defined contribution plan under section 401(a) of the Internal Revenue Code. Contributions for the employer and the employee were established by resolution.

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

E. Elected Officials' and Executive Personnel Defined Benefit Plan

The City has a non-contributory single employer defined benefit pension plan that became effective January 1, 2001.

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

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 \$24.89 per month for each year of qualifying service prior to November 11, 1991, \$31.67 per month for service from November 11, 1991 through November 11, 1999 and \$62.22 for service after that date. For 2005 the supplemental benefit is equal to \$216.68 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. If an executive participant has accrued fewer than six years of service, upon retirement, 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%. For eligible executive personnel, the standard retirement benefit is equal to \$216.68 per month for 2005 subject to a cost of living adjustment.

EOEP	
STATEMENT OF FIDUCIARY NET ASSETS	
DECEMBER 31, 2005	
ASSETS	
<i>Current assets</i>	
Cash and cash equivalents	\$ 13,242
Investments	
Equity securities and funds	1,434,071
Corporate bonds	935,423
Real estate funds	265,140
Receivables (net of allowance)	36
Total assets	2,647,912
LIABILITIES	
<i>Current Liabilities</i>	
Accounts payable and other current liabilities	1,647
Total liabilities	1,647
NET ASSETS	
Held in trust for pension benefits	2,646,265
Total net assets	\$ 2,646,265

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

EOEP	
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS	
FOR THE YEAR ENDED DECEMBER 31, 2005	
ADDITIONS	
<i>Contributions</i>	
City	\$ 428,000
Total contributions	428,000
<i>Investment activity</i>	
Investment income	171,938
Investment expense	(6,077)
Net investment income	165,861
Total additions	593,861
DEDUCTIONS	
Benefits	107,190
Administrative expenses	23,100
Total deductions	130,290
CHANGE IN NET ASSETS	463,571
NET ASSETS - January 1	2,182,694
NET ASSETS - December 31	\$ 2,646,265

F. Post-Retirement Benefits Other than Pensions

In addition to pension benefits, City retirees are allowed to participate in the City health benefit program. City retirees pay 100% of the premium cost of their participation.

14. 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 2005 totaled \$712,036.

Future Minimum Payments on Operating Leases

Year	Minimum Lease Payments
2006	\$ 616,396
2007	552,899
2008	321,257
2009	82,530
2010	<u>600</u>
Total	<u>\$ 1,573,682</u>

15. 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 \$250,000 per injury up to a maximum of \$600,000 per occurrence. There were no significant reductions in insurance coverage from the prior year. There have been no claim settlements in excess of insurance coverage in the last three years.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Amounts estimated to be paid on known cases are reported as case reserves. Case reserves are estimated through in-house methods. Total self-insurance reserves are actuarially determined and include estimated costs for incurred but not reported claims (IBNR). The total liability has been recorded using the discounted method with an expected 3.92% interest return over the life of the liabilities. The City reports the current and noncurrent portions of the accrued claims liability and related claim settlements and judgments within the Risk Management Internal Service Fund.

15. RISK MANAGEMENT (continued)**Summary of the Accrued Claims Liability
December 31, 2005**

Self Insured Program	Case Reserves	IBNR	Total	Discounted
Worker's compensation	\$ 3,215,374	\$ 4,066,605	\$ 7,281,979	\$ 6,261,883
Multi-line liability	<u>1,815,593</u>	<u>981,381</u>	<u>2,796,974</u>	<u>2,594,250</u>
Totals	<u>\$ 5,030,967</u>	<u>\$ 5,047,986</u>	<u>\$10,078,953</u>	<u>\$ 8,856,133</u>

**Reconciliation of Claims Liability
December 31, 2005**

Year	Balance January 1	Current Year Accrued Claims	Claim Payments	Recoveries	Balance December 31
2004	\$ 9,181,205	\$ 2,190,839	\$ (3,954,415)	\$ 785,612	\$ 8,203,241
2005	8,203,241	4,075,631	(3,747,636)	324,897	8,856,133

16. 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.

16. CONTINGENT LIABILITIES (continued)**Outstanding Principal of Defeased Debt Issues
December 31, 2005**

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	200,000
General obligation water bonds	9/1/65	1965	<u>285,000</u>
Total defeased debt outstanding			<u>\$ 5,805,000</u>

17. 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, 2005, there were fifteen series of revenue bonds outstanding, which included four Hospital Revenue Bonds payable from operating revenues, one Educational Development Bond payable from lease payments, one 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 \$343,649,673.

18. 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. In 2005, property tax revenue and general revenue collections were below the limits imposed by the TABOR Amendment.

TABOR further 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 \$6,784,149 as of December 31, 2005. Local governments are prohibited from use of these emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

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Required Supplementary Information

EXHIBIT XVI**CITY OF AURORA, COLORADO****DEFINED BENEFIT PENSION PLANS
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2005**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Projected Covered Payroll	UAAL as a Percent of Covered Payroll
<u>Old Hire - Fire Plan</u>						
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)%
1/1/04	85,014,289	99,587,091	14,572,802	85.37%	1,383,507	1053.32%
<u>Old Hire - Police Plan</u>						
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%
1/1/04	89,956,249	121,678,839	31,722,590	73.93%	898,505	3530.60%
<u>GERP</u>						
1/1/03	214,320,251	203,999,260	(10,320,991)	105.06%	64,293,970	(16.05)%
1/1/04	223,140,793	223,126,549	(14,244)	100.01%	71,415,709	(0.02)%
1/1/05	241,818,542	243,234,592	1,416,050	99.42%	72,741,687	1.95%
<u>EOEP</u>						
1/1/03	2,342,205	3,772,442	1,430,237	62.09%	—	—
1/1/05	2,182,694	3,793,673	1,610,979	57.54%	—	—

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, 2005**

SOURCES	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
Taxes				
Property	\$ 21,675,494	\$ 21,675,494	\$ 21,976,407	\$ 300,913
Sales	110,512,480	110,512,480	111,556,185	1,043,705
Use	25,347,498	30,277,343	31,297,201	1,019,858
Lodgers	3,119,990	3,119,990	3,329,246	209,256
Franchise	10,028,914	10,028,914	11,224,526	1,195,612
Other	9,591,717	9,591,717	9,265,380	(326,337)
Total taxes	180,276,093	185,205,938	188,648,945	3,443,007
Intergovernmental	10,806,128	10,806,128	9,919,966	(886,162)
Licenses and permits	3,110,961	3,110,961	4,760,292	1,649,331
Charges for services	6,086,159	6,136,159	6,055,827	(80,332)
Fines and forfeitures	5,397,854	5,397,854	6,280,369	882,515
Investment income	674,944	674,944	1,052,039	377,095
Other revenues	608,053	615,754	744,907	129,153
Proceeds from sales of assets	176,720	176,720	207,115	30,395
Transfers in	4,318,102	4,668,997	4,407,901	(261,096)
TOTAL SOURCES	211,455,014	216,793,455	222,077,361	5,283,906
USES				
Municipal Court				
Judicial	1,820,254	1,820,254	1,691,036	129,218
Court Administration	6,142,996	6,142,996	6,129,041	13,955
Public Defender	501,619	501,619	511,980	(10,361)
Total municipal court	8,464,869	8,464,869	8,332,057	132,812
City Attorney	4,366,001	4,366,001	4,213,779	152,222
General Management Group				
City Council	844,461	844,461	815,400	29,061
Boards and Commissions	51,241	51,241	43,692	7,549
Civil Service	505,080	505,080	529,403	(24,323)
General Management	1,029,568	1,029,568	1,045,032	(15,464)
Communications	793,704	793,704	793,088	616
Management Support	1,150,640	1,240,640	1,202,412	38,228
Development Services	882,331	882,331	867,488	14,843
Total general management group	5,257,025	5,347,025	5,296,515	50,510

	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
<i>Administrative Services Group</i>				
Human Resources	\$ 1,395,757	\$ 1,395,757	\$ 1,322,769	\$ 72,988
Finance	4,478,211	4,632,211	4,550,156	82,055
Information Technology	6,421,474	6,421,474	6,054,627	366,847
Internal Services	8,552,757	8,583,404	8,540,121	43,283
Total administrative services group	20,848,199	21,032,846	20,467,673	565,173
<i>Operations Group</i>				
Public Works	17,543,861	17,543,861	16,810,767	733,094
Parks and Open Space	12,369,351	12,747,902	12,720,013	27,889
Planning	1,396,617	1,396,617	1,262,876	133,741
Total operations group	31,309,829	31,688,380	30,793,656	894,724
<i>Community Services Group</i>				
Library, Recreation and Cultural Service	11,848,081	11,876,021	11,765,460	110,561
Police	61,435,046	62,407,526	62,387,509	20,017
Public Safety Communications	3,972,202	3,972,202	3,923,286	48,916
Fire	28,017,221	28,017,221	27,856,221	161,000
Neighborhood Services	4,056,068	4,056,068	3,961,370	94,698
Total community services group	109,328,618	110,329,038	109,893,846	435,192
<i>Non-departmental</i>	34,397,096	41,271,630	41,518,531	(246,901)
TOTAL USES	213,971,637	222,499,789	220,516,057	1,983,732
CHANGE IN FUNDS AVAILABLE	(2,516,623)	(5,706,334)	1,561,304	7,267,638
FUNDS AVAILABLE - January 1	3,844,664	3,844,664	8,000,991	4,156,327
FUNDS AVAILABLE - December 31	\$ 1,328,041	\$ (1,861,670)	9,562,295	\$ 11,423,965
Less: Designations			(8,493,780)	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ 1,068,515	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 9,562,295	
Add: Sales, use and lodgers tax accrual			16,958,065	
Current year encumbrances			1,318,383	
Less: Deferred revenues			(90,000)	
Adjustment of investments to fair value			(139,572)	
FUND BALANCE - DECEMBER 31			\$ 27,609,171	

GENERAL FUND BUDGETARY INFORMATION***A. Budget Policies***

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 require City Council approval by ordinance. Budget transfers within a department may be made with administrative approval. Transfers between departments require City Council approval by resolution.

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.

The City’s budget disclosure presents funds available, net of reservations and designations, which are available for general 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.

B. Appropriation Violations

The following departments had budgetary actual expenditures and other financing uses in excess of final budget, which may be a violation of the City’s Charter. Appropriation amendments for these expenditures will be requested in the following year and are subject to City Council approval by ordinance.

<u>Department</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>	<u>Variance with Final</u>
Public Defender	\$ 501,619	\$ 511,980	\$ (10,361)
Civil Service	505,080	529,403	(24,323)
Non-Departmental	41,271,630	41,518,531	(246,901)



Combining and Individual Fund Statements and Schedules

OTHER (NON-MAJOR)
GOVERNMENTAL
FUNDS

EXHIBIT A-1**CITY OF AURORA, COLORADO****OTHER GOVERNMENTAL FUNDS****COMBINING BALANCE SHEET****DECEMBER 31, 2005**

	Total Non-major Special Revenue	Total Non-major Debt Service	Total Non-major Capital Projects	Total Other Governmental
ASSETS				
Cash and cash equivalents	\$ 4,677,322	\$ 53,946	\$ 80,125	\$ 4,811,393
Investments	53,783,193	1,098,053	1,623,962	56,505,208
Receivables (net of allowance)	5,181,984	2,076,126	—	7,258,110
Due from other funds	463,976	—	—	463,976
Restricted assets	17,004,165	12,776,941	6,038,328	35,819,434
Notes receivable	10,062,833	—	—	10,062,833
Total assets	<u>\$ 91,173,473</u>	<u>\$ 16,005,066</u>	<u>\$ 7,742,415</u>	<u>\$ 114,920,954</u>
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>				
Accounts payable				
and other current liabilities	\$ 1,600,492	\$ 244,686	\$ 316,211	\$ 2,161,389
Due to other funds	14,251	—	—	14,251
Deferred revenues	12,371,745	2,076,126	—	14,447,871
Payable from restricted assets	495,958	6,694,502	230,439	7,420,899
Total liabilities	<u>14,482,446</u>	<u>9,015,314</u>	<u>546,650</u>	<u>24,044,410</u>
<i>Fund balances</i>				
<i>Reserved</i>				
Encumbrances	3,151,277	—	793,738	3,945,015
Construction	11,624,224	—	5,807,889	17,432,113
Police	441,853	—	—	441,853
Debt service	—	4,711,343	—	4,711,343
Arbitrage	—	660,061	—	660,061
Agreements	4,442,130	—	—	4,442,130
Urban renewal	—	711,035	—	711,035
<i>Unreserved</i>				
Designated	16,901,565	470,000	134,540	17,506,105
Undesignated	40,129,978	437,313	459,598	41,026,889
Total fund balances	<u>76,691,027</u>	<u>6,989,752</u>	<u>7,195,765</u>	<u>90,876,544</u>
Total liabilities and fund balances	<u>\$ 91,173,473</u>	<u>\$ 16,005,066</u>	<u>\$ 7,742,415</u>	<u>\$ 114,920,954</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, 2005**

	Total Non-major Special Revenue	Total Non-major Debt Service	Total Non-major Capital Projects	Total Other Governmental
REVENUES				
Taxes				
Sales	\$ —	\$ 535,432	\$ —	\$ 535,432
Property	—	6,668,284	—	6,668,284
Occupational privilege	—	51,950	—	51,950
Charges for services	13,695,556	—	—	13,695,556
Licenses and permits	8,950,535	—	—	8,950,535
Fines and forfeitures	801,196	—	—	801,196
Special assessments	—	598,377	—	598,377
Intergovernmental revenues	22,237,441	—	—	22,237,441
Surcharges	2,694,385	—	—	2,694,385
Miscellaneous revenues	12,376,852	—	88,595	12,465,447
Investment income	1,665,957	370,585	143,218	2,179,760
Total revenues	62,421,922	8,224,628	231,813	70,878,363
EXPENDITURES				
<i>Current</i>				
General government	17,714,070	1,732,261	2,006,898	21,453,229
Judicial	107,817	—	—	107,817
Police	2,779,911	—	40,190	2,820,101
Fire	368,168	—	—	368,168
Other public safety	1,830,121	4,752	—	1,834,873
Public works	10,250,572	561,418	—	10,811,990
Economic development	11,619,850	2,546	—	11,622,396
Community services	5,172,544	—	—	5,172,544
Culture and recreation	12,857,900	—	212,835	13,070,735
<i>Debt service</i>				
Principal	—	10,315,000	—	10,315,000
Interest	—	8,555,326	—	8,555,326
Capital outlay	4,223,382	—	6,571,338	10,794,720
Total expenditures	66,924,335	21,171,303	8,831,261	96,926,899
Deficiency of revenues under expenditures	(4,502,413)	(12,946,675)	(8,599,448)	(26,048,536)
OTHER FINANCING SOURCES (USES)				
Transfers in	29,124,502	12,167,059	3,383,677	44,675,238
Transfers out	(8,881,076)	(471,500)	(11,848,064)	(21,200,640)
New debt issues	—	2,931,303	20,463,697	23,395,000
Market discount on debt issue	—	(179,797)	—	(179,797)
Total other financing sources (uses)	20,243,426	14,447,065	11,999,310	46,689,801
NET CHANGE IN FUND BALANCES	15,741,013	1,500,390	3,399,862	20,641,265
FUND BALANCES - January 1	60,950,014	5,489,362	3,795,903	70,235,279
FUND BALANCES - December 31	\$ 76,691,027	\$ 6,989,752	\$ 7,195,765	\$ 90,876,544

OTHER (NON-MAJOR) GOVERNMENTAL FUNDS 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.

Development Review Fund

The Development Review Fund accounts for revenues from development related fees for various plan reviews, permits/inspections and similar services. Expenditures are made to cover the costs of the development review process and to fund organizations that promote economic growth and development within the City.

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.

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.

OTHER (NON-MAJOR) GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (Continued)

Parks Development Fund

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

Arapahoe County Open Space Fund

The Arapahoe County Open Space Fund accounts for dedicated use tax revenues received from Arapahoe County that are required to be used for parks construction and maintenance and the acquisition of open space within that portion of the City of Aurora located in Arapahoe County.

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.

Cultural Services Fund

The Cultural Services Fund accounts for revenues from fees, donations, grant funds from the Scientific and Cultural Facilities District (SCFD) and other grantors, proceeds from the Art in Public Places (AIPP) ordinance and General Fund transfers. Expenditures are made to provide cultural-related services to citizens.

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 by 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, 2005**

	Gifts and Grants	Development Review	Abatement	Community Maintenance	Community Development
ASSETS					
Cash and cash equivalents	\$ 960,596	\$ 249,582	\$ 205,644	\$ —	\$ 242,753
Investments	—	5,218,484	—	—	—
Receivables (net of allowance)	2,325,254	—	395,176	368,982	554,582
Due from other funds	—	—	—	—	—
Restricted assets	460,478	—	—	—	—
Notes receivable	501,923	—	—	—	9,469,910
Total assets	<u>\$ 4,248,251</u>	<u>\$ 5,468,066</u>	<u>\$ 600,820</u>	<u>\$ 368,982</u>	<u>\$ 10,267,245</u>
LIABILITIES AND FUND BALANCES					
<i>Liabilities</i>					
Accounts payable					
and other current liabilities	\$ 392,725	\$ 176,035	\$ 4,025	\$ —	\$ 481,003
Due to other funds	14,251	—	—	—	—
Deferred revenues	2,365,251	—	81,288	13,797	9,786,242
Payable from restricted assets	18,625	—	—	—	—
Total liabilities	<u>2,790,852</u>	<u>176,035</u>	<u>85,313</u>	<u>13,797</u>	<u>10,267,245</u>
<i>Fund balances</i>					
<i>Reserved</i>					
Encumbrances	2,061,662	181,128	59,537	—	15,007
Construction	—	—	—	—	—
Police	441,853	—	—	—	—
Agreements	—	—	—	—	—
<i>Unreserved</i>					
Designated	—	199,784	—	347,848	—
Undesignated	(1,046,116)	4,911,119	455,970	7,337	(15,007)
Total fund balances	<u>1,457,399</u>	<u>5,292,031</u>	<u>515,507</u>	<u>355,185</u>	<u>—</u>
Total liabilities and fund balances	<u>\$ 4,248,251</u>	<u>\$ 5,468,066</u>	<u>\$ 600,820</u>	<u>\$ 368,982</u>	<u>\$ 10,267,245</u>

(continued)

EXHIBIT B-1**CITY OF AURORA, COLORADO****NON-MAJOR SPECIAL REVENUE FUNDS****COMBINING BALANCE SHEET****DECEMBER 31, 2005**

	Enhanced E-911	Conservation Trust	Emergency Contingency	Parks Development	Arapahoe County Open Space
ASSETS					
Cash and cash equivalents	\$ 211,946	\$ 315,165	\$ 34,903	\$ 166,908	\$ 171,937
Investments	4,431,558	5,164,896	729,824	3,489,892	3,595,035
Receivables (net of allowance)	147,327	872,747	—	—	—
Due from other funds	—	—	—	—	20,372
Restricted assets	—	—	—	—	304,903
Notes receivable	—	—	—	—	—
Total assets	<u>\$ 4,790,831</u>	<u>\$ 6,352,808</u>	<u>\$ 764,727</u>	<u>\$ 3,656,800</u>	<u>\$ 4,092,247</u>
LIABILITIES AND FUND BALANCES					
<i>Liabilities</i>					
Accounts payable					
and other current liabilities	\$ 60,640	\$ 66,816	\$ —	\$ 1,709	\$ 28,363
Due to other funds	—	—	—	—	—
Deferred revenues	—	—	—	—	—
Payable from restricted assets	—	—	—	—	—
Total liabilities	<u>60,640</u>	<u>66,816</u>	<u>—</u>	<u>1,709</u>	<u>28,363</u>
<i>Fund balances</i>					
<i>Reserved</i>					
Encumbrances	170,171	300,948	—	—	218,868
Construction	—	—	—	—	304,903
Police	—	—	—	—	—
Agreements	—	—	—	—	—
<i>Unreserved</i>					
Designated	2,521,053	5,632,035	—	1,555,375	1,930,979
Undesignated	<u>2,038,967</u>	<u>353,009</u>	<u>764,727</u>	<u>2,099,716</u>	<u>1,609,134</u>
Total fund balances	<u>4,730,191</u>	<u>6,285,992</u>	<u>764,727</u>	<u>3,655,091</u>	<u>4,063,884</u>
Total liabilities and fund balances	<u>\$ 4,790,831</u>	<u>\$ 6,352,808</u>	<u>\$ 764,727</u>	<u>\$ 3,656,800</u>	<u>\$ 4,092,247</u>

Recreation Services	Cultural Services	Designated Revenues	Policy Reserve	TABOR Reserve	AURA General	Total Non-major Special Revenue
\$ 378,911	\$ 1,483,689	\$ 254,811	\$ —	\$ —	\$ 477	\$ 4,677,322
—	—	5,795,360	18,611,747	6,736,423	9,974	53,783,193
24,167	76,155	237,451	132,417	47,726	—	5,181,984
—	21,130	422,474	—	—	—	463,976
—	—	16,238,784	—	—	—	17,004,165
—	—	91,000	—	—	—	10,062,833
<u>\$ 403,078</u>	<u>\$ 1,580,974</u>	<u>\$ 23,039,880</u>	<u>\$ 18,744,164</u>	<u>\$ 6,784,149</u>	<u>\$ 10,451</u>	<u>\$ 91,173,473</u>
\$ 247,535	\$ 54,334	\$ 87,307	\$ —	\$ —	\$ —	\$ 1,600,492
—	—	—	—	—	—	14,251
8,764	25,403	91,000	—	—	—	12,371,745
—	—	477,333	—	—	—	495,958
<u>256,299</u>	<u>79,737</u>	<u>655,640</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>14,482,446</u>
25,062	4,243	114,651	—	—	—	3,151,277
—	—	11,319,321	—	—	—	11,624,224
—	—	—	—	—	—	441,853
—	—	4,442,130	—	—	—	4,442,130
—	641,373	4,073,118	—	—	—	16,901,565
<u>121,717</u>	<u>855,621</u>	<u>2,435,020</u>	<u>18,744,164</u>	<u>6,784,149</u>	<u>10,451</u>	<u>40,129,978</u>
<u>146,779</u>	<u>1,501,237</u>	<u>22,384,240</u>	<u>18,744,164</u>	<u>6,784,149</u>	<u>10,451</u>	<u>76,691,027</u>
<u>\$ 403,078</u>	<u>\$ 1,580,974</u>	<u>\$ 23,039,880</u>	<u>\$ 18,744,164</u>	<u>\$ 6,784,149</u>	<u>\$ 10,451</u>	<u>\$ 91,173,473</u>

(concluded)

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, 2005**

	Gifts and Grants	Development Review	Abatement	Community Maintenance	Community Development
REVENUES					
Charges for services	\$ 52,013	\$ 2,986,370	\$ 380,516	\$ —	\$ 1,796,785
Licenses and permits	—	8,947,024	—	—	—
Fines and forfeitures	—	—	—	—	—
Intergovernmental revenues	13,002,755	—	—	—	4,023,810
Surcharges	—	—	—	—	—
Miscellaneous revenues	423,928	—	—	—	—
Investment income	79,523	85,626	9,145	104	—
Total revenues	13,558,219	12,019,020	389,661	104	5,820,595
EXPENDITURES					
<i>Current</i>					
General government	57,626	—	—	—	—
Judicial	8,444	—	—	—	—
Police	2,043,829	—	—	—	—
Fire	188,549	—	—	—	—
Other public safety	—	—	—	—	—
Public works	9,992,728	—	—	257,844	—
Economic development	99,259	7,819,346	—	—	2,274,435
Community services	663,331	—	260,717	—	3,770,541
Culture and recreation	483,907	—	—	—	66,713
Capital outlay	364,948	60,326	—	—	1,506
Total expenditures	13,902,621	7,879,672	260,717	257,844	6,113,195
Excess (deficiency) of revenues over (under) expenditures	(344,402)	4,139,348	128,944	(257,740)	(292,600)
OTHER FINANCING SOURCES (USES)					
Transfers in	—	—	—	—	292,600
Transfers out	(11,258)	(2,186,090)	—	(4,009)	—
Total other financing sources (uses)	(11,258)	(2,186,090)	—	(4,009)	292,600
NET CHANGE IN FUND BALANCES	(355,660)	1,953,258	128,944	(261,749)	—
FUND BALANCES - January 1	1,813,059	3,338,773	386,563	616,934	—
FUND BALANCES - December 31	\$ 1,457,399	\$ 5,292,031	\$ 515,507	\$ 355,185	\$ —

Enhanced E-911	Conservation Trust	Emergency Contingency	Parks Development	Arapahoe County Open Space	Recreation Services	Cultural Services
\$ —	\$ —	\$ —	\$ 21,600	\$ —	\$ 3,993,058	\$ 530,428
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	2,849,681	—	214,729	1,946,638	—	40,149
2,353,224	—	—	—	—	—	—
663,860	—	—	1,019,230	—	76,961	703,339
60,749	117,817	15,829	57,748	86,492	—	43,454
<u>3,077,833</u>	<u>2,967,498</u>	<u>15,829</u>	<u>1,313,307</u>	<u>2,033,130</u>	<u>4,070,019</u>	<u>1,317,370</u>
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
1,819,987	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	766,564	—	9,825	466,192	7,981,897	2,182,445
45,916	2,744,245	—	611,822	314,736	6,795	—
<u>1,865,903</u>	<u>3,510,809</u>	<u>—</u>	<u>621,647</u>	<u>780,928</u>	<u>7,988,692</u>	<u>2,182,445</u>
1,211,930	(543,311)	15,829	691,660	1,252,202	(3,918,673)	(865,075)
1,046,140	—	300,000	—	3,408,417	5,062,654	1,485,060
(1,708,976)	—	(316,700)	—	(596,735)	(1,140,000)	—
<u>(662,836)</u>	<u>—</u>	<u>(16,700)</u>	<u>—</u>	<u>2,811,682</u>	<u>3,922,654</u>	<u>1,485,060</u>
549,094	(543,311)	(871)	691,660	4,063,884	3,981	619,985
<u>4,181,097</u>	<u>6,829,303</u>	<u>765,598</u>	<u>2,963,431</u>	<u>—</u>	<u>142,798</u>	<u>881,252</u>
<u>\$ 4,730,191</u>	<u>\$ 6,285,992</u>	<u>\$ 764,727</u>	<u>\$ 3,655,091</u>	<u>\$ 4,063,884</u>	<u>\$ 146,779</u>	<u>\$ 1,501,237</u>

(continued)

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, 2005**

	Designated Revenues	Policy Reserve	TABOR Reserve	AURA General	Total Non-major Special Revenue
REVENUES					
Charges for services	\$ 3,934,786	\$ —	\$ —	\$ —	\$ 13,695,556
Licenses and permits	3,511	—	—	—	8,950,535
Fines and forfeitures	801,196	—	—	—	801,196
Intergovernmental revenues	159,679	—	—	—	22,237,441
Surcharges	341,161	—	—	—	2,694,385
Miscellaneous revenues	9,489,534	—	—	—	12,376,852
Investment income	344,636	631,928	130,647	2,259	1,665,957
Total revenues	15,074,503	631,928	130,647	2,259	62,421,922
EXPENDITURES					
<i>Current</i>					
General government	17,656,444	—	—	—	17,714,070
Judicial	99,373	—	—	—	107,817
Police	736,082	—	—	—	2,779,911
Fire	179,619	—	—	—	368,168
Other public safety	10,134	—	—	—	1,830,121
Public works	—	—	—	—	10,250,572
Economic development	927,053	—	—	499,757	11,619,850
Community services	477,955	—	—	—	5,172,544
Culture and recreation	900,357	—	—	—	12,857,900
Capital outlay	73,088	—	—	—	4,223,382
Total expenditures	21,060,105	—	—	499,757	66,924,335
Excess (deficiency) of revenues over (under) expenditures	(5,985,602)	631,928	130,647	(497,498)	(4,502,413)
OTHER FINANCING SOURCES (USES)					
Transfers in	17,463,556	—	66,075	—	29,124,502
Transfers out	(2,754,233)	(163,075)	—	—	(8,881,076)
Total other financing sources (uses)	14,709,323	(163,075)	66,075	—	20,243,426
NET CHANGE IN FUND BALANCES	8,723,721	468,853	196,722	(497,498)	15,741,013
FUND BALANCES - January 1	13,660,519	18,275,311	6,587,427	507,949	60,950,014
FUND BALANCES - December 31	\$ 22,384,240	\$ 18,744,164	\$ 6,784,149	\$ 10,451	\$ 76,691,027

(concluded)

OTHER (NON-MAJOR) GOVERNMENTAL FUNDS 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, 2005**

	City Debt Service	SID Debt Service	Surplus and Deficiency	AURA Debt Service	ACLC Debt Service	Total Non-major Debt Service
ASSETS						
Cash and cash equivalents	\$ —	\$ 15,534	\$ 32,926	\$ 5,486	\$ —	\$ 53,946
Investments	—	294,856	688,494	114,703	—	1,098,053
Receivables (net of allowance)	—	1,879,482	196,644	—	—	2,076,126
Restricted assets	<u>7,735,984</u>	<u>30,000</u>	<u>—</u>	<u>1,506,310</u>	<u>3,504,647</u>	<u>12,776,941</u>
Total assets	<u>\$ 7,735,984</u>	<u>\$ 2,219,872</u>	<u>\$ 918,064</u>	<u>\$ 1,626,499</u>	<u>\$ 3,504,647</u>	<u>\$ 16,005,066</u>
LIABILITIES AND FUND BALANCES						
<i>Liabilities</i>						
Accounts payable and other current liabilities	\$ —	\$ 244,686	\$ —	\$ —	\$ —	\$ 244,686
Deferred revenues	—	1,879,482	196,644	—	—	2,076,126
Payable from restricted assets	<u>6,251,655</u>	<u>—</u>	<u>—</u>	<u>400,000</u>	<u>42,847</u>	<u>6,694,502</u>
Total liabilities	<u>6,251,655</u>	<u>2,124,168</u>	<u>196,644</u>	<u>400,000</u>	<u>42,847</u>	<u>9,015,314</u>
<i>Fund balances</i>						
<i>Reserved</i>						
Debt service	1,002,268	30,000	—	395,275	3,283,800	4,711,343
Arbitrage	482,061	—	—	—	178,000	660,061
Urban renewal	—	—	—	711,035	—	711,035
<i>Unreserved</i>						
Designated	—	—	470,000	—	—	470,000
Undesignated	<u>—</u>	<u>65,704</u>	<u>251,420</u>	<u>120,189</u>	<u>—</u>	<u>437,313</u>
Total fund balances	<u>1,484,329</u>	<u>95,704</u>	<u>721,420</u>	<u>1,226,499</u>	<u>3,461,800</u>	<u>6,989,752</u>
Total liabilities and fund balances	<u>\$ 7,735,984</u>	<u>\$ 2,219,872</u>	<u>\$ 918,064</u>	<u>\$ 1,626,499</u>	<u>\$ 3,504,647</u>	<u>\$ 16,005,066</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, 2005**

	City Debt Service	SID Debt Service	Surplus and Deficiency	AURA Debt Service	ACLC Debt Service	Total Non-major Debt Service
REVENUES						
<i>Taxes</i>						
Sales	\$ —	\$ —	\$ —	\$ 535,432	\$ —	\$ 535,432
Property	6,321,217	—	—	347,067	—	6,668,284
Occupational privilege	—	—	—	51,950	—	51,950
Total taxes	6,321,217	—	—	934,449	—	7,255,666
Special assessments	—	535,211	63,166	—	—	598,377
Investment income	101,005	38,012	32,309	35,664	163,595	370,585
Total revenues	6,422,222	573,223	95,475	970,113	163,595	8,224,628
EXPENDITURES						
<i>Current</i>						
General government	58,460	—	—	—	1,673,801	1,732,261
Other public safety	4,752	—	—	—	—	4,752
Public works	—	561,418	—	—	—	561,418
Economic development	—	—	—	2,546	—	2,546
<i>Debt service</i>						
Principal	5,020,000	—	—	320,000	4,975,000	10,315,000
Interest and fiscal charges	2,914,402	—	—	78,195	5,562,729	8,555,326
Total expenditures	7,997,614	561,418	—	400,741	12,211,530	21,171,303
Excess (deficiency) of revenues over (under) expenditures	(1,575,392)	11,805	95,475	569,372	(12,047,935)	(12,946,675)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,761,100	30,000	—	—	10,375,959	12,167,059
Transfers out	—	—	(71,500)	(400,000)	—	(471,500)
Proceeds from new debt issues	—	—	—	—	2,931,303	2,931,303
Market discount on debt issue	—	—	—	—	(179,797)	(179,797)
Total other financing sources (uses)	1,761,100	30,000	(71,500)	(400,000)	13,127,465	14,447,065
NET CHANGE IN FUND BALANCES	185,708	41,805	23,975	169,372	1,079,530	1,500,390
FUND BALANCES - January 1	1,298,621	53,899	697,445	1,057,127	2,382,270	5,489,362
FUND BALANCES - December 31	\$ 1,484,329	\$ 95,704	\$ 721,420	\$ 1,226,499	\$ 3,461,800	\$ 6,989,752

OTHER (NON-MAJOR) GOVERNMENTAL FUNDS CAPITAL PROJECTS FUNDS

Bond Proceeds Fund

Newly created in 2005, the Bond Proceeds Fund accounts for proceeds from the issuance of bonds and the accumulated earnings on those proceeds. These monies will be used to finance improvements as outlined in the related bond documents and are restricted for those purposes. Ongoing bond projects from previous years will continue to be accounted for in the City Capital Projects Fund until completed.

Building Repair Fund

The Building Repair Fund accounts for monies of the City used for major repairs and maintenance, renovations, remodeling and expansion of City-operated buildings and other similar facilities, whether owned or leased. Revenues are from operating transfers from the City 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 D-1**CITY OF AURORA, COLORADO****NON-MAJOR CAPITAL PROJECTS****COMBINING BALANCE SHEET****DECEMBER 31, 2005**

	Bond Proceeds	Building Repair	ACLC Capital Projects	Total Non-major Capital Projects
ASSETS				
Cash and cash equivalents	\$ 2,458	\$ 77,667	\$ —	\$ 80,125
Investments	—	1,623,962	—	1,623,962
Restricted assets	<u>1,537,706</u>	<u>—</u>	<u>4,500,622</u>	<u>6,038,328</u>
Total assets	<u>\$ 1,540,164</u>	<u>\$ 1,701,629</u>	<u>\$ 4,500,622</u>	<u>\$ 7,742,415</u>
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>				
Accounts payable				
and other current liabilities	\$ —	\$ 316,211	\$ —	\$ 316,211
Payable from restricted assets	<u>230,439</u>	<u>—</u>	<u>—</u>	<u>230,439</u>
Total liabilities	<u>230,439</u>	<u>316,211</u>	<u>—</u>	<u>546,650</u>
<i>Fund balances</i>				
<i>Reserved</i>				
Encumbrances	—	793,738	—	793,738
Construction	1,307,267	—	4,500,622	5,807,889
<i>Unreserved</i>				
Designated	—	134,540	—	134,540
Undesignated	<u>2,458</u>	<u>457,140</u>	<u>—</u>	<u>459,598</u>
Total fund balances	<u>1,309,725</u>	<u>1,385,418</u>	<u>4,500,622</u>	<u>7,195,765</u>
Total liabilities and fund balances	<u>\$ 1,540,164</u>	<u>\$ 1,701,629</u>	<u>\$ 4,500,622</u>	<u>\$ 7,742,415</u>

EXHIBIT D-2**CITY OF AURORA, COLORADO****NON-MAJOR CAPITAL PROJECTS****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Bond Proceeds	Building Repair	ACLC Capital Projects	Total Non-major Capital Projects
REVENUES				
Miscellaneous revenues	\$ —	\$ —	\$ 88,595	\$ 88,595
Investment income	—	7,199	136,019	143,218
Total revenues	—	7,199	224,614	231,813
EXPENDITURES				
<i>Current</i>				
General government	—	1,978,834	28,064	2,006,898
Police	—	40,190	—	40,190
Culture and recreation	212,835	—	—	212,835
Capital outlay	—	—	6,571,338	6,571,338
Total expenditures	212,835	2,019,024	6,599,402	8,831,261
Deficiency of revenues under expenditures	(212,835)	(2,011,825)	(6,374,788)	(8,599,448)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,522,560	1,858,800	2,317	3,383,677
Transfers out	—	—	(11,848,064)	(11,848,064)
New debt issues	—	—	20,463,697	20,463,697
Total other financing sources (uses)	1,522,560	1,858,800	8,617,950	11,999,310
NET CHANGE IN FUND BALANCES	1,309,725	(153,025)	2,243,162	3,399,862
FUND BALANCES - January 1	—	1,538,443	2,257,460	3,795,903
FUND BALANCES - December 31	\$ 1,309,725	\$ 1,385,418	\$ 4,500,622	\$ 7,195,765

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 E-1**CITY OF AURORA, COLORADO****INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF NET ASSETS****DECEMBER 31, 2005**

	Fleet Management	Print Shop	Risk Management	Total Internal Service
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 4,926	\$ 9,285	\$ 558,239	\$ 572,450
Investments	103,027	194,149	11,672,116	11,969,292
Receivables (net of allowance)	—	1,800	90,430	92,230
Inventories	434,250	26,026	—	460,276
Total current assets	542,203	231,260	12,320,785	13,094,248
<i>Capital assets, (net of accumulated depreciation)</i>				
Infrastructure	453,517	—	—	453,517
Machinery and equipment	99,226	78,830	—	178,056
Total capital assets	552,743	78,830	—	631,573
Total assets	1,094,946	310,090	12,320,785	13,725,821
LIABILITIES				
<i>Current liabilities</i>				
Accounts payable and other current liabilities	105,232	78,683	79,191	263,106
Current portion long-term liabilities	1,616	38,558	3,769,116	3,809,290
Total current liabilities	106,848	117,241	3,848,307	4,072,396
<i>Noncurrent liabilities</i>				
Due beyond one year	251,578	44,549	5,149,786	5,445,913
Total liabilities	358,426	161,790	8,998,093	9,518,309
NET ASSETS				
Invested in capital assets net of related debt	552,743	22,346	—	575,089
Unrestricted	183,777	125,954	3,322,692	3,632,423
Total net assets	\$ 736,520	\$ 148,300	\$ 3,322,692	\$ 4,207,512



EXHIBIT E-2**CITY OF AURORA, COLORADO****INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Fleet Management	Print Shop	Risk Management	Total Internal Service
OPERATING REVENUES				
Charges for services	\$ 5,543,057	\$ 746,033	\$ 5,814,227	\$ 12,103,317
OPERATING EXPENSES				
Cost of sales and service	6,042,611	649,849	2,474,585	9,167,045
Claims losses	—	—	4,400,528	4,400,528
Administrative expenses	36,180	22,541	40,213	98,934
Depreciation	52,254	51,282	—	103,536
Total operating expenses	6,131,045	723,672	6,915,326	13,770,043
Operating income (loss)	(587,988)	22,361	(1,101,099)	(1,666,726)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	(952)	6,523	253,836	259,407
Miscellaneous non-operating revenues	9,042	—	328,534	337,576
Interest expense	—	(2,768)	—	(2,768)
Disposal of capital assets	3,740	—	—	3,740
Net nonoperating revenues	11,830	3,755	582,370	597,955
Income (loss) before transfers	(576,158)	26,116	(518,729)	(1,068,771)
Transfers in	574,993	—	—	574,993
Transfers out	—	(189,800)	(1,000,000)	(1,189,800)
CHANGE IN NET ASSETS	(1,165)	(163,684)	(1,518,729)	(1,683,578)
NET ASSETS - January 1	737,685	311,984	4,841,421	5,891,090
NET ASSETS - December 31	\$ 736,520	\$ 148,300	\$ 3,322,692	\$ 4,207,512

EXHIBIT E-3**CITY OF AURORA, COLORADO****INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2005**

	Fleet Management	Print Shop	Risk Management	Total Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Cash received from:</i>				
Customers and others	\$ 21,292	\$ 2,488	\$ 328,534	\$ 352,314
Interfund services provided and used	5,530,806	743,584	5,814,227	12,088,617
<i>Cash payments to:</i>				
Employees	(2,087,708)	(207,202)	(579,127)	(2,874,037)
Suppliers of goods and services	(4,149,456)	(429,253)	(5,691,034)	(10,269,743)
Net cash provided by (used in) operating activities	(685,066)	109,617	(127,400)	(702,849)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash transfers in	574,993	—	—	574,993
Cash transfers out	—	(189,800)	(1,000,000)	(1,189,800)
Net cash provided by (used in) financing activities	574,993	(189,800)	(1,000,000)	(614,807)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
<i>Proceeds from:</i>				
Sale of Capital Assets	3,740	—	—	3,740
<i>Payments for:</i>				
Capital assets	(67,325)	—	—	(67,325)
Principal on capital debt	—	(35,892)	—	(35,892)
Interest on capital debt	—	(3,231)	—	(3,231)
Net cash used in capital and related financing activities	(63,585)	(39,123)	—	(102,708)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in equity in pooled investments	—	—	(845,785)	(845,785)
Decrease in equity in pooled investments	131,787	67,853	—	199,640
Interest received	—	8,790	387,683	396,473
Net cash provided by (used in) investing activities	131,787	76,643	(458,102)	(249,672)

	Fleet Management	Print Shop	Risk Management	Total Internal Service
NET DECREASE IN CASH AND CASH EQUIVALENTS	(41,871)	(42,663)	(1,585,502)	(1,670,036)
TOTAL CASH AND CASH EQUIVALENTS, January 1	46,797	51,948	2,143,741	2,242,486
TOTAL CASH AND CASH EQUIVALENTS, December 31	<u>\$ 4,926</u>	<u>\$ 9,285</u>	<u>\$ 558,239</u>	<u>\$ 572,450</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	<u>\$ (587,988)</u>	<u>\$ 22,361</u>	<u>\$ (1,101,099)</u>	<u>\$ (1,666,726)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	52,254	51,282	—	103,536
Miscellaneous nonoperating revenues	9,042	—	328,534	337,576
<i>Changes in operating assets and liabilities</i>				
Receivables	—	38	—	38
Inventories	(47,212)	1,396	—	(45,816)
Accounts payable other current liabilities	<u>(111,162)</u>	<u>34,540</u>	<u>645,165</u>	<u>568,543</u>
Total adjustments	<u>(97,078)</u>	<u>87,256</u>	<u>973,699</u>	<u>963,877</u>
Net cash provided by (used in) operations	<u>\$ (685,066)</u>	<u>\$ 109,617</u>	<u>\$ (127,400)</u>	<u>\$ (702,849)</u>
NONCASH INVESTING, CAPITAL AND AND FINANCING ACTIVITIES				
Decrease in fair value of investments	\$ (952)	\$ (2,268)	\$ (148,361)	\$ (151,581)



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 F-1**CITY OF AURORA, COLORADO****PENSION TRUST FUNDS****COMBINING STATEMENT OF FIDUCIARY NET ASSETS****DECEMBER 31, 2005**

	GERP	EOEP	Total Pension Trust
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ 5,728,856	\$ 13,242	\$ 5,742,098
Investments			
Equity securities and funds	149,514,936	1,434,071	150,949,007
U.S. government and U.S. government agency obligations	9,738,317	—	9,738,317
Corporate bonds and funds	75,214,574	935,423	76,149,997
Real estate funds	25,058,618	265,140	25,323,758
Alternative investments	2,499,621	—	2,499,621
Receivables (net of allowance)	997,088	36	997,124
Total assets	268,752,010	2,647,912	271,399,922
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable and other current liabilities	377,124	1,647	378,771
Total liabilities	377,124	1,647	378,771
NET ASSETS			
Held in trust for pension benefits	268,374,886	2,646,265	271,021,151
Total net assets	\$ 268,374,886	\$ 2,646,265	\$ 271,021,151

EXHIBIT F-2**CITY OF AURORA, COLORADO****PENSION TRUST FUNDS****COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	GERP	EOEP	Total Pension Trust
ADDITIONS			
<i>Contributions</i>			
City	\$ 4,005,160	\$ 428,000	\$ 4,433,160
Plan members	4,007,302	—	4,007,302
Total contributions	8,012,462	428,000	8,440,462
<i>Investment activity</i>			
Investment income	18,825,609	171,938	18,997,547
Investment expense	(637,913)	(6,077)	(643,990)
Net investment income	18,187,696	165,861	18,353,557
Other income	19,681	—	19,681
Total additions	26,219,839	593,861	26,813,700
DEDUCTIONS			
Benefits	8,048,501	107,190	8,155,691
Administrative expenses	406,050	23,100	429,150
Total deductions	8,454,551	130,290	8,584,841
CHANGE IN NET ASSETS	17,765,288	463,571	18,228,859
NET ASSETS - January 1	250,609,598	2,182,694	252,792,292
NET ASSETS - December 31	\$ 268,374,886	\$ 2,646,265	\$ 271,021,151

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 G-1**CITY OF AURORA, COLORADO****AGENCY FUND****STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Payroll Clearing Fund			Balance December 31
	Balance January 1	Additions	Deductions	
ASSETS				
Cash and cash equivalents	\$ 1,795,601	\$ 189,215,521	\$ (189,113,133)	\$ 1,897,989
Total assets	<u>\$ 1,795,601</u>	<u>\$ 189,215,521</u>	<u>\$ (189,113,133)</u>	<u>\$ 1,897,989</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 1,795,601	\$ 378,190,968	\$ (378,088,580)	\$ 1,897,989
Total liabilities	<u>\$ 1,795,601</u>	<u>\$ 378,190,968</u>	<u>\$ (378,088,580)</u>	<u>\$ 1,897,989</u>



**SCHEDULES OF SOURCES, USES AND CHANGES
IN FUNDS AVAILABLE – BUDGET AND
ACTUAL (NON-GAAP BUDGETARY BASIS)**



EXHIBIT H-1
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, 2005

	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Taxes				
Property	\$ 21,675,494	\$ 21,675,494	\$ 21,976,407	\$ 300,913
Sales	110,512,480	110,512,480	111,556,185	1,043,705
Use	25,347,498	30,277,343	31,297,201	1,019,858
Lodgers	3,119,990	3,119,990	3,329,246	209,256
Franchise	10,028,914	10,028,914	11,224,526	1,195,612
Other	9,591,717	9,591,717	9,265,380	(326,337)
Total taxes	180,276,093	185,205,938	188,648,945	3,443,007
Intergovernmental	10,806,128	10,806,128	9,919,966	(886,162)
Licenses and permits	3,110,961	3,110,961	4,760,292	1,649,331
Charges for services	6,086,159	6,136,159	6,055,827	(80,332)
Fines and forfeitures	5,397,854	5,397,854	6,280,369	882,515
Investment income	674,944	674,944	1,052,039	377,095
Other revenues	608,053	615,754	744,907	129,153
Proceeds from sales of assets	176,720	176,720	207,115	30,395
Transfers in	4,318,102	4,668,997	4,407,901	(261,096)
TOTAL SOURCES	211,455,014	216,793,455	222,077,361	5,283,906
USES				
Municipal Court				
Judicial	1,820,254	1,820,254	1,691,036	129,218
Court Administration	6,142,996	6,142,996	6,129,041	13,955
Public Defender	501,619	501,619	511,980	(10,361)
Total municipal court	8,464,869	8,464,869	8,332,057	132,812
City Attorney	4,366,001	4,366,001	4,213,779	152,222
General Management Group				
City Council	844,461	844,461	815,400	29,061
Boards and Commissions	51,241	51,241	43,692	7,549
Civil Service	505,080	505,080	529,403	(24,323)
General Management	1,029,568	1,029,568	1,045,032	(15,464)
Communications	793,704	793,704	793,088	616
Management Support	1,150,640	1,240,640	1,202,412	38,228
Development Services	882,331	882,331	867,488	14,843
Total general management group	5,257,025	5,347,025	5,296,515	50,510

	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
<i>Administrative Services Group</i>				
Human Resources	\$ 1,395,757	\$ 1,395,757	\$ 1,322,769	\$ 72,988
Finance	4,478,211	4,632,211	4,550,156	82,055
Information Technology	6,421,474	6,421,474	6,054,627	366,847
Internal Services	8,552,757	8,583,404	8,540,121	43,283
Total administrative services group	20,848,199	21,032,846	20,467,673	565,173
<i>Operations Group</i>				
Public Works	17,543,861	17,543,861	16,810,767	733,094
Parks and Open Space	12,369,351	12,747,902	12,720,013	27,889
Planning	1,396,617	1,396,617	1,262,876	133,741
Total operations group	31,309,829	31,688,380	30,793,656	894,724
<i>Community Services Group</i>				
Library, Recreation and Cultural Services	11,848,081	11,876,021	11,765,460	110,561
Police	61,435,046	62,407,526	62,387,509	20,017
Public Safety Communications	3,972,202	3,972,202	3,923,286	48,916
Fire	28,017,221	28,017,221	27,856,221	161,000
Neighborhood Services	4,056,068	4,056,068	3,961,370	94,698
Total community services group	109,328,618	110,329,038	109,893,846	435,192
<i>Non-departmental</i>	34,397,096	41,271,630	41,518,531	(246,901)
TOTAL USES	213,971,637	222,499,789	220,516,057	1,983,732
CHANGE IN FUNDS AVAILABLE	(2,516,623)	(5,706,334)	1,561,304	7,267,638
FUNDS AVAILABLE - January 1	3,844,664	3,844,664	8,000,991	4,156,327
FUNDS AVAILABLE - December 31	\$ 1,328,041	\$ (1,861,670)	9,562,295	\$ 11,423,965
Less: Designations			(8,493,780)	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ 1,068,515	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 9,562,295	
Add: Sales, use and lodgers tax accrual			16,958,065	
Current year encumbrances			1,318,383	
Less: Deferred revenues			(90,000)	
Adjustment of investments to fair value			(139,572)	
FUND BALANCE - DECEMBER 31			\$ 27,609,171	

EXHIBIT H-1

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, 2005

	Gifts and Grants			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Intergovernmental revenues	\$ 2,606,750	\$ 4,056,092	\$ 4,731,983	\$ 675,891
Licenses and permits	—	—	—	—
Charges for services	—	—	51,071	51,071
Fines and forfeitures	—	—	—	—
Investment income	4,050	4,050	67,458	63,408
Miscellaneous revenues	3,460,320	3,585,604	412,215	(3,173,389)
Transfers in	—	—	80,677	80,677
TOTAL SOURCES	6,071,120	7,645,746	5,343,404	(2,302,342)
USES				
<i>Operating Costs</i>				
Municipal Court	14,000	14,000	8,446	5,554
General Management Group	222,600	585,393	113,555	471,838
Administrative Services Group	—	—	—	—
Operations Group	1,020,000	606,258	79,001	527,257
Community Services Group	4,242,655	5,308,823	3,215,787	2,093,036
Non-Departmental	—	53,000	52,627	373
<i>Continuing Appropriations</i>				
Administrative Services Group	—	—	—	—
Community Services Group	—	—	—	—
Non-Departmental	—	—	—	—
Operations Group	560,000	990,000	990,000	—
TOTAL USES	6,059,255	7,557,474	4,459,416	3,098,058
CHANGE IN FUNDS AVAILABLE	11,865	88,272	883,988	795,716
FUNDS AVAILABLE - January 1	3,262,742	3,262,742	3,418,948	156,206
FUNDS AVAILABLE - December 31	\$ 3,274,607	\$ 3,351,014	4,302,936	\$ 951,922
Less: Reservations			(4,302,936)	
Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ —	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 4,302,936	
Add: Current year operating encumbrances			74,914	
Carryforward of continuing appropriations			3,773,048	
Seizure funds			441,853	
Adjust investments to fair value			—	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			(7,135,352)	
FUND BALANCE - December 31			\$ 1,457,399	

Development Review				Abatement			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
5,840,705	5,840,705	8,947,024	3,106,319	—	—	—	—
3,557,547	3,271,271	2,986,370	(284,901)	180,000	240,000	380,516	140,516
—	—	—	—	—	—	—	—
—	—	156,770	156,770	7,000	7,000	9,145	2,145
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
9,398,252	9,111,976	12,090,164	2,978,188	187,000	247,000	389,661	142,661
—	—	—	—	—	—	—	—
6,107,723	6,379,090	6,195,802	183,288	—	—	—	—
—	—	—	—	—	—	—	—
3,648,250	3,645,497	3,254,305	391,192	80,000	80,000	40,325	39,675
—	—	—	—	183,260	243,260	245,538	(2,278)
762,000	762,000	762,000	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
10,517,973	10,786,587	10,212,107	574,480	263,260	323,260	285,863	37,397
(1,119,721)	(1,674,611)	1,878,057	3,552,668	(76,260)	(76,260)	103,798	180,058
2,831,501	2,831,501	3,311,046	479,545	279,669	279,669	352,172	72,503
<u>\$ 1,711,780</u>	<u>\$ 1,156,890</u>	5,189,103	<u>\$ 4,032,213</u>	<u>\$ 203,409</u>	<u>\$ 203,409</u>	455,970	<u>\$ 252,561</u>
		—	—			—	—
		(199,784)	—			—	—
		<u>\$ 4,989,319</u>				<u>\$ 455,970</u>	
		\$ 5,189,103				\$ 455,970	
		181,128				59,537	
		—				—	
		—				—	
		(78,200)				—	
		—				—	
		—				—	
		<u>\$ 5,292,031</u>				<u>\$ 515,507</u>	

(continued)

EXHIBIT H-1

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, 2005

	Community Maintenance			
	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Intergovernmental revenues	\$ —	\$ —	\$ —	\$ —
Licenses and permits	—	—	—	—
Charges for services	—	—	—	—
Fines and forfeitures	—	—	—	—
Investment income	—	—	104	104
Miscellaneous revenues	—	—	—	—
Transfers in	—	—	—	—
TOTAL SOURCES	<u>—</u>	<u>—</u>	<u>104</u>	<u>104</u>
USES				
<i>Operating Costs</i>				
Municipal Court	—	—	—	—
General Management Group	—	—	—	—
Administrative Services Group	—	—	—	—
Operations Group	—	—	—	—
Community Services Group	—	—	—	—
Non-Departmental	15,105	15,105	4,009	11,096
<i>Continuing Appropriations</i>				
Administrative Services Group	—	—	—	—
Community Services Group	—	—	—	—
Non-Departmental	—	—	—	—
Operations Group	—	—	—	—
TOTAL USES	<u>15,105</u>	<u>15,105</u>	<u>4,009</u>	<u>11,096</u>
CHANGE IN FUNDS AVAILABLE	(15,105)	(15,105)	(3,905)	11,200
FUNDS AVAILABLE - January 1	<u>15,105</u>	<u>15,105</u>	<u>11,242</u>	<u>(3,863)</u>
FUNDS AVAILABLE - December 31	<u>\$ —</u>	<u>\$ —</u>	<u>7,337</u>	<u>\$ 7,337</u>
Less: Reservations			—	
Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 7,337</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 7,337	
Add: Current year operating encumbrances			—	
Carryforward of continuing appropriations			347,848	
Seizure funds			—	
Adjust investments to fair value			—	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			—	
FUND BALANCE - December 31			<u>\$ 355,185</u>	

Community Development				Enhanced E-911			
Budgets		Budgetary Actual	Variance with Final	Budgets		Budgetary Actual	Variance with Final
Original	Final			Original	Final		
\$ 4,281,000	\$ 4,281,000	\$ 4,153,940	\$ (127,060)	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	—	518	518	2,968,013	2,968,013	3,017,084	49,071
—	—	—	—	—	—	—	—
—	—	—	—	82,000	82,000	118,999	36,999
650,000	2,063,132	1,974,616	(88,516)	—	—	203	203
308,900	292,600	292,600	—	1,046,140	1,046,140	1,046,140	—
5,239,900	6,636,732	6,421,674	(215,058)	4,096,153	4,096,153	4,182,426	86,273
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	1,705,095	1,705,095	1,559,214	145,881
—	—	—	—	—	—	—	—
4,295,067	8,893,387	8,893,387	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	1,708,981	1,708,981	1,708,981	—
—	—	—	—	—	—	—	—
—	—	—	—	580,000	580,000	580,000	—
—	—	—	—	—	—	—	—
4,295,067	8,893,387	8,893,387	—	3,994,076	3,994,076	3,848,195	145,881
944,833	(2,256,655)	(2,471,713)	(215,058)	102,077	102,077	334,231	232,154
2,361,727	2,361,727	2,675,429	313,702	3,431,162	3,431,162	3,306,736	(124,426)
\$ 3,306,560	\$ 105,072	203,716	\$ 98,644	\$ 3,533,239	\$ 3,533,239	3,640,967	\$ 107,728
		—				—	
		—				(1,535,596)	
		\$ 203,716				\$ 2,105,371	
		\$ 203,716				\$ 3,640,967	
		—				130,682	
		6,748,534				1,024,946	
		—				—	
		—				(66,404)	
		—				—	
		(6,952,250)				—	
		\$ —				\$ 4,730,191	

(continued)

EXHIBIT H-1

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, 2005

	Conservation Trust			
	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Intergovernmental revenues	\$ 2,500,000	\$ 2,500,000	\$ 2,849,682	\$ 349,682
Licenses and permits	—	—	—	—
Charges for services	—	—	—	—
Fines and forfeitures	—	—	—	—
Investment income	145,000	145,000	182,572	37,572
Miscellaneous revenues	—	—	—	—
Transfers in	—	—	—	—
TOTAL SOURCES	2,645,000	2,645,000	3,032,254	387,254
USES				
<i>Operating Costs</i>				
Municipal Court	—	—	—	—
General Management Group	—	—	—	—
Administrative Services Group	—	—	—	—
Operations Group	468,382	468,382	463,142	5,240
Community Services Group	39,350	32,600	—	32,600
Non-Departmental	—	—	—	—
<i>Continuing Appropriations</i>				
Administrative Services Group	—	—	—	—
Community Services Group	885,000	885,000	885,000	—
Non-Departmental	—	—	—	—
Operations Group	1,322,000	1,497,000	1,497,000	—
TOTAL USES	2,714,732	2,882,982	2,845,142	37,840
CHANGE IN FUNDS AVAILABLE	(69,732)	(237,982)	187,112	425,094
FUNDS AVAILABLE - January 1	429,257	429,257	563,958	134,701
FUNDS AVAILABLE - December 31	<u>\$ 359,525</u>	<u>\$ 191,275</u>	751,070	<u>\$ 559,795</u>
Less: Reservations			—	
Designations			(320,668)	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 430,402</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 751,070	
Add: Current year operating encumbrances			—	
Carryforward of continuing appropriations			5,612,314	
Seizure funds			—	
Adjust investments to fair value			(77,392)	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			—	
FUND BALANCE - December 31			<u>\$ 6,285,992</u>	

Emergency Contingency				Parks Development			
Budgets		Budgetary Actual	Variance with Final	Budgets		Budgetary Actual	Variance with Final
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ 175,000	\$ 175,000	\$ 214,729	\$ 39,729
—	—	—	—	—	—	—	—
—	—	—	—	—	—	21,600	21,600
—	—	—	—	—	—	—	—
23,000	23,000	25,175	2,175	31,000	31,000	104,027	73,027
—	—	—	—	200,000	200,000	1,019,230	819,230
—	300,000	300,000	—	—	—	—	—
23,000	323,000	325,175	2,175	406,000	406,000	1,359,586	953,586
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	316,700	316,700	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	591,600	750,996	750,996	—
—	316,700	316,700	—	591,600	750,996	750,996	—
23,000	6,300	8,475	2,175	(185,600)	(344,996)	608,590	953,586
768,105	768,105	767,145	(960)	858,337	858,337	1,678,403	820,066
<u>\$ 791,105</u>	<u>\$ 774,405</u>	775,620	<u>\$ 1,215</u>	<u>\$ 672,737</u>	<u>\$ 513,341</u>	2,286,993	<u>\$ 1,773,652</u>
		—				—	
		—				(135,000)	
		<u>\$ 775,620</u>				<u>\$ 2,151,993</u>	
		\$ 775,620				\$ 2,286,993	
		—				—	
		—				1,420,375	
		—				—	
		(10,893)				(52,277)	
		—				—	
		—				—	
		<u>\$ 764,727</u>				<u>\$ 3,655,091</u>	

(continued)

EXHIBIT H-1

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, 2005

	Arapahoe County Open Space			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Intergovernmental revenues	\$ 1,904,636	\$ 1,904,636	\$ 1,946,638	\$ 42,002
Licenses and permits	—	—	—	—
Charges for services	—	—	—	—
Fines and forfeitures	—	—	—	—
Investment income	82,500	82,500	135,435	52,935
Miscellaneous revenues	—	—	—	—
Transfers in	3,000,000	3,408,418	3,408,418	—
TOTAL SOURCES	4,987,136	5,395,554	5,490,491	94,937
USES				
<i>Operating Costs</i>				
Municipal Court	—	—	—	—
General Management Group	—	—	—	—
Administrative Services Group	—	—	—	—
Operations Group	631,074	1,502,020	1,296,930	205,090
Community Services Group	—	—	—	—
Non-Departmental	—	—	—	—
<i>Continuing Appropriations</i>				
Administrative Services Group	—	—	—	—
Community Services Group	—	—	—	—
Non-Departmental	—	—	—	—
Operations Group	3,507,000	1,665,000	1,665,000	—
TOTAL USES	4,138,074	3,167,020	2,961,930	205,090
CHANGE IN FUNDS AVAILABLE	849,062	2,228,534	2,528,561	300,027
FUNDS AVAILABLE - January 1	—	—	—	—
FUNDS AVAILABLE - December 31	\$ 849,062	\$ 2,228,534	2,528,561	\$ 300,027
Less: Reservations			—	
Designations			(865,581)	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ 1,662,980	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 2,528,561	
Add: Current year operating encumbrances			65,423	
Carryforward of continuing appropriations			1,218,843	
Seizure funds			—	
Adjust investments to fair value			(53,846)	
Assets not available for appropriations			304,903	
Less: Deferred revenue - Federal grants			—	
FUND BALANCE - December 31			\$ 4,063,884	

Recreation Services				Cultural Services			
Budgets		Budgetary Actual	Variance with Final	Budgets		Budgetary Actual	Variance with Final
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 300,410	\$ 300,410
—	—	—	—	—	—	—	—
4,153,414	4,153,414	3,992,974	(160,440)	581,900	581,900	530,428	(51,472)
—	—	84	84	—	—	—	—
—	—	—	—	—	—	43,454	43,454
282,700	282,700	76,961	(205,739)	293,347	293,347	162,554	(130,793)
5,062,654	5,062,654	5,062,654	—	1,130,430	1,485,060	1,485,060	—
9,498,768	9,498,768	9,132,673	(366,095)	2,005,677	2,360,307	2,521,906	161,599
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
9,521,991	9,521,991	9,074,485	447,506	2,411,913	2,548,043	2,177,189	370,854
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
9,521,991	9,521,991	9,074,485	447,506	2,411,913	2,548,043	2,177,189	370,854
(23,223)	(23,223)	58,188	81,411	(406,236)	(187,736)	344,717	532,453
346,501	346,501	63,529	(282,972)	849,778	849,778	1,214,763	364,985
\$ 323,278	\$ 323,278	121,717	\$ (201,561)	\$ 443,542	\$ 662,042	1,559,480	\$ 897,438
		—				—	
		—				(641,373)	
		\$ 121,717				\$ 918,107	
		\$ 121,717				\$ 1,559,480	
		25,062				4,243	
		—				—	
		—				—	
		—				—	
		—				(62,486)	
		\$ 146,779				\$ 1,501,237	

(continued)

EXHIBIT H-1

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, 2005

	Designated Revenues			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Intergovernmental revenues	\$ —	\$ —	\$ 159,679	\$ 159,679
Licenses and permits	—	—	3,512	3,512
Charges for services	1,406,299	4,179,499	4,275,845	96,346
Fines and forfeitures	772,997	936,375	801,196	(135,179)
Investment income	135,885	135,885	635,902	500,017
Miscellaneous revenues	674,557	814,508	9,489,635	8,675,127
Transfers in	6,834,302	18,264,991	17,463,556	(801,435)
TOTAL SOURCES	9,824,040	24,331,258	32,829,325	8,498,067
USES				
<i>Operating Costs</i>				
Municipal Court	124,152	124,152	99,373	24,779
General Management Group	1,744,185	4,269,418	1,372,697	2,896,721
Administrative Services Group	—	—	48,626	(48,626)
Operations Group	—	103,667	82,043	21,624
Community Services Group	1,795,655	2,316,352	1,840,427	475,925
Non-Departmental	6,988,459	20,951,292	20,156,249	795,043
<i>Continuing Appropriations</i>				
Administrative Services Group	—	—	—	—
Community Services Group	—	413,064	413,064	—
Non-Departmental	—	11,394,320	11,394,320	—
Operations Group	—	132,450	132,450	—
TOTAL USES	10,652,451	39,704,715	35,539,249	4,165,466
CHANGE IN FUNDS AVAILABLE	(828,411)	(15,373,457)	(2,709,924)	12,663,533
FUNDS AVAILABLE - January 1	8,492,592	8,492,592	13,651,115	5,158,523
FUNDS AVAILABLE - December 31	<u>\$ 7,664,181</u>	<u>\$ (6,880,865)</u>	10,941,191	<u>\$ 17,822,056</u>
Less: Reservations			(4,676,066)	
Designations			(3,744,104)	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 2,521,021</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 10,941,191	
Add: Current year operating encumbrances			114,652	
Carryforward of continuing appropriations			11,648,334	
Seizure funds			—	
Adjust investments to fair value			(319,937)	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			—	
FUND BALANCE - December 31			<u>\$ 22,384,240</u>	

Policy Reserve				Tabor Reserve			
Budgets		Budgetary Actual	Variance with Final	Budgets		Budgetary Actual	Variance with Final
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
567,000	567,000	598,580	31,580	199,000	199,000	215,721	16,721
—	—	—	—	—	—	—	—
—	—	—	—	—	66,075	66,075	—
567,000	567,000	598,580	31,580	199,000	265,075	281,796	16,721
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
97,000	163,075	163,075	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
97,000	163,075	163,075	—	—	—	—	—
470,000	403,925	435,505	31,580	199,000	265,075	281,796	16,721
18,458,713	18,458,713	18,319,325	(139,388)	6,490,556	6,490,556	6,603,291	112,735
<u>\$ 18,928,713</u>	<u>\$ 18,862,638</u>	18,754,830	<u>\$ (107,808)</u>	<u>\$ 6,689,556</u>	<u>\$ 6,755,631</u>	6,885,087	<u>\$ 129,456</u>
		—				—	
		—				—	
		<u>\$ 18,754,830</u>				<u>\$ 6,885,087</u>	
		\$ 18,754,830				\$ 6,885,087	
		—				—	
		—				—	
		(10,666)				(100,938)	
		—				—	
		—				—	
		<u>\$ 18,744,164</u>				<u>\$ 6,784,149</u>	

(concluded)

EXHIBIT H-1

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, 2005

	City Debt Service			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Property taxes	\$ 6,232,326	\$ 6,232,326	\$ 6,321,217	\$ 88,891
Special assessment taxes	—	—	—	—
Investment income	51,200	51,200	113,868	62,668
Transfers in	1,761,100	1,761,100	1,761,100	—
TOTAL SOURCES	8,044,626	8,044,626	8,196,185	151,559
USES				
<i>Operating Costs</i>				
Administrative Services Group	—	—	—	—
Non-Departmental	7,992,853	7,992,853	7,976,115	16,738
TOTAL USES	7,992,853	7,992,853	7,976,115	16,738
CHANGE IN FUNDS AVAILABLE	51,773	51,773	220,070	168,297
FUNDS AVAILABLE - January 1	709,463	709,463	796,753	87,290
FUNDS AVAILABLE - December 31	\$ 761,236	\$ 761,236	1,016,823	\$ 255,587
Less: Reservations			(1,016,823)	
Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ —	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 1,016,823	
Add: Assets not available for appropriation			482,061	
Less: Adjust investments to fair value			(14,555)	
FUND BALANCE - December 31			\$ 1,484,329	

SID Debt Service				Surplus and Deficiency			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	227,918	535,211	307,293	39,000	39,000	63,166	24,166
—	12,776	42,715	29,939	21,000	21,000	41,176	20,176
30,000	30,000	30,000	—	—	—	—	—
30,000	270,694	607,926	337,232	60,000	60,000	104,342	44,342
—	—	—	—	41,500	41,500	41,500	—
—	288,950	561,418	(272,468)	30,000	30,000	30,000	—
—	288,950	561,418	(272,468)	71,500	71,500	71,500	—
30,000	(18,256)	46,508	64,764	(11,500)	(11,500)	32,842	44,342
2,315	2,315	54,000	51,685	721,071	721,071	698,853	(22,218)
<u>\$ 32,315</u>	<u>\$ (15,941)</u>	100,508	<u>\$ 116,449</u>	<u>\$ 709,571</u>	<u>\$ 709,571</u>	731,695	<u>\$ 22,124</u>
		(30,000)				—	
		—				(470,000)	
		<u>\$ 70,508</u>				<u>\$ 261,695</u>	
		\$ 100,508				\$ 731,695	
		—				—	
		<u>(4,804)</u>				<u>(10,275)</u>	
		<u>\$ 95,704</u>				<u>\$ 721,420</u>	

EXHIBIT H-1

CITY OF AURORA, COLORADO

CAPITAL PROJECTS FUNDS

SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2005

	City Capital Projects			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Special assessment taxes	\$ —	\$ 1,200,000	\$ 425,816	\$ (774,184)
Intergovernmental revenues	1,526,430	2,489,327	1,793,104	(696,223)
Charges for services	—	—	—	—
Investment income	991,000	991,000	884,204	(106,796)
Miscellaneous revenues	436,308	1,821,735	2,290,250	468,515
Proceeds from sale of assets	—	64,094	64,094	—
Proceeds from long term borrowing	—	—	1,140,000	1,140,000
Transfers in	14,984,668	32,849,513	34,077,475	1,227,962
TOTAL SOURCES	17,938,406	39,415,669	40,674,943	1,259,274
USES				
<i>Operating Costs</i>				
Administrative Services Group	1,508,061	1,508,061	1,508,061	—
Non-Departmental	5,994,309	18,653,741	18,569,965	83,776
<i>Continuing Appropriations</i>				
General Management	282,580	87,100	87,100	—
Administrative Services Group	590,000	590,987	590,987	—
Operations Group	19,770,558	20,102,679	20,102,679	—
Community Services Group	2,343,055	1,141,881	1,141,881	—
Non-Departmental	200,000	205,356	211,521	(6,165)
TOTAL USES	30,688,563	42,289,805	42,212,194	77,611
CHANGE IN FUNDS AVAILABLE	(12,750,157)	(2,874,136)	(1,537,251)	1,336,885
FUNDS AVAILABLE - January 1	16,643,024	16,643,024	16,831,501	188,477
FUNDS AVAILABLE - December 31	\$ 3,892,867	\$ 13,768,888	15,294,250	\$ 1,525,362
Less: Reservations			(388,404)	
Designations			(2,014,673)	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ 12,891,173	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 15,294,250	
Add: Carry forward of continuing appropriations			22,622,897	
Assets not available for appropriations			429,440	
Less: Deferred revenue - Federal grants			(3,672,576)	
Adjust investments to fair value			(378,894)	
FUND BALANCE - December 31			\$ 34,295,117	

Bond Proceeds				Building Repair			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	37,000	37,000	—	(37,000)
—	—	—	—	32,000	32,000	27,949	(4,051)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
955,053	1,522,560	1,522,560	—	1,858,800	1,858,800	1,858,800	—
955,053	1,522,560	1,522,560	—	1,927,800	1,927,800	1,886,749	(41,051)
—	—	—	—	109,057	109,057	109,057	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	2,137,443	1,721,429	1,721,429	—
—	627,105	627,105	—	—	—	—	—
—	561,151	561,151	—	—	—	—	—
—	—	—	—	—	—	—	—
—	1,188,256	1,188,256	—	2,246,500	1,830,486	1,830,486	—
955,053	334,304	334,304	—	(318,700)	97,314	56,263	(41,051)
—	—	—	—	471,570	471,570	425,184	(46,386)
<u>\$ 955,053</u>	<u>\$ 334,304</u>	334,304	<u>\$ —</u>	<u>\$ 152,870</u>	<u>\$ 568,884</u>	481,447	<u>\$ (87,437)</u>
		(331,846)				—	
		—				—	
		<u>\$ 2,458</u>				<u>\$ 481,447</u>	
		\$ 334,304				\$ 481,447	
		975,421				928,278	
		—				—	
		—				—	
		—				(24,307)	
		<u>\$ 1,309,725</u>				<u>\$ 1,385,418</u>	

EXHIBIT H-1
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, 2005

	Water			
	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Charges for services	\$ 71,658,964	\$ 71,658,964	\$ 64,542,513	\$ (7,116,451)
Intergovernmental	—	—	142,493	142,493
Licenses and permits	32,404	32,404	61,320	28,916
Investment income	3,057,291	3,057,291	5,824,951	2,767,660
Miscellaneous revenues	26,526,170	27,271,935	50,993,520	23,721,585
Proceeds from sale of assets	24,990	24,990	645,450	620,460
Proceeds from long-term borrowings	66,965,000	100,000,000	101,607,022	1,607,022
Transfers in	—	200,000	200,000	—
Funds from restricted assets	—	—	—	—
TOTAL SOURCES	168,264,819	202,245,584	224,017,269	21,771,685
USES				
<i>Operating Costs</i>				
Operations Group	62,960,516	65,714,133	60,149,346	5,564,787
Non-Departmental	—	—	—	—
<i>Continuing Appropriations</i>				
Operations Group	69,299,332	114,674,135	114,674,135	—
TOTAL USES	132,259,848	180,388,268	174,823,481	5,564,787
CHANGE IN FUNDS AVAILABLE	36,004,971	21,857,316	49,193,788	27,336,472
FUNDS AVAILABLE - January 1	73,774,839	73,774,839	77,140,878	3,366,039
FUNDS AVAILABLE - December 31	\$ 109,779,810	\$ 95,632,155	126,334,666	\$ 30,702,511
Less: Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ 126,334,666	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 126,334,666	
Add: Current year operating encumbrances			894,341	
Carryforward of continuing appropriations			113,615,941	
Deferred charges			1,208,496	
Assets not available for appropriation			6,247,669	
Long-term interfund receivables			—	
Equity in joint venture			2,573,649	
Capital assets net of depreciation			640,579,609	
Inventories			—	
Less: Current portion of long-term debt			(12,844,677)	
Long-term debt			(254,928,962)	
Adjust investments to fair value			(1,803,838)	
NET ASSETS - December 31			\$ 621,876,894	

Sewer				Golf			
Budgets		Budgetary Actual	Variance with Final	Budgets		Budgetary Actual	Variance with Final
Original	Final			Original	Final		
\$ 28,837,759	\$ 28,837,759	\$ 29,059,182	\$ 221,423	\$ 9,617,200	\$ 9,617,200	\$ 8,737,192	\$ (880,008)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
543,100	543,100	1,262,531	719,431	120,000	180,066	150,878	(29,188)
8,501,396	8,501,396	10,643,707	2,142,311	247,300	247,300	216,548	(30,752)
24,180	24,180	8,510	(15,670)	—	—	—	—
43,000,000	43,000,000	—	(43,000,000)	—	—	4,625,000	4,625,000
—	1,690,191	256,000	(1,434,191)	—	—	—	—
—	—	—	—	—	—	1,264,900	1,264,900
80,906,435	82,596,626	41,229,930	(41,366,696)	9,984,500	10,044,566	14,994,518	4,949,952
28,016,088	28,208,427	27,331,261	877,166	10,101,907	15,416,461	14,294,550	1,121,911
—	—	—	—	—	—	—	—
29,319,774	11,984,327	11,984,327	—	237,000	206,334	206,334	—
57,335,862	40,192,754	39,315,588	877,166	10,338,907	15,622,795	14,500,884	1,121,911
23,570,573	42,403,872	1,914,342	(40,489,530)	(354,407)	(5,578,229)	493,634	6,071,863
9,576,302	9,576,302	6,981,235	(2,595,067)	1,156,992	1,156,992	874,187	(282,805)
<u>\$ 33,146,875</u>	<u>\$ 51,980,174</u>	8,895,577	<u>\$ (43,084,597)</u>	<u>\$ 802,585</u>	<u>\$ (4,421,237)</u>	1,367,821	<u>\$ 5,789,058</u>
		—				—	
		<u>\$ 8,895,577</u>				<u>\$ 1,367,821</u>	
		\$ 8,895,577				\$ 1,367,821	
		173,191				6,596	
		25,290,404				152,218	
		45,331				78,900	
		3,234,417				468,425	
		5,120,000				—	
		—				—	
		279,102,657				33,291,402	
		—				272,515	
		(2,225,739)				(1,021,418)	
		(13,799,639)				(9,879,414)	
		<u>(453,759)</u>				<u>(33,847)</u>	
		<u>\$ 305,382,440</u>				<u>\$ 24,703,198</u>	

EXHIBIT H-1

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, 2005

	Fleet Management			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Charges for services	\$ 5,538,412	\$ 5,538,412	\$ 5,543,056	\$ 4,644
Investment income	3,000	3,000	—	(3,000)
Miscellaneous revenues	5,000	5,000	9,043	4,043
Proceeds from sale of assets	—	—	3,740	3,740
Transfers in	100,000	574,993	574,993	—
TOTAL SOURCES	5,646,412	6,121,405	6,130,832	9,427
USES				
<i>Operating Costs</i>				
Administrative Services Group	5,584,604	6,059,597	6,173,792	(114,195)
TOTAL USES	5,584,604	6,059,597	6,173,792	(114,195)
CHANGE IN FUNDS AVAILABLE	61,808	61,808	(42,960)	(104,768)
FUNDS AVAILABLE - January 1	120,461	120,461	47,203	(73,258)
FUNDS AVAILABLE - December 31	\$ 182,269	\$ 182,269	4,243	\$ (178,026)
Less: Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ 4,243	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 4,243	
Add: Capital assets net of depreciation			552,743	
Inventories			434,250	
Current year operating encumbrances			—	
Less: Current portion of long-term debt			(1,617)	
Long-term debt			(251,578)	
Adjust investments to fair value			(1,521)	
NET ASSETS - December 31			\$ 736,520	

Print Shop				Risk Management			
Budgets		Budgetary Actual	Variance with Final	Budgets		Budgetary Actual	Variance with Final
Original	Final			Original	Final		
\$ 811,900	\$ 811,900	\$ 746,034	\$ (65,866)	\$ 5,811,488	\$ 5,811,488	\$ 5,814,227	\$ 2,739
3,000	3,000	8,790	5,790	351,000	351,000	402,196	51,196
—	—	—	—	166,000	166,000	328,534	162,534
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
814,900	814,900	754,824	(60,076)	6,328,488	6,328,488	6,544,957	216,469
990,406	959,759	900,030	59,729	7,498,929	7,498,929	7,945,168	(446,239)
990,406	959,759	900,030	59,729	7,498,929	7,498,929	7,945,168	(446,239)
(175,506)	(144,859)	(145,206)	(347)	(1,170,441)	(1,170,441)	(1,400,211)	(229,770)
280,307	280,307	274,659	(5,648)	3,743,609	3,743,609	4,919,419	1,175,810
\$ 104,801	\$ 135,448	129,453	\$ (5,995)	\$ 2,573,168	\$ 2,573,168	3,519,208	\$ 946,040
		—				(935,383)	
		\$ 129,453				\$ 2,583,825	
		\$ 129,453				\$ 3,519,208	
		78,830				—	
		26,026				—	
		—				41,206	
		(38,558)				(21,480)	
		(44,549)				(41,289)	
		(2,902)				(174,953)	
		\$ 148,300				\$ 3,322,692	





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.

Forecast Schedules – General Fund, Policy Reserve Fund and TABOR Reserve Fund

These schedules provide forecasted financial information for the above-referenced funds.

EXHIBIT I-1
CITY OF AURORA, COLORADO
**SCHEDULE OF INDEBTEDNESS - ALL FUNDS (unaudited)
DECEMBER 31, 2005**

DECEMBER 31, 2005

		Dates		Debt		
	Interest Rates	Issue	Maturity	Authorized and Issued	Outstanding	Current Maturities
GENERAL OBLIGATION DEBT						
Supported by dedicated property tax						
Alameda and I-225 Interchange	4.50 - 4.80%	06/01/98	2006 - 2012	\$ 10,000,000	\$ 5,895,000	\$ 735,000
Libraries, parks, public safety	4.60 - 5.00%	12/01/00	2006 - 2015	50,100,000	37,325,000	2,955,000
Public safety refunding	2.00 - 3.00%	10/01/03	2006 - 2009	2,530,000	1,725,000	415,000
Unamortized market premium				—	9,780	—
Total supported by dedicated property tax				62,630,000	44,954,780	4,105,000
Supported by Water Fund revenues						
General obligation refunding	4.85 - 4.90%	12/01/96	2006 - 2006	2,615,000	1,250,000	1,250,000
General obligation refunding	2.00 - 4.00%	10/01/03	2006 - 2014	62,775,000	50,385,000	6,475,000
Unamortized market premium				—	805,683	—
Unamortized deferred amount on refunding				—	(54,593)	—
Total supported by Water Fund revenues				65,390,000	52,386,090	7,725,000
REVENUE BONDS						
Supported by General Fund revenues						
Sports Park	4.875 - 5.125%	07/01/99	2006 - 2014	17,470,000	12,730,000	1,150,000
Supported by Water Fund revenues						
Governmental agency	4.75 - 4.875%	05/01/99	2006 - 2014	14,999,899	9,756,642	960,638
First-Lien Water Revenue	2.00 - 5.00%	10/15/03	2006 - 2021	55,860,000	53,335,000	2,570,000
Second-Lien Water Revenue	Auction rate	04/22/04	2006 - 2033	40,000,000	40,000,000	—
Governmental agency	3.20 - 5.00%	09/29/05	2011 - 2035	100,000,000	100,000,000	—
Unamortized market premium				—	4,581,059	—
Total supported by Water Fund revenues				210,859,899	207,672,701	3,530,638
Supported by Sewer Fund revenues						
Governmental agency	5.00 - 5.125%	07/01/99	2006 - 2014	24,124,366	15,598,484	1,539,396
Unamortized market premium				—	64,468	—
Total supported by Sewer Fund revenues				24,124,366	15,662,952	1,539,396
Supported by Golf Fund revenues						
Golf Course Enterprise System refunding	3.375 - 4.375%	07/26/05	2006 - 2015	4,625,000	4,310,000	365,000
Unamortized market discount				—	(15,566)	—
Unamortized deferred amount on refunding				—	(134,235)	—
Total supported by Golf Fund revenues				4,625,000	4,160,199	365,000
NOTES						
Supported by Water Fund revenues						
Water Rights No. R/B-I-One	5.00%	11/19/99	2006 - 2009	253,987	101,595	25,399
Water Rights No. R/B-I-Two	5.00%	11/19/99	2006 - 2009	249,125	99,650	24,912
Water Rights Rocky Ford II	5.00%	various 2004	2006 - 2019	8,280,091	6,496,809	—
Total supported by Water Fund revenues				8,783,203	6,698,054	50,311
Supported by Golf Fund revenues						
Series 2004 Golf Revenue Note	4.54%	5/18/04	2006 - 2009	1,125,000	813,594	219,564
Supported by Special Assessments						
Special Improvement District - Dam West	4.89%	10/20/05	2006 - 2015	1,140,000	1,140,000	31,000
INCLUDABLE ENTITIES						
AURA tax increment revenue refunding bonds	5.70 - 5.80%	05/15/96	2006 - 2007	3,580,000	1,045,000	335,000
ACLIC certificates of participation	5.00 - 5.75%	08/01/00	2006 - 2030	76,375,000	74,755,000	595,000
ACLIC certificates of participation	3.00 - 4.375%	05/01/02	2006 - 2013	15,380,000	12,180,000	1,535,000
ACLIC certificates of participation - refunding	3.00 - 3.25%	10/15/04	2006 - 2009	8,750,000	7,285,000	1,530,000
ACLIC certificates of participation	2.50 - 3.625%	03/01/05	2006 - 2014	23,395,000	21,945,000	2,030,000
Unamortized market premium				—	169,630	—
Unamortized market discount				—	(178,132)	—
Total supported by includable entities				127,480,000	117,201,498	6,025,000
TOTAL INDEBTEDNESS				\$ 523,627,468	\$ 463,419,868	\$ 24,740,909

EXHIBIT I-2

CITY OF AURORA, COLORADO

SCHEDULE OF DEBT SERVICE REQUIREMENTS (unaudited)
 GOVERNMENTAL ACTIVITIES
 DECEMBER 31, 2005

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	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 4,105,000	\$ 2,079,685	\$ 1,150,000	\$ 610,805	\$ 335,000	\$ 60,275	\$ 357,706	\$ 49,120
2007	4,295,000	1,902,380	1,205,000	552,649	710,000	41,180	369,685	37,141
2008	4,500,000	1,714,500	1,270,000	490,774	—	—	382,067	24,758
2009	4,715,000	1,516,783	1,335,000	425,649	—	—	349,179	11,960
2010	4,480,000	1,307,933	1,400,000	357,274	—	—	98,850	1,725
2006-2010	22,095,000	8,521,281	6,360,000	2,437,151	1,045,000	101,455	1,557,487	124,704
2011	4,705,000	1,101,853	1,475,000	285,399	—	—	—	—
2012	4,940,000	882,610	1,550,000	209,774	—	—	—	—
2013	4,185,000	647,480	1,630,000	129,459	—	—	—	—
2014	4,400,000	446,600	1,715,000	43,947	—	—	—	—
2015	4,620,000	231,000	—	—	—	—	—	—
2011-2015	22,850,000	3,309,543	6,370,000	668,579	—	—	—	—
2016	—	—	—	—	—	—	—	—
2017	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—
2016-2020	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—	—
2024	—	—	—	—	—	—	—	—
2025	—	—	—	—	—	—	—	—
2021-2025	—	—	—	—	—	—	—	—
2026	—	—	—	—	—	—	—	—
2027	—	—	—	—	—	—	—	—
2028	—	—	—	—	—	—	—	—
2029	—	—	—	—	—	—	—	—
2030	—	—	—	—	—	—	—	—
2026-2030	—	—	—	—	—	—	—	—
Totals	\$ 44,945,000	\$ 11,830,824	\$ 12,730,000	\$ 3,105,730	\$ 1,045,000	\$ 101,455	\$ 1,557,487	\$ 124,704

Year	Notes Payable Supported by SID 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	
2006	\$ 31,000	\$ 45,681	\$ 37,295	\$ 1,829	\$ 5,690,000	\$ 5,583,641	\$ 20,139,043
2007	123,000	53,130	19,190	371	5,900,000	5,398,579	20,609,312
2008	123,000	47,091	—	—	5,830,000	5,205,673	19,589,871
2009	123,000	41,051	—	—	6,940,000	5,002,973	20,462,604
2010	124,000	35,012	—	—	5,760,000	4,759,348	18,326,152
2006-2010	524,000	221,965	56,485	2,200	30,120,000	25,950,214	99,126,982
2011	124,000	28,949	—	—	6,020,000	4,528,657	18,270,869
2012	124,000	22,860	—	—	6,300,000	4,282,323	18,313,579
2013	124,000	16,773	—	—	7,910,000	4,013,247	18,657,972
2014	125,000	10,685	—	—	4,135,000	3,653,935	14,532,181
2015	119,000	4,570	—	—	2,440,000	3,530,975	10,947,560
2011-2015	616,000	83,837	—	—	26,805,000	20,009,137	80,722,161
2016	—	—	—	—	2,585,000	3,390,675	5,977,691
2017	—	—	—	—	2,730,000	3,242,038	5,974,055
2018	—	—	—	—	2,890,000	3,085,063	5,977,081
2019	—	—	—	—	3,055,000	2,918,888	5,975,907
2020	—	—	—	—	3,230,000	2,743,225	5,975,245
2016-2020	—	—	—	—	14,490,000	15,379,889	29,879,979
2021	—	—	—	—	3,415,000	2,557,500	5,974,521
2022	—	—	—	—	3,620,000	2,352,600	5,974,622
2023	—	—	—	—	3,835,000	2,135,400	5,972,423
2024	—	—	—	—	4,070,000	1,905,300	5,977,324
2025	—	—	—	—	4,310,000	1,661,100	5,973,125
2021-2025	—	—	—	—	19,250,000	10,611,900	29,872,015
2026	—	—	—	—	4,570,000	1,402,500	5,974,526
2027	—	—	—	—	4,820,000	1,151,150	5,973,177
2028	—	—	—	—	5,085,000	886,050	5,973,078
2029	—	—	—	—	5,365,000	606,375	5,973,404
2030	—	—	—	—	5,660,000	311,300	5,973,330
2026-2030	—	—	—	—	25,500,000	4,357,375	29,867,515
Totals	\$ 1,140,000	\$ 305,802	\$ 56,485	\$ 2,200	\$ 116,165,000	\$ 76,308,515	\$ 269,468,652

EXHIBIT I-3

CITY OF AURORA, COLORADO

SCHEDULE OF DEBT SERVICE REQUIREMENTS (unaudited)
BUSINESS-TYPE ACTIVITIES
DECEMBER 31, 2005

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		Notes 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	Principal	Interest	
2006	\$ 7,725,000	\$ 1,752,413	\$ 3,530,638	\$ 7,858,664	\$ 50,311	\$ 10,062	\$ 1,539,396	\$ 640,368	\$ 365,000	\$ 174,300	\$ 219,564	\$ 34,474	\$ 133,846	\$ 13,940	\$ 24,047,976
2007	6,635,000	1,545,475	3,607,104	8,504,069	941,952	332,387	1,577,072	603,312	375,000	161,525	229,645	24,392	105,755	8,835	24,651,523
2008	6,840,000	1,363,013	3,708,938	8,401,668	941,952	285,289	1,620,132	563,517	385,000	146,525	240,187	13,847	78,918	4,837	24,593,823
2009	5,905,000	1,157,816	3,810,404	8,295,665	941,952	218,192	1,663,192	520,756	405,000	131,125	124,199	2,819	48,838	1,729	23,226,687
2010	6,120,000	965,900	3,962,238	8,144,551	587,494	191,094	1,711,634	467,201	420,000	114,925	—	—	—	—	22,685,037
2006-2010	33,225,000	6,784,617	18,619,322	41,204,617	3,463,661	1,037,024	8,111,426	2,795,154	1,950,000	728,400	813,595	75,532	367,357	29,341	119,205,046
2011	6,365,000	736,400	6,394,804	7,977,285	587,494	161,720	1,770,842	412,087	435,000	98,125	—	—	—	—	24,938,757
2012	6,640,000	481,800	6,647,372	7,730,455	587,494	132,345	1,819,284	361,234	455,000	80,725	—	—	—	—	24,935,709
2013	2,640,000	216,200	6,957,138	7,425,347	587,494	102,970	1,873,110	301,086	470,000	62,525	—	—	—	—	20,635,870
2014	2,765,000	110,600	7,293,006	7,089,767	587,494	73,595	2,023,822	156,817	490,000	43,138	—	—	—	—	20,633,239
2015	—	—	6,305,000	6,700,000	176,883	44,221	—	—	510,000	22,312	—	—	—	—	13,758,416
2011-2015	18,410,000	1,545,000	33,597,320	36,922,854	2,526,859	514,851	7,487,058	1,231,224	2,360,000	306,825	—	—	—	—	104,901,991
2016	—	—	6,620,000	6,384,750	176,883	35,377	—	—	—	—	—	—	—	—	13,217,010
2017	—	—	6,940,000	6,060,650	176,883	26,532	—	—	—	—	—	—	—	—	13,204,065
2018	—	—	7,285,000	5,720,875	176,883	17,688	—	—	—	—	—	—	—	—	13,200,446
2019	—	—	7,640,000	5,364,188	176,885	8,846	—	—	—	—	—	—	—	—	13,189,919
2020	—	—	8,005,000	4,990,112	—	—	—	—	—	—	—	—	—	—	12,995,112
2016-2020	—	—	36,490,000	28,520,575	707,534	88,443	—	—	—	—	—	—	—	—	65,806,552
2021	—	—	8,460,000	4,598,162	—	—	—	—	—	—	—	—	—	—	13,058,162
2022	—	—	8,840,000	4,270,550	—	—	—	—	—	—	—	—	—	—	13,110,550
2023	—	—	9,250,000	3,925,212	—	—	—	—	—	—	—	—	—	—	13,175,212
2024	—	—	6,140,000	3,563,538	—	—	—	—	—	—	—	—	—	—	9,703,538
2025	—	—	6,410,000	3,296,312	—	—	—	—	—	—	—	—	—	—	9,706,312
2021-2025	—	—	39,100,000	19,653,774	—	—	—	—	—	—	—	—	—	—	58,753,774
2026	—	—	6,695,000	3,016,975	—	—	—	—	—	—	—	—	—	—	9,711,975
2027	—	—	7,010,000	2,757,737	—	—	—	—	—	—	—	—	—	—	9,767,737
2028	—	—	7,305,000	2,486,488	—	—	—	—	—	—	—	—	—	—	9,791,488
2029	—	—	7,640,000	2,197,825	—	—	—	—	—	—	—	—	—	—	9,837,825
2030	—	—	7,955,000	1,896,037	—	—	—	—	—	—	—	—	—	—	9,851,037
2026-2030	—	—	36,605,000	12,355,062	—	—	—	—	—	—	—	—	—	—	48,960,062
2031	—	—	8,310,000	1,581,694	—	—	—	—	—	—	—	—	—	—	9,891,694
2032	—	—	8,670,000	1,253,350	—	—	—	—	—	—	—	—	—	—	9,923,350
2033	—	—	9,070,000	910,787	—	—	—	—	—	—	—	—	—	—	9,980,787
2034	—	—	6,180,000	552,562	—	—	—	—	—	—	—	—	—	—	6,732,562
2035	—	—	6,450,000	282,187	—	—	—	—	—	—	—	—	—	—	6,732,187
2031-2035	—	—	38,680,000	4,580,580	—	—	—	—	—	—	—	—	—	—	43,260,580
Totals	\$ 51,635,000	\$ 8,329,617	\$ 203,091,642	\$ 143,237,462	\$ 6,698,054	\$ 1,640,318	\$ 15,598,484	\$ 4,026,378	\$ 4,310,000	\$ 1,035,225	\$ 813,595	\$ 75,532	\$ 367,357	\$ 29,341	\$ 440,888,005

EXHIBIT I-4

CITY OF AURORA, COLORADO

SCHEDULE OF CONDUIT DEBT OUTSTANDING (unaudited)

DECEMBER 31, 2005

Issue Type*	Description	Issue Date	Funding Source	Outstanding December 31 2005	Trustee
EDB	Community College of Aurora Refunding Revenue Bonds, 2004	09/01/04	lease payment	\$ 8,660,000	JP Morgan Chase
HRB	The Children's Hospital Assoc. Project Hospital Revenue Bonds, Series 2004A	01/22/04	operating revenues	68,750,000	US Bank
HRB	The Children's Hospital Assoc. Project Hospital Revenue Bonds, Series 2004B	01/22/04	operating revenues	68,750,000	US Bank
HRB	The Children's Hospital Assoc. Project Hospital Revenue Bonds, Series 2004C	01/22/04	operating revenues	68,750,000	US Bank
HRB	The Children's Hospital Assoc. Project Hospital Revenue Bonds, Series 2004D	01/22/04	operating revenues	68,750,000	US Bank
IDB	TE Properties Commercial Office Products, 1984	11/15/84	loan payment	1,990,000	US Bank
MF	Dayton 98 Series A	04/21/98	rental payment	8,070,000	US Bank
MF	Dayton 98 Series B	04/21/98	rental payment	890,000	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 Series 2005, Woodridge Apartments Projects	12/20/05	mortgage payment	28,000,000	Wells Fargo Minnesota
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	3,219,673	BNY
SF	Revenue Bonds, Series 1993 A	11/01/93	mortgage payment	835,000	Zions Bank
Total conduit debt outstanding				<u><u>\$ 343,649,673</u></u>	

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

EXHIBIT I-5**CITY OF AURORA, COLORADO****SCHEDULE OF DEBT RATINGS (unaudited)****DECEMBER 31, 2005**

Debt Issue	Rating Agency	Enhanced Rating	Unenhanced Rating
City of Aurora, Colorado General Obligation Water Refunding Bonds, Series 1996	Moody's Investors Service Standard and Poor's	N/A N/A	Aa2 AA
Aurora Urban Renewal Authority Tax Increment Financing Revenue Refunding Bonds, Series 1996	Standard and Poor's	N/A	A
City of Aurora, Colorado General Obligation Bonds, Series 1998	Moody's Investors Service Standard and Poor's	Aaa AAA	Aa2 AA
City of Aurora, Colorado General Fund Bonds, Series 1999	Moody's Investors Service Standard and Poor's	Aaa AAA	Aa3 AA-
City of Aurora, Colorado Aurora Capital Leasing Corporation Certificates of Participation, Series 2000	Moody's Investors Service Standard and Poor's	Aaa AAA	Aa3 AA-
City of Aurora, Colorado Aurora Capital Leasing Corporation Certificates of Participation, Series 2002	Moody's Investors Service Standard and Poor's	N/A N/A	A1 AA-
City of Aurora, Colorado General Obligation Bonds, Series 2000 and 2003	Moody's Investors Service Standard and Poor's	N/A N/A	Aa2 AA
City of Aurora, Colorado General Obligation Water Refunding Bonds, Series 2003 ⁽¹⁾	Moody's Investors Service Standard and Poor's	Aaa AAA	Aa2 AA
City of Aurora, Colorado First-Lien Water Improvement Revenue Bonds, Series 2003A	Moody's Investors Service Fitch Ratings	Aaa AAA	A1 AA-
City of Aurora, Colorado Second-Lien Water Improvement Revenue Bonds, Series 2004A	Moody's Investors Service Fitch Ratings	Aaa AAA	N/A N/A
City of Aurora, Colorado Aurora Capital Leasing Corporation Refunding Certificates of Participation, Series 2004	Moody's Investors Service Standard and Poor's	N/A N/A	Aa3 AA-
City of Aurora, Colorado Aurora Capital Leasing Corporation Certificates of Participation, Series 2005	Moody's Investors Service Standard and Poor's	Aaa AAA	Aa3 AA-
City of Aurora, Colorado Golf Course Enterprise System Revenue Refunding Bonds, Series 2005	Moody's Investors Service	N/A	Baa2

⁽¹⁾ Series 2003 Bonds maturing in years 2006-2008, 2012 and 2013 are not insured and carry the unenhanced rating; Series 2003 Bonds maturing in years 2009, 2010, 2011 and 2014 are insured and carry the credit-enhanced rating

Debt Issue	Rating Agency	Enhanced Rating	Unenhanced Rating
Colorado Water Resources and Power Development Authority	Fitch Ratings	AAA	N/A
City of Aurora, Colorado	Moody's Investors Service	Aaa	N/A
Clean Water Revenue Bonds, 1999 Series A	Standard and Poor's	AAA	N/A
Colorado Water Resources and Power Development Authority	Fitch Ratings	AAA	N/A
City of Aurora, Colorado	Moody's Investors Service	Aaa	N/A
Drinking Water Revenue Bonds, 1999 Series A	Standard and Poor's	AAA	N/A
Colorado Water Resources and Power Development Authority	Fitch Ratings	AAA	AA-
City of Aurora, Colorado	Moody's Investors Service	Aaa	A1
Water Resources Revenue Bond, 2005 Series D	Standard and Poor's	AAA	N/A

EXHIBIT I-6
CITY OF AURORA, COLORADO
**SCHEDULE OF POOLED INVESTMENTS (unaudited)
DECEMBER 31, 2005**

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							
Treasury Note	4.250	10/31/07	\$ 4,997,154	\$ 4,985,000	\$ 5,000,000	Aaa	AAA
	3.375	02/15/08	4,982,422	4,897,000	5,000,000	Aaa	AAA
	5.625	05/15/08	5,146,875	5,136,000	5,000,000	Aaa	AAA
Federal Agriculture Mtg. Co.	4.250	07/29/08	4,970,200	4,944,000	5,000,000	Aaa	AAA
Federal Farm Credit Bank	2.700	11/24/06	3,980,280	3,928,000	4,000,000	Aaa	AAA
	3.010	11/28/06	5,000,000	4,923,500	5,000,000	Aaa	AAA
	2.520	01/05/07	2,447,875	2,445,000	2,500,000	Aaa	AAA
	2.750	03/23/07	3,000,000	2,928,600	3,000,000	Aaa	AAA
	3.000	04/23/07	5,000,000	4,889,500	5,000,000	Aaa	AAA
	3.125	08/15/07	4,988,650	4,875,000	5,000,000	Aaa	AAA
	3.500	09/14/07	4,993,750	4,899,500	5,000,000	Aaa	AAA
	3.375	10/05/07	4,985,000	4,886,500	5,000,000	Aaa	AAA
	4.125	10/26/07	4,972,500	4,947,000	5,000,000	Aaa	AAA
	3.500	11/15/07	4,993,075	4,887,000	5,000,000	Aaa	AAA
	3.500	11/26/07	3,995,000	3,911,600	4,000,000	Aaa	AAA
	3.000	12/17/07	4,918,250	4,851,500	5,000,000	Aaa	AAA
	3.250	12/17/07	4,947,400	4,863,500	5,000,000	Aaa	AAA
	3.850	12/28/07	4,999,000	4,915,000	5,000,000	Aaa	AAA
	4.500	01/23/08	3,492,825	3,472,350	3,500,000	Aaa	AAA
	3.550	01/28/08	4,964,700	4,885,500	5,000,000	Aaa	AAA
	4.075	03/10/08	4,000,000	3,946,400	4,000,000	Aaa	AAA
	4.500	03/18/08	4,999,050	4,977,000	5,000,000	Aaa	AAA
	5.925	04/09/08	5,124,695	5,127,000	5,000,000	Aaa	AAA
Federal Home Loan Mtg. Corp.	3.330	09/28/07	2,995,800	2,929,500	3,000,000	Aaa	AAA
	4.250	06/23/08	5,000,000	4,920,000	5,000,000	Aaa	AAA
Federal National Mortgage Assn	2.410	08/04/06	3,494,750	3,455,200	3,500,000	Aaa	AAA
	2.750	08/11/06	3,976,250	3,955,200	4,000,000	Aaa	AAA
	2.550	08/17/06	5,003,450	4,936,000	5,000,000	Aaa	AAA
	3.750	12/15/06	2,538,047	2,525,265	2,550,000	Aaa	AAA
	4.050	09/07/07	5,997,000	5,932,200	6,000,000	Aaa	AAA
Total U.S. Government and agency securities			134,903,998	133,174,815	135,050,000		
CERTIFICATES OF DEPOSIT							
Citywide Banks	2.250	01/20/06	2,700,000	2,700,000	2,700,000		
First Bk Aurora	2.180	04/01/06	2,250,000	2,250,000	2,250,000		
Total Certificates of Deposit			4,950,000	4,950,000	4,950,000		
COMMERCIAL PAPER							
AGFC	N/A	01/11/06	2,968,080	2,995,311	3,000,000	P1	A1
AGFC	N/A	03/27/06	3,953,280	3,955,995	4,000,000	P1	A1
Bear Stearns	N/A	01/04/06	2,967,828	2,999,295	3,000,000	P1	A1
Bear Stearns	N/A	02/07/06	7,952,333	7,957,560	8,000,000	P1	A1
CIT	N/A	02/10/06	8,897,100	8,952,255	9,000,000	P1	A1
Citigroup	N/A	03/08/06	2,964,883	2,972,805	3,000,000	P1	A1+
Citigroup	N/A	03/15/06	4,944,768	4,954,675	5,000,000	P1	A1+
GECC	N/A	01/13/06	8,506,122	8,586,622	8,600,000	P1	A1+
Great-West Life	N/A	02/27/06	3,956,623	3,971,090	4,000,000	P1	A1+
HSBCF	N/A	02/01/06	3,957,837	3,986,112	4,000,000	P1	A1+
TMCC	N/A	02/08/06	2,966,109	2,984,085	3,000,000	P1	A1
TMCC	N/A	04/03/06	4,943,078	4,943,077	5,000,000	P1	A1+
Total Commercial Paper			58,978,041	59,258,882	59,600,000		

<u>Investment Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Original Cost</u>	<u>Carrying/ Fair Value</u>	<u>Par Value</u>	<u>Moody's Rating</u>	<u>S & P Rating</u>
CORPORATE NOTES							
Abbott Labs	5.625	07/01/06	2,908,359	2,712,420	2,700,000	A1	AA
AIG/ILF	3.125	05/03/07	3,923,720	3,902,000	4,000,000	A1	AA-
Allstate	5.250	02/01/07	2,716,902	2,565,888	2,560,000	Aa2	AA
Bank One	5.500	03/26/07	3,203,250	3,018,900	3,000,000	Aa2	AA-
Berkshire-Hathawa	3.400	07/02/07	5,004,850	4,893,000	5,000,000	Aaa	AAA
Citigroup	5.000	03/06/07	5,187,750	5,007,000	5,000,000	Aa1	AA-
GECC	2.850	01/30/06	2,018,680	1,997,800	2,000,000	Aaa	AAA
GECC	2.750	09/25/06	2,983,530	2,957,400	3,000,000	Aaa	AAA
Jackson Natl Life	5.250	03/15/07	1,178,888	1,125,675	1,125,000	A1	AA
Kimberly-Clark	7.100	08/01/07	1,460,060	1,448,440	1,400,000	Aa2	AA-
Mass Mtl	3.250	06/15/07	4,937,650	4,881,000	5,000,000	Aa1	AAA
Merck	2.500	03/30/07	2,493,875	2,423,250	2,500,000	Aa3	AA-
Merrill Lynch	2.940	01/30/06	3,000,000	2,996,700	3,000,000	Aa3	A+
Merrill Lynch	2.470	03/10/06	2,306,062	2,286,050	2,295,000	Aa3	A+
Merrill Lynch	5.360	02/01/07	2,556,608	2,447,076	2,440,000	Aa3	A+
Merrill Lynch	3.000	04/30/07	2,937,600	2,928,600	3,000,000	Aa3	A+
Monument Gbl Fdg	3.450	11/30/07	4,811,400	4,821,300	4,950,000	Aa3	AA
Nationwide	2.750	05/15/07	2,923,500	2,902,200	3,000,000	Aa3	AA-
Nationwide	2.750	05/15/07	4,843,100	4,837,000	5,000,000	Aa3	AA-
Natl City Corp	2.500	04/17/06	1,994,780	1,987,800	2,000,000	Aa3	A+
Natl City Corp	2.500	04/17/06	2,744,500	2,733,225	2,750,000	Aa3	A+
Paccar Financial	2.500	08/01/06	1,000,000	986,700	1,000,000		
Pfizer	2.500	03/15/07	998,960	972,600	1,000,000	Aaa	AAA
Sun Trust Bank	2.500	11/01/06	3,477,250	3,418,450	3,500,000	Aa2	AA-
TIAA	5.000	03/01/07	4,556,825	4,378,500	4,375,000	Aaa	AAA
TIAA	4.125	11/15/07	2,112,308	2,046,572	2,075,000	Aaa	AAA
US Bank	2.850	11/15/06	3,997,120	3,934,000	4,000,000	Aa1	AA
US Bank	2.850	11/15/06	2,254,400	2,198,123	2,235,000	Aa1	AA
US Bank	2.870	02/01/07	3,940,000	3,913,600	4,000,000	Aa1	AA
US Bank	3.700	08/01/07	1,897,758	1,871,310	1,900,000	Aa1	AA
Wachovia Bank	4.850	07/30/07	5,160,800	4,998,500	5,000,000	Aa2	AA-
Wachovia Bank	4.375	08/15/08	2,993,910	2,965,800	3,000,000	Aa2	AA-
Wal-Mart	4.375	07/12/07	5,132,050	4,977,000	5,000,000	Aa2	AA
Wells Fargo	5.900	05/21/06	3,242,689	3,011,400	3,000,000	Aa1	AA-
Wells Fargo	5.125	02/15/07	4,254,000	4,008,000	4,000,000	Aa1	AA-
Wells Fargo	5.250	12/01/07	1,050,400	1,009,600	1,000,000	Aa1	AA-
Total Corporate Notes			112,203,534	109,562,879	110,805,000		
TAXABLE MUNICIPAL DEBT							
Erie Cty NY GO	5.500	12/01/07	3,333,527	3,340,863	3,290,000	Aaa	AAA
Maryland GO	4.000	02/15/08	3,505,841	3,458,874	3,505,000	Aaa	AAA
Maryland GO	4.250	08/01/08	1,002,480	990,140	1,000,000	Aaa	AAA
NYC GO	4.000	12/01/06	3,582,959	3,546,724	3,570,000	A1	A+
Total Taxable Municipal Debt			11,424,807	11,336,601	11,365,000		
COLOTRUST	4.110	01/01/06	12,500,000	12,541,718	12,541,718	Aaa	AAA
TOTAL POOLED INVESTMENTS			<u>\$ 334,960,380</u>	<u>\$ 330,824,895</u>	<u>\$ 334,311,718</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 I-7

CITY OF AURORA, COLORADO

LOCAL HIGHWAY FINANCE REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005Financial Planning 02/01
Form # 350-050-36

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

LOCAL HIGHWAY FINANCE REPORT		City or County:
		City of Aurora, Colorado
		YEAR ENDING :
This Information From The Records Of (example - City of _ or County of _)		Prepared By:
City of Aurora, Colorado		Todd Moses Phone: (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)	15,225,159
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	16,947,212
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,903,218
2. General fund appropriations		b. Snow and ice removal	1,293,456
3. Other local imposts (from page 2)	9,685,595	c. Other	3,768,090
4. Miscellaneous local receipts (from page 2)	17,857,266	d. Total (a. through c.)	6,964,764
5. Transfers from toll facilities		4. General administration & miscellaneous	1,787,019
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	6,261,197
a. Bonds - Original Issues		6. Total (1 through 5)	47,185,351
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	302,370
7. Total (1 through 6)	27,542,861	b. Redemption	700,000
B. Private Contributions	8,883,838	c. Total (a. + b.)	1,002,370
C. Receipts from State government		2. Notes:	
(from page 2)	8,416,044	a. Interest	
D. Receipts from Federal Government		b. Redemption	
(from page 2)	3,807,958	c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)	48,650,701	3. Total (1.c + 2.c)	1,002,370
		C. Payments to State for highways	462,980
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	48,650,701

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	6,595,000		700,000	5,895,000
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
		48,650,701	48,650,701		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2005	

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 Assessments	1,027,090	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	6,422,266
1. Sales Taxes	400,133	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	1,919,892	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	6,338,480	g. Other Misc. Receipts	
6. Total (1. through 5.)	8,658,505	h. Other-Txf from fund other than General	11,435,000
c. Total (a. + b.)	9,685,595	i. Total (a. through h.)	17,857,266
(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	7,580,014	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	836,030	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	3,807,958
f. Total (a. through e.)	836,030	g. Total (a. through f.)	3,807,958
4. Total (1. + 2. + 3.f)	8,416,044	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	476,543	476,543
b. Engineering Costs	295,277	1,733,645	2,028,922
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements	225,000	7,982,541	8,207,541
(3). System Preservation	0	1,391,933	1,391,933
(4). System Enhancement & Operation	25,000	3,095,220	3,120,220
(5). Total Construction (1) + (2) + (3) + (4)	250,000	12,469,694	12,719,694
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	545,277	14,679,882	15,225,159
			(Carry forward to page 1)

Notes and Comments:

EXHIBIT I-8

CITY OF AURORA, COLORADO

SCHEDULE OF INSURANCE COVERAGES (unaudited)
DECEMBER 31, 2005

Coverage	Carrier	Coverage Term	Limit of Coverage	Deductible or Retention
Property	The Travelers Indemnity Company	January 1, 2006 - January 1, 2007	\$475,000,000 blanket limit	\$100,000 per occurrence
Boiler and Machinery	Travelers Casualty and Surety Company of America	January 1, 2006 - January 1, 2007	\$100,000,000 per occurrence	\$10,000 per occurrence
Crime	Travelers Casualty and Surety Company of America	March 31, 2004 - March 31, 2007 March 31, 2004 - March 31, 2007	Public employee dishonesty: \$5,000,000 Destruction, computer fraud: \$1,000,000	\$50,000 per occurrence
Workers' Compensation Specific Excess	Midwest Employers Casualty Company	January 1, 2006 - January 1, 2007	Statutory	\$350,000 per occurrence plus \$250,000 corridor
Workers' Compensation Bond	Travelers Casualty and Surety Company of America	January 1, 2006 - January 1, 2007	\$5,878,000	N/A
Primary Liability	Princeton Excess & Surplus Lines Insurance Company	January 1, 2006 - January 1, 2007	\$10,000,000	\$250,000 per occurrence plus \$250,000 corridor
Exhibition Floater	Fireman's Fund	January 1, 2006 - January 1, 2007	\$350,000	\$1,000 per occurrence

EXHIBIT I-9

CITY OF AURORA, COLORADO

FORECAST SCHEDULE - GENERAL FUND
COMPARATIVE SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE, ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS) (unaudited)
FOR THE YEARS ENDED DECEMBER 31:

	2000		2001		2002		2003		2004		2005	2006
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Projected (1)	Projected (1)
SOURCES												
Taxes	\$ 160,034,815	\$ 160,276,323	\$ 169,523,730	\$ 170,895,593	\$ 170,137,773	\$ 184,242,300	\$ 172,183,351	\$ 176,221,696	\$ 177,004,557	\$ 180,903,576	183,206,988	189,687,760
Licenses and permits	6,005,710	5,765,159	7,140,457	6,625,896	9,394,758	11,009,000	8,902,351	7,375,642	3,512,683	2,994,878	3,906,327	3,786,573
Intergovernmental	10,534,892	10,182,238	10,574,569	10,867,694	10,577,025	9,061,900	10,468,042	10,358,686	10,424,987	10,650,812	10,260,209	10,563,232
Charges for services	4,733,638	5,478,072	5,363,638	5,330,439	7,828,923	7,902,335	8,128,462	7,925,547	5,734,820	6,146,270	5,723,262	5,470,498
Fines and forfeitures	3,438,155	3,441,115	3,976,992	3,595,965	4,117,734	3,739,800	4,547,241	4,299,360	4,492,855	4,732,230	6,279,590	6,530,773
Investment income	2,497,849	1,837,169	2,394,712	2,677,029	1,696,989	1,600,000	1,582,889	1,811,688	895,527	655,285	740,451	750,000
Other revenues	3,213,691	1,335,844	956,462	1,294,332	2,199,095	2,208,100	4,109,156	2,927,029	6,796,043	6,815,355	4,988,934	3,692,672
Total sources	190,458,750	188,315,920	199,930,560	201,286,948	205,952,297	219,763,435	209,921,492	210,919,648	208,861,472	212,898,406	215,105,761	220,481,508
USES												
Municipal Court	3,904,238	4,355,225	4,190,707	4,510,802	4,383,307	4,601,156	7,758,292	7,888,379	8,210,957	8,409,444	—	—
City Attorney	3,384,332	3,622,705	3,758,518	3,980,100	3,926,905	4,101,712	4,153,348	4,501,297	4,259,378	4,425,616	—	—
General Management	9,474,900	9,850,190	10,496,629	11,192,924	10,320,560	11,820,596	11,387,231	11,843,397	6,071,594	6,534,853	—	—
Administrative Services	14,729,536	14,853,822	14,520,479	14,967,280	20,757,649	21,145,867	20,245,984	20,386,054	20,696,713	21,346,701	—	—
Operations Group Management	33,070,941	33,948,703	33,898,020	34,961,564	31,772,322	32,584,238	33,024,532	33,311,943	30,757,237	31,480,992	—	—
Community Services	89,782,463	89,839,593	94,551,719	94,773,996	95,937,639	97,704,368	101,134,022	101,853,392	107,076,146	108,169,793	—	—
Non-departmental	38,398,418	40,715,666	41,655,973	44,641,175	32,870,775	32,141,561	42,555,050	48,618,027	36,512,247	37,987,981	216,528,419	220,477,595
Total uses	192,744,828	197,185,904	203,072,045	209,027,841	199,969,157	204,099,498	220,258,459	228,402,489	213,584,272	218,355,380	216,528,419	220,477,595
Excess (deficiency) of revenues over (under) expenditures	(2,286,078)	(8,869,984)	(3,141,485)	(7,740,893)	5,983,140	15,663,937	(10,336,967)	(17,482,841)	(4,722,800)	(5,456,974)	(1,422,658)	3,913
FUNDS AVAILABLE - January 1	22,505,182	12,128,234	20,219,104	20,559,989	17,077,618	13,393,000	23,060,758	19,945,415	12,723,791	6,863,912	8,000,991	6,578,333
FUNDS AVAILABLE - December 31	20,219,104	\$ 3,258,250	17,077,619	\$ 12,819,096	23,060,758	\$ 29,056,937	12,723,791	\$ 2,462,574	\$ 8,000,991	\$ 1,406,938	\$ 6,578,333	\$ 6,582,246
Reserved for police	(10,566,835)		(9,055,714)		(5,765,374)		(117,137)		—		—	—
Budgetary designations	(5,396,000)		(4,440,000)		(11,118,668)		(5,791,519)		(2,775,332)		(5,509,819)	(5,513,732)
Undesignated Funds Available	4,256,269		3,581,905		6,176,716		6,815,135		5,225,659		1,068,514	1,068,514
Budget design-final incentive pymt	—		—		—		—		(135,000)		—	—
GAAP revenue accrual	—		—		—		—		55,332		—	—
Funds available - after reservations and designations	\$ 4,256,269		\$ 3,581,905		\$ 6,176,716		\$ 6,815,135		\$ 5,145,991		\$ 1,068,514	\$ 1,068,514
Reconciliation to GAAP fund balance												
Funds available - December 31	20,219,104		17,077,619		23,060,758		12,723,791		8,000,991		6,578,333	6,582,246
Current year encumbrances	2,955,812		1,496,980		1,164,157		1,593,938		992,384		992,384 (2)	992,384 (2)
Sales, use and lodgers tax accrual	14,748,915		13,133,827		13,707,404		14,467,465		15,197,928		15,197,928 (2)	15,197,928 (2)
Police/fire sick leave deferral	—		—		—		—		346,305		346,305 (2)	346,305 (2)
Adjust investments to fair value	91,301		436,316		628,440		149,420		(21,307)		(21,307) (2)	(21,307) (2)
Deferred revenues-grant awards	—		—		—		—		(90,000)		(90,000) (2)	(90,000) (2)
Assets not available for appropriation	—		—		27,169		—		—		—	—
FUND BALANCE - December 31	\$ 38,015,132		\$ 32,144,742		\$ 38,587,928		\$ 28,934,614		\$ 24,426,301		\$ 23,003,643	\$ 23,007,556

(1) Source: 2006 Adopted Budget Book

(2) Amounts used for the 2005 and 2006 reconciliation are assumed to be the same as the audited 2004 amount, which management expects will approximate actual results.

EXHIBIT I-9
CITY OF AURORA, COLORADO
**FORECAST SCHEDULE - GENERAL FUND, POLICY RESERVE FUND AND TABOR RESERVE FUND (1)
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (GAAP BASIS) (unaudited)
FOR THE YEARS ENDED DECEMBER 31:**

	2000	2001	2002	2003	2004	Projected Actual 2005	Projected Actual 2006
REVENUES							
Taxes	\$ 161,167,947	\$ 167,908,642	\$ 170,711,350	\$ 172,943,411	\$ 177,735,020	\$ 183,206,988	\$ 189,687,760
Charges for services	4,733,638	5,494,548	7,828,923	8,128,459	5,734,870	5,723,262	5,470,498
License and permits	6,005,710	7,140,457	9,394,758	8,902,351	3,512,683	3,906,327	3,786,573
Fines and forfeits	3,438,155	3,976,993	4,117,733	4,547,241	4,492,855	6,279,590	6,530,773
Intergovernmental	10,534,892	10,574,570	10,577,025	10,468,042	10,334,987	10,260,209	10,563,232
Miscellaneous	1,538,179	307,393	494,292	1,304,765	607,601	890,400	742,082
Investment earnings	4,395,780	4,360,951	2,968,227	1,591,078	1,109,806	1,525,838	1,737,000
Total revenues	<u>191,814,301</u>	<u>199,763,554</u>	<u>206,092,308</u>	<u>207,885,347</u>	<u>203,527,822</u>	<u>211,792,614</u>	<u>218,517,918</u>
EXPENDITURES							
<i>Current</i>							
General government	19,767,785	21,912,079	20,748,773	22,962,760	25,677,571	—	—
Judicial	5,348,338	5,652,744	6,014,746	6,199,550	6,726,991	—	—
Police	51,339,969	54,552,376	55,777,386	58,673,875	59,721,817	—	—
Fire	24,816,174	26,416,519	27,142,172	28,440,321	27,571,139	—	—
Other public safety	—	56,120	1,001,972	4,266,753	8,099,500	—	—
Public works	15,243,777	16,076,666	16,266,044	16,238,226	16,641,995	—	—
Economic development	8,719,143	9,928,287	12,473,284	12,633,602	4,263,256	—	—
Community services	4,051,558	4,437,470	4,430,434	4,699,139	4,748,819	—	—
Culture and recreation	15,181,320	16,663,752	17,034,518	17,531,890	18,677,475	—	—
Budget operating expenditures	—	—	—	—	—	178,179,269	183,115,822
<i>Debt service</i>							
Principal	530,474	570,508	519,071	392,362	381,242	—	—
Interest	47,599	103,566	59,002	29,391	26,989	—	—
Total debt service	—	—	—	—	—	306,251	824,326
Capital outlay	<u>5,687,250</u>	<u>6,357,497</u>	<u>4,558,741</u>	<u>1,626,719</u>	<u>2,676,117</u>	<u>2,127,305</u>	<u>3,136,170</u>
Total expenditures	<u>150,733,387</u>	<u>162,727,584</u>	<u>166,026,143</u>	<u>173,694,588</u>	<u>175,212,911</u>	<u>180,612,825</u>	<u>187,076,318</u>
Excess of revenues over expenditures	41,080,914	37,035,970	40,066,165	34,190,759	28,314,911	31,179,789	31,441,600
Net other financing uses (1)	<u>(38,785,161)</u>	<u>(40,997,569)</u>	<u>(32,513,065)</u>	<u>(43,277,367)</u>	<u>(32,409,772)</u>	<u>(31,914,060)</u>	<u>(30,450,687)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,295,753	(3,961,599)	7,553,100	(9,086,608)	(4,094,861)	(734,271)	990,913
FUND BALANCE - January 1	<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>	<u>49,289,039</u>	<u>48,554,768</u>
FUND BALANCE - December 31	<u>\$ 58,879,007</u>	<u>\$ 54,917,408</u>	<u>\$ 62,470,508</u>	<u>\$ 53,383,900</u>	<u>\$ 49,289,039</u>	<u>\$ 48,554,768</u>	<u>\$ 49,545,681</u>
General Fund	\$ 38,015,132	\$ 32,144,742	\$ 38,587,928	\$ 28,934,614	\$ 24,426,301	\$ 23,003,643	\$ 23,007,556
Policy Reserve	15,470,863	16,945,903	17,748,259	18,109,610	18,275,311	18,689,574	19,384,958
TABOR Reserve	5,393,012	5,826,763	6,134,321	6,339,676	6,587,427	6,861,551	7,153,167

(1) Transfers among the General Fund, the TABOR Reserve Fund and the Policy Reserve Fund have been eliminated in this schedule.

EXHIBIT I-9
CITY OF AURORA, COLORADO
**FORECAST SCHEDULE - GENERAL FUND, POLICY RESERVE FUND AND TABOR RESERVE FUND (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:**

	2000		2001		2002		2003		2004		2005	2006
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Projected (1)	Projected (1)
SOURCES												
Taxes	\$ 160,034,815	\$ 160,276,323	\$ 169,523,730	\$ 170,895,593	\$ 170,137,773	\$ 184,242,300	\$ 172,183,351	\$ 176,221,696	\$ 177,004,557	\$ 180,903,576	183,206,988	189,687,760
Licenses and permits	6,005,710	5,765,159	7,140,457	6,625,896	9,394,758	11,009,000	8,902,351	7,375,642	3,512,683	2,994,878	3,906,327	3,786,573
Intergovernmental	10,534,892	10,182,238	10,574,569	10,867,694	10,577,025	9,061,900	10,468,042	10,358,686	10,424,987	10,650,812	10,260,209	10,563,232
Charges for services	4,733,638	5,478,072	5,363,638	5,330,439	7,828,923	7,902,335	8,128,462	7,925,547	5,734,820	6,146,270	5,723,262	5,470,498
Fines and forfeitures	3,438,155	3,441,115	3,976,992	3,595,965	4,117,734	3,739,800	4,547,241	4,299,360	4,492,855	4,732,230	6,279,590	6,530,773
Investment income	3,501,043	2,760,501	3,553,421	3,775,170	2,725,909	2,710,800	2,415,575	2,919,688	1,581,112	1,463,585	1,525,838	1,737,000
Other revenues (2)	3,213,691	1,335,844	956,462	1,294,332	2,199,095	2,208,100	4,109,157	2,927,029	6,796,043	6,934,843	5,055,009	3,721,288
Total sources	<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>	<u>209,547,057</u>	<u>213,826,194</u>	<u>215,957,223</u>	<u>221,497,124</u>
USES												
Municipal Court	3,901,719	4,352,706	4,190,707	4,510,802	4,383,307	4,601,156	7,758,292	7,888,379	8,210,957	8,409,444	—	—
City Attorney	3,361,806	3,600,179	3,758,518	3,980,100	3,926,905	4,101,712	4,153,348	4,501,297	4,259,378	4,425,616	—	—
General Management	9,302,845	9,678,135	10,496,629	11,192,924	10,320,560	11,820,596	11,387,231	11,843,397	6,071,594	6,534,853	—	—
Administrative Services	13,987,001	14,111,288	14,520,479	14,967,280	20,757,649	21,145,867	20,245,984	20,386,054	20,696,713	21,346,701	—	—
Operations Group Management	32,317,191	33,194,954	33,898,020	34,961,564	31,772,322	32,584,238	33,024,532	33,311,943	30,757,237	31,480,992	—	—
Community Services	89,406,218	89,463,347	94,551,719	94,773,996	95,937,639	97,704,368	101,134,022	101,853,392	107,076,146	108,169,793	—	—
Non-departmental (2)	39,872,925	42,190,172	41,368,407	44,353,609	32,839,975	32,110,761	42,475,550	48,538,526	36,483,801	37,959,535	216,691,494	220,506,211
Total uses	<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>	<u>213,555,826</u>	<u>218,326,934</u>	<u>216,691,494</u>	<u>220,506,211</u>
Excess (deficiency) of revenues over (under) expenditures	(687,761)	(7,351,529)	(1,695,210)	(6,355,186)	7,042,860	16,805,537	(9,424,780)	(16,295,340)	(4,008,769)	(4,500,740)	(734,271)	990,913
FUNDS AVAILABLE - January 1	<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>	<u>36,932,376</u>	<u>43,323,692</u>	<u>32,923,607</u>	<u>32,189,336</u>
FUNDS AVAILABLE - December 31	<u>41,009,506</u>	<u>\$ 23,988,337</u>	<u>39,314,296</u>	<u>\$ 35,027,110</u>	<u>46,357,156</u>	<u>\$ 52,485,537</u>	<u>36,932,376</u>	<u>\$ 27,028,352</u>	<u>32,923,607</u>	<u>\$ 38,822,952</u>	<u>32,189,336</u>	<u>33,180,249</u>
Reserved for police	(10,566,835)		(9,055,714)		(5,756,571)		(117,137)		—		—	—
Reserved for emergencies	(5,374,017)		(5,689,636)		(5,983,754)		(6,277,268)		(6,603,291)		—	—
Budgetary designations	(5,396,000)		(4,440,000)		(11,118,668)		(5,791,519)		(2,775,332)		(5,509,819)	(5,513,732)
Funds available - after reservations and designations	<u>\$ 19,672,654</u>		<u>\$ 20,128,946</u>		<u>\$ 23,498,163</u>		<u>\$ 24,746,452</u>		<u>\$ 23,544,984</u>		<u>\$ 26,679,517</u>	<u>\$ 27,666,517</u>
Reconciliation to GAAP fund balance												
Funds available - December 31	41,009,506		39,314,296		46,357,156		36,932,376		32,923,607		32,189,336	33,180,249
Current year encumbrances	2,955,812		1,496,980		1,164,157		1,593,938		992,384		992,384 (3)	992,384 (3)
Sales, use and lodgers tax accrual	14,748,915		13,133,827		13,707,404		14,467,465		15,197,928		15,197,928 (3)	15,197,928 (3)
Police/fire sick leave deferral	—		—		—		—		346,305		346,305 (3)	346,305 (3)
Adjust investments to fair value	164,774		972,304		1,214,622		390,121		(81,185)		(81,185) (3)	(81,185) (3)
Deferred revenues-grant awards	—		—		—		—		(90,000)		(90,000) (3)	(90,000) (3)
Assets not available for appropriation	—		—		27,169		—		—		—	—
FUND BALANCE - December 31	<u>\$ 58,879,007</u>		<u>\$ 54,917,407</u>		<u>\$ 62,470,508</u>		<u>\$ 53,383,900</u>		<u>\$ 49,289,039</u>		<u>\$ 48,554,768</u>	<u>\$ 49,545,681</u>

(1) Source: 2006 Adopted Budget Book

(2) Transfers among the General Fund, the TABOR Reserve Fund and the Policy Reserve Fund have been eliminated in this schedule.

(3) Amounts used for the 2005 and 2006 reconciliation are assumed to be the same as the audited 2004 amount, which management expects will approximate actual results.





Debt Continuing Disclosures

EXHIBIT J-1**CITY OF AURORA, COLORADO****SUMMARY OF CONTINUING DISCLOSURES BY ISSUE (unaudited)
DECEMBER 31, 2005**

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
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2004
CERTIFICATES OF PARTICIPATION, SERIES 2005

Required Disclosure	Location
General Fund Operating History	Exhibits J-2 and J-3
Sources of Revenues	Statistical Section, Exhibit iv
Primary Sources of Revenue to the General Fund	Governmental Funds, Statement of Revenues, Expenditures and Changes in Fund Balances, Exhibit VI
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 Real 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 I-1
Long-term Debt Schedules	Schedule of Debt Service Requirements
	Governmental Activities, Exhibit I-2
	Business-type Activities, Exhibit I-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 J-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 J-5
City Center Urban Renewal Project Area Revenue Statistics	Exhibit J-6

GENERAL OBLIGATION WATER REFUNDING BONDS, SERIES 1996

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

DRINKING WATER REVENUE BONDS, SERIES 1999
WATER RESOURCES REVENUE BONDS, SERIES 2005D

Required Disclosure	Location
Water Fund Operating History	Exhibit J-7
Water System Statistics	Exhibit J-8
Water Fund Subsequent Year Budget Summary	Exhibit J-9
Debt Supported by Water Fund	Exhibit J-11
Historical Water Revenue Bond Coverage	Statistical Section, Exhibit xv

EXHIBIT J-1**CITY OF AURORA, COLORADO****SUMMARY OF CONTINUING DISCLOSURES BY ISSUE (unaudited)
DECEMBER 31, 2005**

**FIRST-LIEN WATER IMPROVEMENT REVENUE BONDS, SERIES 2003A
SECOND-LIEN WATER IMPROVEMENT REVENUE BONDS, SERIES 2004A**

Required Disclosure	Location
Water Fund Operating History	Exhibit J-7
Water System Statistics	Exhibit J-8
Water Fund Subsequent Year Budget Summary	Exhibit J-9
Maximum Annual Debt Service Coverage	Exhibit J-10
Debt Supported by Water Fund Revenues	Exhibit J-11
Historical Water Revenue Bond Coverage	Statistical Section, Exhibit xv

CLEAN WATER REVENUE BONDS, SERIES 1999

Required Disclosure	Location
Sewer Fund Operating History	Exhibit J-12
Sewer System Statistics	Exhibit J-13
Sewer Fund Subsequent Year Budget Summary	Exhibit J-14
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 Operating History	Exhibit J-12
General Fund Operating History	Exhibits J-2 and J-3
Historical Summary of Debt Ratios	Statistical Section, Exhibit xiv
Property Values and Construction	Statistical Section, Exhibit xvi

GOLF COURSE ENTERPRISE SYSTEM REFUNDING REVENUE BONDS, SERIES 2005

Required Disclosure	Location
Golf Fund Operating History	Exhibit J-15
Golf System Statistics	Exhibit J-16
Historical Golf Revenue Bond Coverage	Statistical Section, Exhibit xv

EXHIBIT J-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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
REVENUES					
Taxes	\$ 167,908,642	\$ 170,711,350	\$ 172,943,411	\$ 177,735,020	\$ 190,409,082
Charges for services	5,494,548	7,828,923	8,128,459	5,734,870	6,055,827
License and permits	7,140,457	9,394,758	8,902,351	3,512,683	4,760,292
Fines and forfeits	3,976,993	4,117,733	4,547,241	4,492,855	6,280,369
Intergovernmental	10,574,570	10,577,025	10,468,042	10,334,987	9,919,966
Miscellaneous	307,393	494,292	1,304,765	607,601	1,094,871
Investment earnings	4,360,951	2,968,227	1,591,078	1,109,806	1,696,347
Total revenues	<u>199,763,554</u>	<u>206,092,308</u>	<u>207,885,347</u>	<u>203,527,822</u>	<u>220,216,754</u>
EXPENDITURES					
<i>Current</i>					
General government	21,912,079	20,748,773	22,962,760	25,677,571	29,076,385
Judicial	5,652,744	6,014,746	6,199,550	6,726,991	6,700,195
Police	54,552,376	55,777,386	58,673,875	59,721,817	62,756,741
Fire	26,416,519	27,142,172	28,440,321	27,571,139	27,740,259
Other public safety	56,120	1,001,972	4,266,753	8,099,500	8,271,531
Public works	16,076,666	16,266,044	16,238,226	16,641,995	16,531,139
Economic development	9,928,287	12,473,284	12,633,602	4,263,256	3,668,660
Community services	4,437,470	4,430,434	4,699,139	4,748,819	4,313,883
Culture and recreation	16,663,752	17,034,518	17,531,890	18,677,475	18,490,189
<i>Debt service</i>					
Principal	570,508	519,071	392,362	381,242	262,968
Interest	103,566	59,002	29,391	26,989	43,282
Capital outlay	6,357,497	4,558,741	1,626,719	2,676,117	2,628,802
Total expenditures	<u>162,727,584</u>	<u>166,026,143</u>	<u>173,694,588</u>	<u>175,212,911</u>	<u>180,484,034</u>
Excess of revenues over expenditures	37,035,970	40,066,165	34,190,759	28,314,911	39,732,720
Net other financing uses (2)	<u>(40,997,569)</u>	<u>(32,513,065)</u>	<u>(43,277,367)</u>	<u>(32,409,772)</u>	<u>(35,884,275)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,961,599)	7,553,100	(9,086,608)	(4,094,861)	3,848,445
FUND BALANCE - January 1	<u>58,879,007</u>	<u>54,917,408</u>	<u>62,470,508</u>	<u>53,383,900</u>	<u>49,289,039</u>
FUND BALANCE - December 31	<u>\$ 54,917,408</u>	<u>\$ 62,470,508</u>	<u>\$ 53,383,900</u>	<u>\$ 49,289,039</u>	<u>\$ 53,137,484</u>
General Fund	\$ 32,144,742	\$ 38,587,928	\$ 28,934,614	\$ 24,426,301	\$ 27,609,171
Policy Reserve	16,945,903	17,748,259	18,109,610	18,275,311	18,744,164
TABOR Reserve	5,826,763	6,134,321	6,339,676	6,587,427	6,784,149

(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 J-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:**

	2001		2002		2003		2004		2005	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
SOURCES										
Taxes	\$ 169,523,730	\$ 170,895,593	\$ 170,137,773	\$ 184,242,300	\$ 172,183,351	\$ 176,221,696	\$ 177,004,557	\$ 180,903,576	\$ 188,648,945	\$ 185,205,938
Licenses and permits	7,140,457	6,625,896	9,394,758	11,009,000	8,902,351	7,375,642	3,512,683	2,994,878	4,760,292	3,110,961
Intergovernmental	10,574,569	10,867,694	10,577,025	9,061,900	10,468,042	10,358,686	10,424,987	10,650,812	9,919,966	10,806,128
Charges for services	5,363,638	5,330,439	7,828,923	7,902,335	8,128,462	7,925,547	5,734,820	6,146,270	6,055,827	6,136,159
Fines and forfeitures	3,976,992	3,595,965	4,117,734	3,739,800	4,547,241	4,299,360	4,492,855	4,732,230	6,280,369	5,397,854
Investment income	3,553,421	3,775,170	2,725,909	2,710,800	2,415,575	2,919,688	1,581,112	1,463,585	1,866,340	1,440,944
Other revenues	956,462	1,294,332	2,199,095	2,208,100	4,109,157	2,927,029	6,796,043	6,934,843	5,262,923	5,527,546
Total sources	<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>	<u>209,547,057</u>	<u>213,826,194</u>	<u>222,794,662</u>	<u>217,625,530</u>
USES										
Municipal Court	4,190,707	4,510,802	4,383,307	4,601,156	7,758,292	7,888,379	8,210,957	8,409,444	8,332,057	8,464,869
City Attorney	3,758,518	3,980,100	3,926,905	4,101,712	4,153,348	4,501,297	4,259,378	4,425,616	4,213,779	4,366,001
General Management	10,496,629	11,192,924	10,320,560	11,820,596	11,387,231	11,843,397	6,071,594	6,534,853	5,296,515	5,347,025
Administrative Services	14,520,479	14,967,280	20,757,649	21,145,867	20,245,984	20,386,054	20,696,713	21,346,701	20,467,673	21,032,846
Operations Group Management	33,898,020	34,961,564	31,772,322	32,584,238	33,024,532	33,311,943	30,757,237	31,480,992	30,793,656	31,688,380
Community Services	94,551,719	94,773,996	95,937,639	97,704,368	101,134,022	101,853,392	107,076,146	108,169,793	109,893,846	110,329,038
Non-departmental	41,368,407	44,353,609	32,839,975	32,110,761	42,475,550	48,538,526	36,483,801	37,959,535	41,518,531	41,368,630
Total uses	<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>	<u>213,555,826</u>	<u>218,326,934</u>	<u>220,516,057</u>	<u>222,596,789</u>
Excess (deficiency) of revenues over (under) expenditures	(1,695,210)	(6,355,186)	7,042,860	16,805,537	(9,424,780)	(16,295,340)	(4,008,769)	(4,500,740)	2,278,605	(4,971,259)
FUNDS AVAILABLE - January 1	<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>	<u>36,932,376</u>	<u>43,323,692</u>	<u>32,923,607</u>	<u>28,793,933</u>
FUNDS AVAILABLE - December 31	<u>39,314,296</u>	<u>\$ 35,027,110</u>	<u>46,357,156</u>	<u>\$ 52,485,537</u>	<u>36,932,376</u>	<u>\$ 27,028,352</u>	<u>32,923,607</u>	<u>\$ 38,822,952</u>	<u>35,202,212</u>	<u>\$ 23,822,674</u>
Reserved for police	(9,055,714)		(5,756,571)		(117,137)		—		—	
Reserved for emergencies	(5,689,636)		(5,983,754)		(6,277,268)		(6,603,291)		(6,885,086)	
Council designations	(4,440,000)		(11,118,668)		(5,791,519)		(2,775,332)		(8,493,780)	
Funds available - after reservations and designations	<u>\$ 20,128,946</u>		<u>\$ 23,498,163</u>		<u>\$ 24,746,452</u>		<u>\$ 23,544,984</u>		<u>\$ 19,823,346</u>	
Reconciliation to GAAP fund balance										
Funds available - December 31	39,314,296		46,357,156		36,932,376		32,923,607		35,202,212	
Current year encumbrances	1,496,980		1,164,157		1,593,938		992,384		1,318,383	
Sales, use and lodgers tax accrual	13,133,827		13,707,404		14,467,465		15,197,928		16,958,065	
Police/fire sick leave deferral	—		—		—		346,305		—	
Adjust investments to fair value	972,304		1,214,622		390,121		(81,185)		(251,176)	
Deferred revenues-grant awards	—		—		—		(90,000)		(90,000)	
Assets not available for appropriation	—		27,169		—		—		—	
FUND BALANCE - December 31	<u>\$ 54,917,407</u>		<u>\$ 62,470,508</u>		<u>\$ 53,383,900</u>		<u>\$ 49,289,039</u>		<u>\$ 53,137,484</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 J-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)
2001	\$ 145,095,000
2002	131,295,000
2003	121,020,000
2004	108,025,000
2005	96,580,000

(1) Figure represents gross general obligation debt including self-supporting General Obligation Water Bonds. Amounts do not include any related premiums or discounts.

EXHIBIT J-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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
REVENUES					
<i>Taxes</i>					
Sales	\$ 691,419	\$ 685,410	\$ 623,922	\$ 564,041	\$ 535,432
Property	662,337	610,456	486,559	507,352	347,067
Occupational privilege	—	—	14,686	22,335	51,950
Total taxes	1,353,756	1,295,866	1,125,167	1,093,728	934,449
Investment income	49,139	22,578	10,894	13,012	35,664
Total revenues	<u>1,402,895</u>	<u>1,318,444</u>	<u>1,136,061</u>	<u>1,106,740</u>	<u>970,113</u>
EXPENDITURES					
<i>Current</i>					
Economic development	4,775	7,324	2,500	2,500	2,546
<i>Debt Service</i>					
Principal	260,000	270,000	285,000	300,000	320,000
Interest	<u>137,642</u>	<u>124,252</u>	<u>109,942</u>	<u>94,695</u>	<u>78,195</u>
Total expenditures	<u>402,417</u>	<u>401,576</u>	<u>397,442</u>	<u>397,195</u>	<u>400,741</u>
Excess of revenues over expenditures	1,000,478	916,868	738,619	709,545	569,372
OTHER FINANCING USES					
Transfers out	<u>(600,000)</u>	<u>(867,400)</u>	<u>(1,050,000)</u>	<u>(850,000)</u>	<u>(400,000)</u>
Total other financing uses	<u>(600,000)</u>	<u>(867,400)</u>	<u>(1,050,000)</u>	<u>(850,000)</u>	<u>(400,000)</u>
CHANGE IN FUND BALANCE	400,478	49,468	(311,381)	(140,455)	169,372
FUND BALANCE - January 1	<u>1,059,017</u>	<u>1,459,495</u>	<u>1,508,963</u>	<u>1,197,582</u>	<u>1,057,127</u>
FUND BALANCE - December 31	<u>\$ 1,459,495</u>	<u>\$ 1,508,963</u>	<u>\$ 1,197,582</u>	<u>\$ 1,057,127</u>	<u>\$ 1,226,499</u>

EXHIBIT J-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)
2001	\$ 691,419
2002	685,410
2003	623,922
2004	564,041
2005	535,432

- (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 Incremental Revenues.

**City Center Urban Renewal Project
Incremental Assessed Valuation of Taxable Property**

Assessment Year	Collection Year	Incremental Assessed Valuation	Property Tax Collected
2000	2001	\$ 8,728,579	\$ 662,337
2001	2002	8,168,440	610,456
2002	2003	6,685,640	486,559
2003	2004	5,813,860	507,352
2004	2005	4,720,910	347,067

(continued)

EXHIBIT J-6**CITY OF AURORA, COLORADO****AURORA URBAN RENEWAL AUTHORITY****CITY CENTER URBAN RENEWAL PROJECT AREA REVENUE STATISTICS (unaudited)****DECEMBER 31, 2005**

**City Center Urban Renewal Project
Mill Levies and Overlapping Taxing Entities
Tax Year/Collection Year**

Overlapping Entities	2000/01	2001/02	2002/03	2003/04	2004/05
City of Aurora	10.594	12.193	11.409	11.161	11.079
Arapahoe County	14.013	14.028	14.594	14.140	15.450
Adams-Arapahoe School District 28J	53.686	49.978	49.825	47.964	47.003
Urban Drainage and Flood Control	0.667	0.521	0.602	0.538	0.532
	<u>78.960</u>	<u>76.720</u>	<u>76.430</u>	<u>73.803</u>	<u>74.064</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 (TSA Stores, Inc.)	Sporting Goods	55,080
Black Eyed Pea	Restaurant	5,280
ADT Security Systems	Security Services	233,000
Century Theaters	Movie Theater	58,696
Denver School of Massage Therapy	School	18,884
Little Debbie's Dream Child Care	Daycare and Church	12,037

(concluded)

EXHIBIT J-7
CITY OF AURORA, COLORADO
WATER FUND
**COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (unaudited)
FOR THE YEARS ENDED DECEMBER 31:**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
OPERATING REVENUES					
<i>Charges for services</i>					
Customers	\$ 36,679,763	\$ 39,572,229	\$ 40,503,938	\$ 50,527,062	\$ 64,192,968
Fire protection	354,277	365,107	384,297	397,651	410,865
Total operating revenues	<u>37,034,040</u>	<u>39,937,336</u>	<u>40,888,235</u>	<u>50,924,713</u>	<u>64,603,833</u>
OPERATING EXPENSES					
Cost of sales and services	21,212,186	20,899,356	27,317,673	33,998,912	42,022,670
Administrative expenses	752,815	1,062,065	1,376,473	1,215,720	3,143,921
Depreciation	4,988,693	7,704,258	6,662,885	7,081,010	7,401,865
Total operating expenses	<u>26,953,694</u>	<u>29,665,679</u>	<u>35,357,031</u>	<u>42,295,642</u>	<u>52,568,456</u>
Operating income	<u>10,080,346</u>	<u>10,271,657</u>	<u>5,531,204</u>	<u>8,629,071</u>	<u>12,035,377</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	4,931,884	4,083,444	1,869,029	2,198,891	4,231,540
Intergovernmental revenue	807,405	—	—	—	142,493
Miscellaneous revenue	38,900	36,954	198,638	77,764	63,488
Interest expense	(3,681,945)	(3,847,047)	(4,226,163)	(4,573,056)	(6,438,629)
Amortization expense	(718,646)	(561,349)	(1,022,047)	(28,366)	168,967
Gain (loss)-disposal capital assets	(5,176,352)	(1) 22,148	(425,383)	51,317	336,550
Gain (loss)-joint venture	(64,430)	(58,565)	(39,052)	(34,478)	(34,779)
Net non-operating expenses	<u>(3,863,184)</u>	<u>(324,415)</u>	<u>(3,644,978)</u>	<u>(2,307,928)</u>	<u>(1,530,370)</u>
NET INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>6,217,162</u>	<u>9,947,242</u>	<u>1,886,226</u>	<u>6,321,143</u>	<u>10,505,007</u>
Capital contributions	34,214,004	35,104,621	32,656,102	45,349,567	68,005,757
Transfers in	—	2,529,927	—	—	200,000
Transfers out	<u>—</u>	<u>(2,541,372)</u>	<u>—</u>	<u>—</u>	<u>—</u>
INCREASE IN NET ASSETS	<u>40,431,166</u>	<u>45,040,418</u>	<u>34,542,328</u>	<u>51,670,710</u>	<u>78,710,764</u>
NET ASSETS - January 1	<u>371,481,508</u>	<u>411,912,674</u>	<u>456,953,092</u>	<u>491,495,420</u>	<u>543,166,130</u>
NET ASSETS - December 31	<u>\$ 411,912,674</u>	<u>\$ 456,953,092</u>	<u>\$ 491,495,420</u>	<u>\$ 543,166,130</u>	<u>\$ 621,876,894</u>

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

EXHIBIT J-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
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	37,652,070
2004	70,709	1,217	13,400	36.7	47,440,932
2005	73,723	1,267	15,116	41.4	55,989,979

(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)
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
2004	61,785	21,398	61,211	90,810
2005	63,474	12,368	70,064	96,588

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

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

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

(continued)

EXHIBIT J-8**CITY OF AURORA, COLORADO****WATER FUND****WATER SYSTEM STATISTICS (unaudited)****DECEMBER 31, 2005**

The Enterprise classifies its System customers as business, residential and other.
A breakdown of the usage and revenues for 2005 is as follows:

2005 Water Usage and Revenues by Classification

Classification	Percent of Consumption	Percent of Billed
Business	21%	23%
Residential	65%	69%
Other (1)	<u>14%</u>	<u>8%</u>
	<u>100%</u>	<u>100%</u>

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

Customers by Class (2)

	2003	2004	2005
Apartments	1,539	1,610	1,651
Commercial	2,553	2,579	2,579
Residential	57,538	58,452	59,656
Townhouse	3,396	3,626	3,863
Irrigation	691	823	828
Total	<u>65,717</u>	<u>67,090</u>	<u>68,577</u>

(2) Excludes tertiary, hydrant, raw, and well water customers.

(continued)

EXHIBIT J-8**CITY OF AURORA, COLORADO****WATER FUND****WATER SYSTEM STATISTICS (unaudited)****DECEMBER 31, 2005**

The following table sets forth the ten largest consumers of the Water System, which, in aggregate, accounted for 8.9% of the total billed metered water sales in 2005

Ten Largest Treated Water Customers of Water System

Customer	Consumption (1)	Billed Revenues
City of Aurora	416,328	\$ 1,770,221
Aurora Public Schools	211,522	799,739
Cherry Creek School District	153,865	564,681
Heather Gardens HOA	122,216	424,480
Buckley Air Force Base	86,501	305,335
ERP Operating, LP	86,440	304,892
Heat Campus	64,061	258,886
Continental Homes	53,038	230,671
AOF/Riverfalls Afford Housing	49,615	176,798
Mountain View Apartment	48,763	173,936
	<u>1,292,349</u>	<u>\$ 5,009,639</u>

(1) In thousand gallons. Includes water and irrigation customers only.

(continued)

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

Monthly Service Charge (1)				
	2003	2004	2005	
Meter Size				
5/8" & 3/4"	\$ 3.30	\$ 3.79	\$ 3.79	
1"	4.53	5.20	5.20	
1 1/4"	4.53	5.20	5.20	
1 1/2"	7.26	8.34	8.34	
2"	10.55	12.13	12.13	
3"	20.91	24.04	24.04	
4"	56.38	64.83	64.83	
6"	110.95	127.59	127.59	
8"	138.25	158.98	158.98	

Base Use Rates per 1,000 Gallons (1)				
	2003	2004	2005	
Type of Account				
Single Family Detached	\$ 2.34	\$ 2.69	\$ 3.61	
Single Family Attached	2.34	2.69	3.61	
Multi-Family	2.34	2.69	3.61	
Commercial	2.34	2.69	3.61	
Irrigation	2.81	3.23	4.33	

Water Service Connection Fee				
	2003	2004	2005	
Type and Size of Connection				
Single Family Detached				
5/8" & 3/4"	\$ 10,711	\$ 10,925	\$ 14,858	
1"	21,422	21,850	29,716	
Single Family Attached	7,605	7,757	10,549	
Multi-Family	6,319	6,445	8,766	
Commercial				
5/8" & 3/4"	10,711	10,925	14,858	
1"	18,551	18,922	25,734	
1 1/2"	42,748	43,603	59,298	
2"	75,920	77,438	105,314	
3"	170,699	174,113	236,789	
4"	303,679	309,753	421,256	
6"	683,521	697,191	948,162	
8"	1,215,335	1,239,642	1,685,879	

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

(continued)

EXHIBIT J-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
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
2004	33,386,310	1,340,203	34,726,513
2005	49,843,267	1,086,766	50,930,033

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

	2001	2002	2003	2004	2005
Average Daily Treatment	52.3	48.4	37.2	38.2	43.7
Average Daily Consumption	50.3	45.9	35.9	36.6	41.4
Peak Day Treatment	118.8	94.2	76.2	74.3	97.5
Peak Day Consumption	109.1	86.8	71.4	73.0	95.8

(concluded)

EXHIBIT J-9**CITY OF AURORA, COLORADO****WATER FUND****SUBSEQUENT YEAR BUDGET SUMMARY (unaudited)****DECEMBER 31, 2005**

**Water Fund Adopted Budget
2006**

Funds Available - January 1	\$ 120,090,281
Sources	
Proceeds from borrowings	155,750,000
Charges for Services	72,964,479
Licenses and Permits	63,581
Investment Income	779,596
Development Fees	32,032,585
Annexation Fees	
Other Revenues	56,539
Proceeds - Sale of Fixed Assets	55,486
Total Sources	261,702,266
Uses	
Personal Services	14,842,598
Supplies and Services	32,880,779
Interfund Charges	1,116,429
Debt Related	27,694,323
Capital Related	2,503,122
Transfers Out	1,704,988
Capital Projects	272,947,000
Total Uses	353,689,239
Funds Available - December 31	\$ 28,103,308

EXHIBIT J-10**CITY OF AURORA, COLORADO****WATER FUND****MAXIMUM ANNUAL DEBT SERVICE COVERAGE (unaudited)****FOR THE YEARS ENDED DECEMBER 31:**

	2003	2004	2005
Net Pledged Revenue			
Charges for Services	\$40,888,235	\$50,919,297	\$64,603,833
Development Fee (1)	22,932,846	33,647,868	50,070,831
Other Non-Operating Revenue (2)	3,262,024	3,372,033	5,895,259
(Less) Operations and Maintenance	(35,357,030)	(42,295,642)	(52,568,456)
Depreciation	6,662,885	7,081,010	7,401,865
Total	<u>\$38,388,960</u>	<u>\$52,724,566</u>	<u>\$75,403,332</u>
Maximum Annual Debt Service			
First-Lien Revenue Obligations (3)	\$13,122,773	\$13,122,773	\$13,122,773
Combined First-Lien Revenue Obligations and Second-Lien Revenue Obligations (4)	14,771,662	14,771,662	14,771,662
All Obligations Secured by Net Pledged Revenue (5)	15,479,081	15,479,081	15,479,081
All Obligations Payable From System Revenues (6)	22,580,482	22,580,482	22,580,482
Coverage			
First-Lien Revenue Obligations	2.93	4.02	5.75
Combined First-Lien Revenue Obligations and Second-Lien Revenue Obligations	2.60	3.57	5.10
All Obligations Secured by Net Pledged Revenues	2.48	3.41	4.87
All Obligations Payable from Systems Revenues	1.70	2.33	3.34

- (1) Includes tap, main extension, and front footage fees and drought water replacement surcharge. Does not include annexation fees. Total is net of any reimbursement of previously paid tap fees.
- (2) Includes investment income, insurance recoveries and other non-operating revenue.
- (3) First lien maximum annual debt service occurs in 2014. Includes the City's portion of the Colorado Water Resources and Power Development Authority's Drinking Water bonds Series 1999A and 2005D (CWR&PDA) and the City's First Lien Water Improvement Revenue Bonds Series 2003A.
- (4) Includes (3) above and Second Lien Water Improvement Revenue Bonds Series 2004A. Maximum annual debt service occurs in 2014.
- (5) Includes (4) above and water rights notes payable. Maximum annual debt service occurs in 2011.
- (6) Includes (5) above and general obligation water bonds outstanding as of December 31, 2004 which are payable from revenues of the system but are not secured by the Net Pledged revenues. Maximum annual debt service occurs in 2011.

EXHIBIT J-11

CITY OF AURORA, COLORADO

WATER FUND

DEBT SUPPORTED BY WATER FUND REVENUES (unaudited)

DECEMBER 31, 2005

	<u>Dated</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Outstanding</u>
First-Lien Water Revenue Obligations					
Water Improvement Revenue Bonds, Series 2003A	10/15/03	\$ 55,860,000	2.00% - 5.00%	08/01/21	\$ 53,335,000
CWRPDA Drinking Water Revenue Bonds, Series 1999A	05/01/99	14,999,899	4.75% - 4.875%	08/01/14	9,756,642
CWRPDA Water Resources Revenue Bonds, Series 2005D	09/29/05	100,000,000	3.20% - 5.00%	Aug 2011-2035	100,000,000
Total First-Lien Water Revenue Obligations					<u>\$ 163,091,642</u>
Second-Lien Water Revenue Obligations					
Water Improvement Revenue Bonds, Series 2004A	04/22/04	\$ 40,000,000	Auction Rate	08/01/33	\$ 40,000,000
Total Second-Lien Water Revenue Obligations					<u>\$ 40,000,000</u>
Subordinate-Lien Water Revenue Obligations					
Rocky Ford Ditch II Water Rights Notes	Various 2004	\$ 8,280,091	5.00%	01/01/19	\$ 6,496,809
R/B-I-One & R/B-I-Two Water Rights Notes	11/19/99	503,112	5.00%	11/19/09	201,245
Total Subordinate-Lien Water Revenue Obligations					<u>\$ 6,698,054</u>
General Obligation Water Refunding Bonds (1)					
G.O. Water Refunding Bonds, Series 2003	10/01/03	\$ 62,775,000	2.00% - 4.00%	11/01/14	\$ 50,385,000
G.O. Water Refunding Bonds, Series 1996	12/01/96	2,615,000	4.85% - 4.90%	11/01/06	1,250,000
Total General Obligation Water Refunding Bonds					<u>\$ 51,635,000</u>
Total					<u>\$ 261,424,696</u>

- (1) Net Pledged Revenues of the System are not pledged to the repayment of the General Obligation Water Refunding Bonds. However, the General Obligation Water Refunding Bonds are paid from net revenues of the System.

EXHIBIT J-12
CITY OF AURORA, COLORADO
SEWER FUND
**COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (unaudited)
FOR THE YEARS ENDED DECEMBER 31:**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
OPERATING REVENUES					
Charges for services	\$ 22,606,204	\$ 24,252,421	\$ 25,580,371	\$ 26,327,715	\$ 29,059,182
Total operating revenues	<u>22,606,204</u>	<u>24,252,421</u>	<u>25,580,371</u>	<u>26,327,715</u>	<u>29,059,182</u>
OPERATING EXPENSES					
Cost of sales and services	17,197,409	18,445,740	20,538,865	21,186,499	23,834,605
Administrative expenses	617,061	572,889	437,459	620,376	789,059
Depreciation	<u>3,001,034</u>	<u>3,276,174</u>	<u>3,550,451</u>	<u>4,211,508</u>	<u>4,634,877</u>
Total operating expenses	<u>20,815,504</u>	<u>22,294,803</u>	<u>24,526,775</u>	<u>26,018,383</u>	<u>29,258,541</u>
Operating income	<u>1,790,700</u>	<u>1,957,618</u>	<u>1,053,596</u>	<u>309,332</u>	<u>(199,359)</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	2,902,973	1,868,038	936,271	735,528	984,779
Miscellaneous revenue	45,475	5,160	6,956	84,538	34,224
Interest expense	78,517	-	(180,069)	(175,542)	(652,990)
Amortization expense	(28,836)	(20,241)	(8,206)	(8,206)	(8,206)
Gain (loss)-disposal capital assets	<u>7,657</u>	<u>(352,331)</u>	<u>(168,428)</u>	<u>45,728</u>	<u>(120,634)</u>
Net non-operating revenues (expenses)	<u>3,005,786</u>	<u>1,500,626</u>	<u>586,524</u>	<u>682,046</u>	<u>237,173</u>
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	4,796,486	3,458,244	1,640,120	991,378	37,814
Capital contributions	18,687,969	18,222,827	19,050,164	21,860,597	28,391,467
Transfers in	—	1,059,955	—	—	—
Transfers out	<u>—</u>	<u>(1,050,948)</u>	<u>—</u>	<u>—</u>	<u>—</u>
INCREASE IN NET ASSETS	23,484,455	21,690,078	20,690,284	22,851,975	28,429,281
NET ASSETS - January 1	<u>188,236,367</u>	<u>211,720,822</u>	<u>233,410,900</u>	<u>254,101,184</u>	<u>276,953,159</u>
NET ASSETS - December 31	<u>\$ 211,720,822</u>	<u>\$ 233,410,900</u>	<u>\$ 254,101,184</u>	<u>\$ 276,953,159</u>	<u>\$ 305,382,440</u>

EXHIBIT J-13**CITY OF AURORA, COLORADO****SEWER FUND****SEWER SYSTEM STATISTICS (unaudited)****DECEMBER 31, 2005**

The Sewer System classifies its customers as business and residential.
A breakdown of the usage and revenues for 2005 is as follows:

2005 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 4.7% of total billed Sewer revenues in 2005.

Ten Largest Customers of the Sewer System

Customer	Billed Revenues
Heather Gardens HOA	\$130,614
Buckley Air Force Base	126,506
ERP Operating, LP	124,332
Aurora Public Schools	81,219
AOF/Riverfalls Afford Housing	77,683
Mountain View Apartments	60,241
United Dominion Reality Trust	57,180
Aurora Meadows Apts	49,272
Elk Ridge LP	48,522
Ridge Hill Apts	<u>48,407</u>
	<u><u>\$803,976</u></u>

(continued)

EXHIBIT J-13**CITY OF AURORA, COLORADO****SEWER FUND****SEWER SYSTEM STATISTICS (unaudited)****DECEMBER 31, 2005****Monthly Service Charge**

Meter Size	Monthly Service Charge
5/8" and 3/4"	\$1.93
1" & 1 1/4"	4.83
1 1/2"	9.66
2"	15.45
3"	33.82
4"	96.65
6"	193.33
8"	288.69

Sanitary Sewer Tap Fees (1)

Service Size (inches)	Single Family Detached	Single Family Attached (per unit)	Multi-Family (per unit)	Commercial
N/A	\$1,762	\$1,427	\$1,374	\$ —
5/8	—	—	—	—
3/4	—	—	—	3,348
1	—	—	—	7,929
1 1/2	—	—	—	19,382
2	—	—	—	35,240
3	—	—	—	74,004
4	—	—	—	133,912
6	—	—	—	(1)
8	—	—	—	(1)

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

(continued)

EXHIBIT J-13**CITY OF AURORA, COLORADO****SEWER FUND****SEWER SYSTEM STATISTICS (unaudited)****DECEMBER 31, 2005**

Sewer Tap and Development Fee Revenues

Year	Tap Fee Revenue	Development Fee Revenue	Total Tap and Development Fees
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
2004	5,095,675	1,997,929	7,093,604
2005	7,845,409	2,760,020	10,605,429

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 \$1,608 per acre storm drainage development fee at the time building permits are issued. The storm drainage fee is \$4.14 per month for single family detached and individually metered single family attached dwellings. The storm drainage fee is \$4.14 per month plus \$3.27 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 \$4.14 per month for the first 2,500 square feet of gross floor space plus \$3.27 for each additional 2,500 square feet of gross floor space or portion thereof.

(concluded)

EXHIBIT J-14**CITY OF AURORA, COLORADO****SEWER FUND****SUBSEQUENT YEAR BUDGET SUMMARY (unaudited)****DECEMBER 31, 2005****Sewer Fund Adopted Budget
2006**

Funds Available - January 1	<u>\$ 8,167,081</u>
Sources of funds	
Charges for Services	31,277,117
Investment Income	644,440
Other revenues	63,161
Proceeds from borrowings	33,500,000
Proceeds - Sale of Fixed Assets	11,490
Transfers in	1,704,988
Development Fees	<u>9,071,457</u>
Total sources	76,272,653
Uses of funds	
Operating expenditures	28,203,231
Debt related	19,502,329
Capital projects	<u>29,620,708</u>
Total uses	<u>77,326,268</u>
Change in funds available	(1,053,615)
Funds Available - December 31	7,113,466
Principal receivable - loan to Golf	<u>256,000</u>
Adjusted funds available - December December 31	<u><u>\$ 7,369,466</u></u>

EXHIBIT J-15
CITY OF AURORA, COLORADO
GOLF FUND
**COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (unaudited)
FOR THE YEARS ENDED DECEMBER 31:**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
OPERATING REVENUES					
Charges for services	\$ 8,642,850	\$ 9,174,718	\$ 8,205,072	\$ 8,266,180	\$ 8,737,191
Total operating revenues	<u>8,642,850</u>	<u>9,174,718</u>	<u>8,205,072</u>	<u>8,266,180</u>	<u>8,737,191</u>
OPERATING EXPENSES					
Cost of sales and services	6,423,757	6,477,046	6,441,702	6,557,854	6,367,066
Administrative expenses	977,998	791,437	760,487	823,768	928,317
Depreciation	<u>1,044,843</u>	<u>995,763</u>	<u>936,666</u>	<u>957,928</u>	<u>938,285</u>
Total operating expenses	<u>8,446,598</u>	<u>8,264,246</u>	<u>8,138,855</u>	<u>8,339,550</u>	<u>8,233,668</u>
Operating income (loss)	<u>196,252</u>	<u>910,472</u>	<u>66,217</u>	<u>(73,370)</u>	<u>503,523</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	180,636	161,467	69,095	54,160	124,660
Miscellaneous revenue	21,234	17,184	276,457	38,989	29,645
Interest expense	(781,896)	(685,294)	(592,380)	(546,951)	(616,670)
Amortization expense	(12,944)	(12,943)	(12,942)	(12,943)	(6,706)
Gain (loss)-disposal capital assets	<u>(69)</u>	<u>5,277</u>	<u>(62,436)</u>	<u>—</u>	<u>(6,394)</u>
Net non-operating expenses	<u>(593,039)</u>	<u>(514,309)</u>	<u>(322,206)</u>	<u>(466,745)</u>	<u>(475,465)</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(396,787)</u>	<u>396,163</u>	<u>(255,989)</u>	<u>(540,115)</u>	<u>28,058</u>
Capital contributions	995,840	241,160	159,630	356,156	165,600
Transfers in	22,555	—	—	—	—
Transfers out	<u>(40,000)</u>	<u>—</u>	<u>(9,970)</u>	<u>—</u>	<u>—</u>
INCREASE (DECREASE) IN NET ASSETS	<u>581,608</u>	<u>637,323</u>	<u>(106,329)</u>	<u>(183,959)</u>	<u>193,658</u>
TOTAL NET ASSETS - January 1	<u>23,580,897</u>	<u>24,162,505</u>	<u>24,799,828</u>	<u>24,693,499</u>	<u>24,509,540</u>
TOTAL NET ASSETS - December 31	<u>\$24,162,505</u>	<u>\$ 24,799,828</u>	<u>\$ 24,693,499</u>	<u>\$ 24,509,540</u>	<u>\$ 24,703,198</u>

EXHIBIT J-16**CITY OF AURORA, COLORADO****GOLF FUND****GOLF COURSE ENTERPRISE SYSTEM STATISTICS (unaudited)****DECEMBER 31, 2005**

Golf Course System Usage					
Course	2001	2002	2003	2004	2005
Meadow Hills	56,818	59,328	54,207	53,639	54,911
Aurora Hills	55,205	60,162	56,657	51,149	54,870
Springhill	48,237	45,240	42,072	44,630	44,466
Centre Hills	38,956	34,470	30,111	30,530	31,681
Saddle Rock	40,479	39,168	34,933	38,091	37,746
Fitzsimons	45,365	46,368	45,012	38,863	36,237
Murphy Creek	37,272	35,276	29,449	34,691	36,457

2005 Green Fee Rates							
	Saddle Rock	Murphy Creek	Meadow Hills	Aurora Hills	Fitzsimons (1), (2)	Spring- hill	Centre Hills (3)
18-Hole Resident - Weekday	\$32.00	\$30.00	\$25.00	\$21.00	\$19.00	\$18.00	\$11.25
18-Hole Resident - Weekend	42.00	40.00	30.00	23.00	21.00	20.00	12.50
18-Hole Non-Resident - Weekday	34.00	32.00	27.00	23.00	21.00	20.00	13.50
18-Hole Non-Resident - Weekend	42.00	40.00	30.00	24.00	23.00	22.00	16.50
18-Hole Junior - Weekday	18.00	16.00	13.00	11.00	11.00	10.00	7.00
18-Hole Junior - Weekend	21.00	20.00	15.00	12.00	12.00	11.00	7.00
18-Hole Resident Senior - Weekday	22.00	20.00	16.00	14.00	13.00	12.00	8.00
9-Hole Resident - Weekday	16.00	15.00	12.50	10.50	10.00	9.50	6.25
9-Hole Resident - Weekend	21.00	20.00	15.00	11.50	11.00	10.50	7.00
9-Hole Non-Resident - Weekday	17.00	16.00	13.50	12.50	12.00	11.00	7.50
9-Hole Non-Resident - Weekend	21.00	20.00	15.00	13.50	13.50	12.50	9.00
9-Hole Junior - Weekday	9.00	8.00	6.50	6.00	5.50	5.00	4.00
9-Hole Junior - Weekend	10.50	10.00	7.50	7.00	6.50	6.00	4.00
9-Hole Resident Senior - Weekday	11.00	10.00	8.00	7.50	6.50	6.00	4.50

- (1) Fitzsimons Golf Course continuing annual members \$450/year and \$2.50/9 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 the Fitzsimons course.
- (3) 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.



Statistical Section

Revenues and Expenditures

Taxes and Assessments

Debts

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

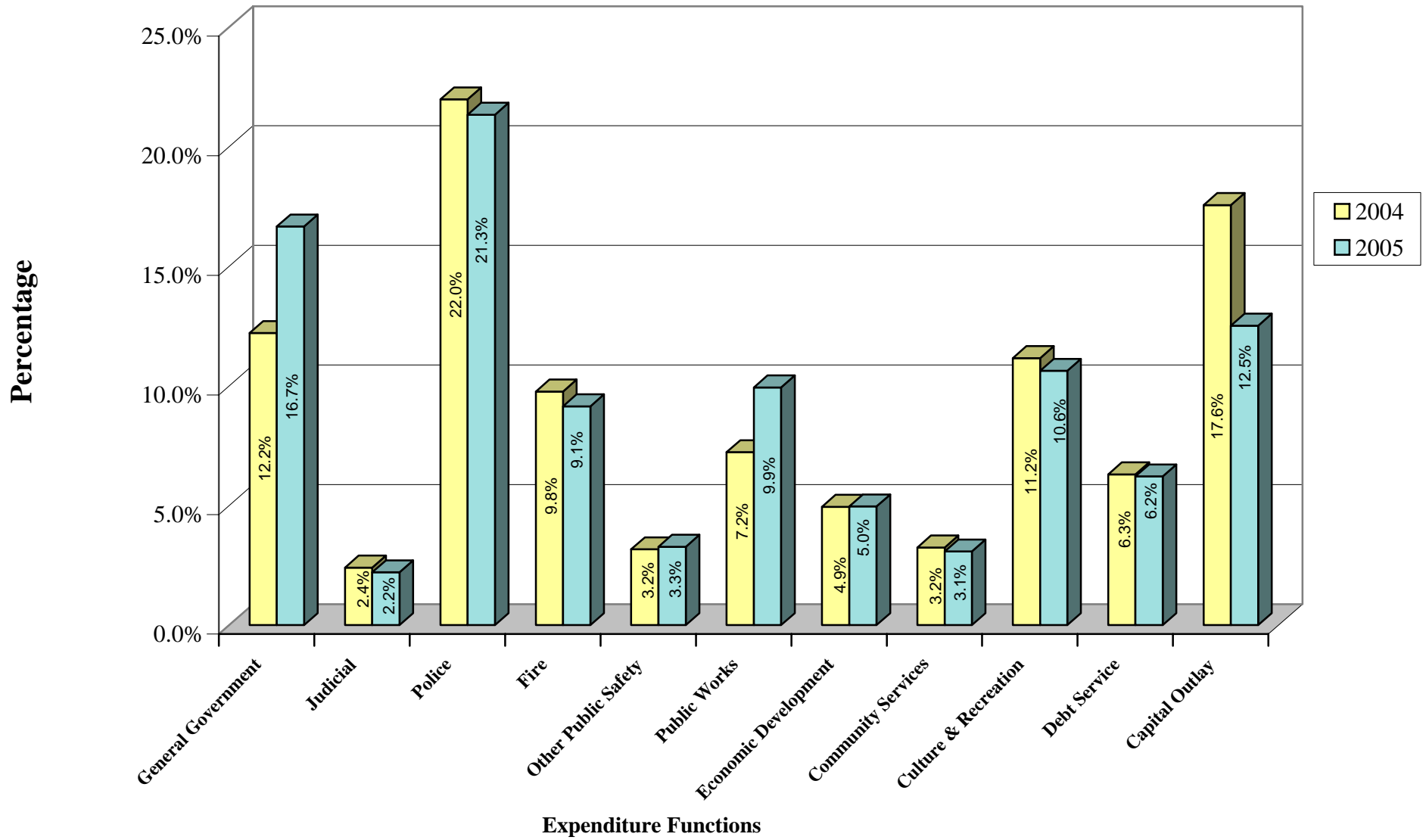
GOVERNMENTAL TAX REVENUES BY SOURCE

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, 2004 and 2005



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	%
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%
2004	34,809,025	12.2%	6,867,461	2.4%	62,661,168	22.0%	27,840,562	9.8%	9,038,844	3.2%	20,605,607	7.2%
2005	51,361,370 (c)	16.7%	6,818,969	2.2%	65,764,443	21.3%	28,195,821	9.1%	10,106,404	3.3%	30,631,449	9.9%

											Total Governmental Expenditures	
Economic Development			Community Services		Culture and Recreation		Debt Service (b)		Capital Outlay (b)		Amount (a)	%
Year	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		
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%
2004	14,102,957	4.9%	9,257,105	3.2%	31,825,342	11.2%	17,968,000	6.3%	50,060,333	17.6%	285,036,404	100%
2005	15,305,193	5.0%	9,493,039	3.1%	32,766,693	10.6%	19,176,576	6.2%	38,591,864	12.5%	308,211,821	100%

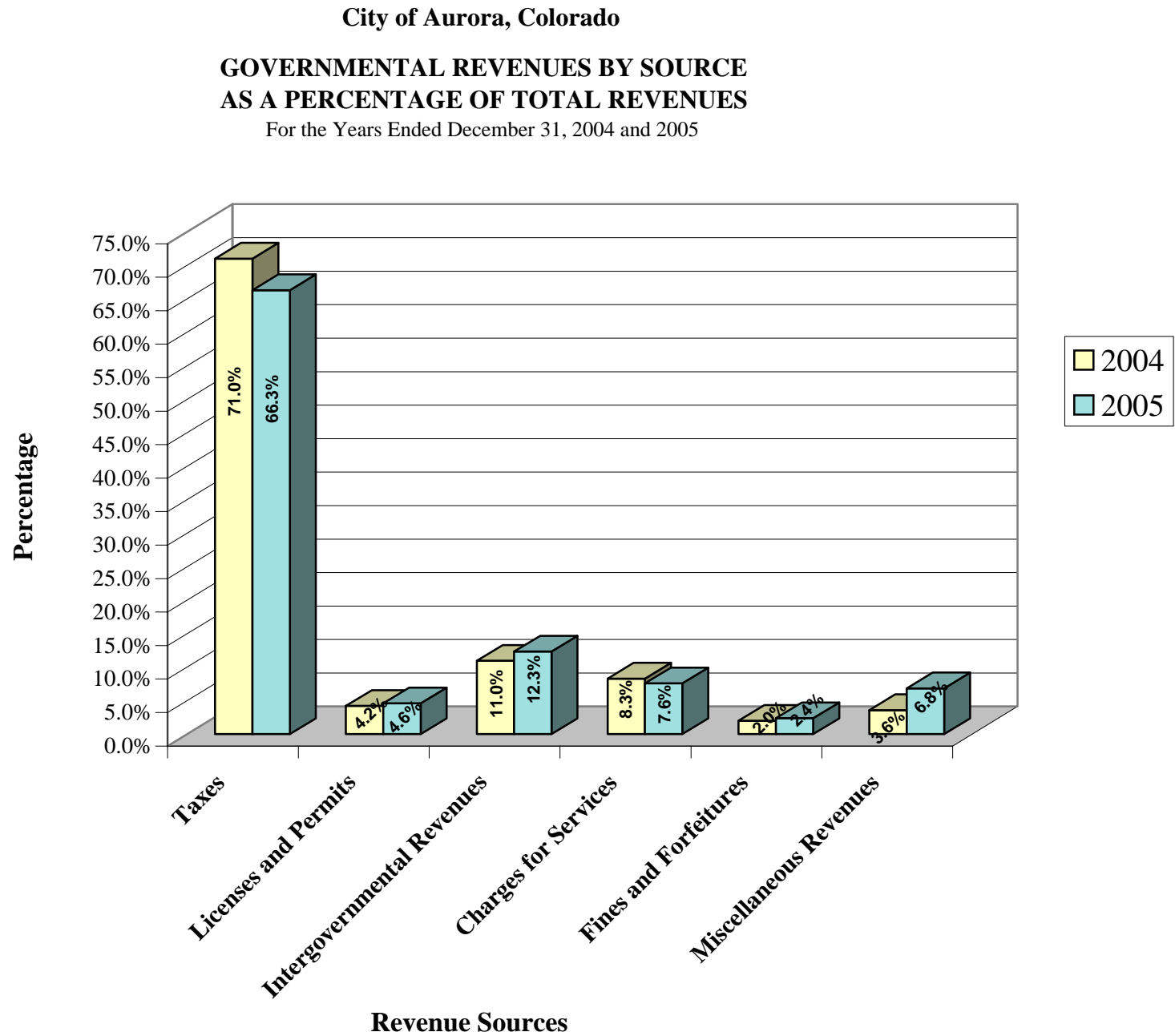
Notes: This schedule includes General, Special Revenue, Debt Service and Capital Projects Funds expenditures.

(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.

(c) Includes a payment of \$11.4 million made to a developer under an incentive agreement.

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
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
2004	185,132,325	71.0%	10,974,896	4.2%	28,557,034	11.0%	21,601,963	8.3%	5,195,033	2.0%	9,321,680	3.6%	260,782,931
2005	197,664,746	66.3%	13,710,827	4.6%	36,785,824	12.3%	22,597,094	7.6%	7,081,566	2.4%	20,353,738	6.8%	298,193,795

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 and property taxes.

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

(c) Includes surcharge revenues.

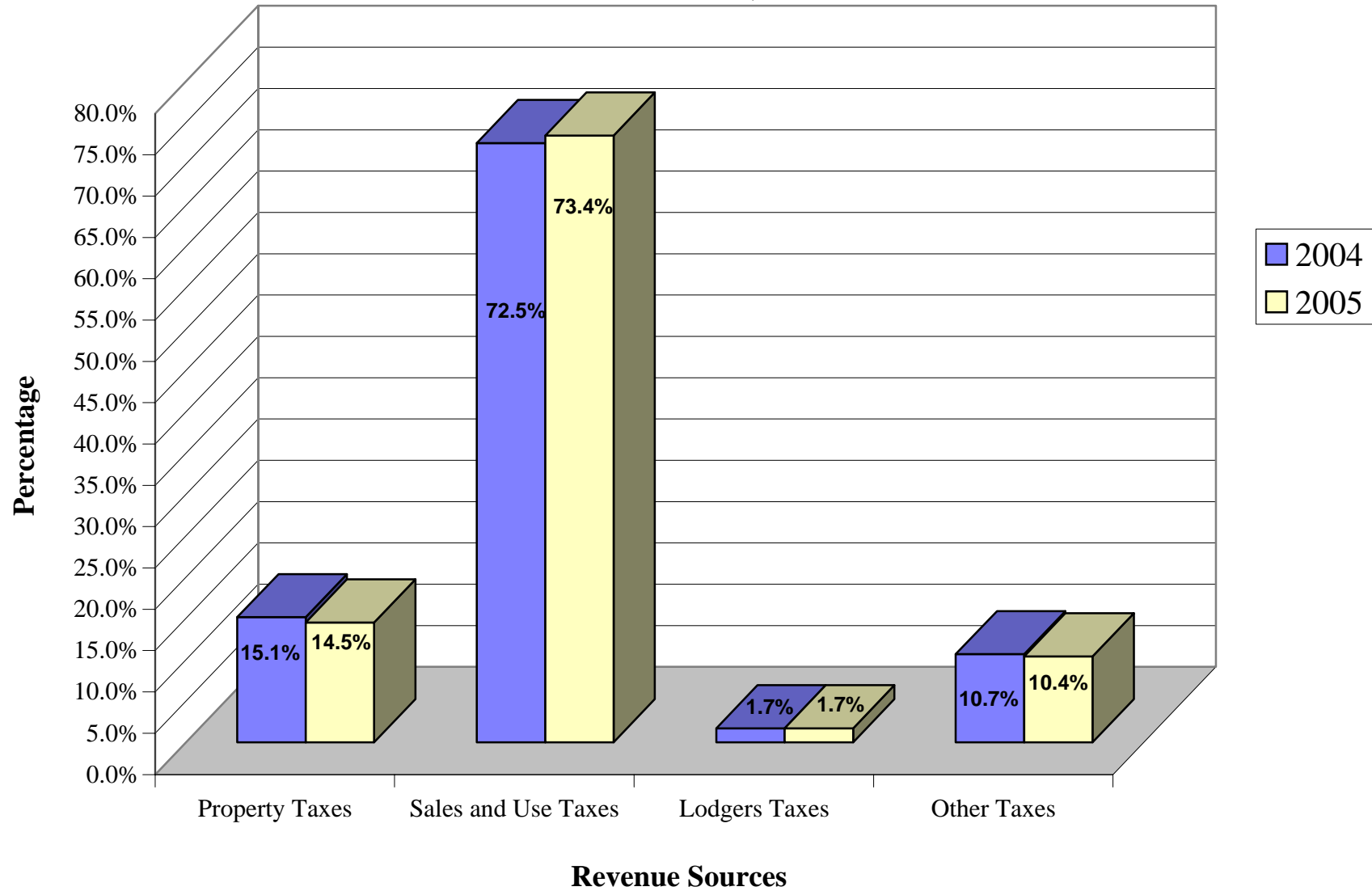
(d) Includes special assessments, miscellaneous revenues and investment income.

City of Aurora, Colorado

Exhibit v

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

For the Years Ended December 31, 2004 and 2005



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
1996	\$ 15,203,298	13.1%	\$ 90,020,205	77.3%	\$ 2,185,444	1.9%	\$ 8,976,566	7.7%	\$ 116,385,513
1997	15,636,192	13.3%	93,399,121	79.7%	2,495,305	2.1%	5,689,832	4.9%	117,220,450
1998	16,378,085	13.0%	102,656,899	81.4%	2,904,587	2.3%	4,194,033	3.3%	126,133,604
1999	18,225,450	13.5%	112,612,925	83.2%	3,480,224	2.6%	970,530	0.7%	135,289,129
2000	19,429,113	12.6%	124,670,053	80.7%	3,808,955	2.5%	6,581,304	4.3%	154,489,425
2001	25,138,146	14.7%	128,794,583	75.1%	3,438,213	2.0%	14,213,290	8.3%	171,584,232
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	17.0%	128,674,426	73.4%	3,044,341	1.7%	18,732,763	10.7%	175,353,161
2004	28,033,332	15.1%	134,245,043	72.5%	3,130,347	1.7%	19,723,604	10.7%	185,132,326
2005	28,644,691	14.5%	145,134,048	73.4%	3,344,153	1.7%	20,541,856	10.4%	197,664,748

Notes: This schedule includes the General and Debt Service Funds tax revenues.

- (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		
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
2003	2004	27,736,975	27,577,434	99.42%	(51,454)	27,525,980	99.24%	-	-	507,352	28,033,332
2004	2005	28,528,003	28,331,940	99.31%	(34,316)	28,297,624	99.19%	-	-	347,067	28,644,691

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 2005 are based on the 2004 assessment, which itself is based on property values as of June 30, 2003.

- (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 1998, 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" (net of County collection fees) 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 (a)	Assessments Collected	Assessments Receivable December 31
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
2004	553,099	(24,663)	(47,795)	480,641
2005	480,641	2,595,296	(1,024,193)	2,051,744

(a) Negatives represent write-offs of uncollectible balances.

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		
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%
2004	2005	447,208,260	2,127,672,860	80,810	2,574,961,930	21,018,710,901	643,224,264	12.3%
2005	2006	487,883,880	2,223,143,550	81,270	2,711,108,700	22,166,078,150	1,147,367,249	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 2006 are based on the 2005 assessment, which itself is based on property values as of June 30, 2004.

The assessed valuation percentage is established each year and was as follows: Residential: 1995 and 1996 - 10.36%; 1997 through 2000 - 9.74%; 2001 and 2002 - 9.15%; and 2003 through 2005 - 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: \$1,729,530 - 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; \$5,813,860 - 2003; \$4,720,910 - 2004 and \$5,164,460 - 2005.

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) 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
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
2004	2005	11.079	26.903	15.450	47.003	51.132	84.985	73.532	77.661
2005	2006	10.958	26.804	15.421	45.824	51.575	83.586	72.203	77.954

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 2006 are based on the 2005 assessment, which itself is based on property values as of June 30, 2004.

- (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, 2005

Assessed valuation:			
Arapahoe County		2,223,143,550	
Adams County		487,883,880	
Douglas County		81,270	
Total		<u>\$ 2,711,108,700</u>	
Debt limit - Three (3) percent of assessed valuation			\$ 81,333,261 (a)
Amount of debt outstanding: (a)			
Total bonded debt	\$ 333,450,128		
Other debt	<u>125,693,870</u>		
Total		\$ 459,143,998	
Less:			
Fund balance in debt service funds	\$ 1,484,328		
Other deductions allowed by law:			
General obligation bonds exempt from limit	39,050,000 (b)		
General obligation water bonds	51,635,000		
Capitalized lease obligations	2,017,221		
Certificates of participation	116,165,000		
Revenue note	813,595		
Water rights and other contracts payable	6,698,054		
Revenue bonds:			
General fund	12,730,000		
Sewer	15,598,486		
Water	203,091,642		
Golf	4,310,000		
Special assessment	<u>1,140,000</u>		
Total deductions		<u>454,733,326</u>	
Total amount of debt applicable to debt limit			<u>4,410,672</u>
Legal Debt Margin			<u>\$ 76,922,589 (c)</u>

(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. Typically, voter approval of additional debt includes a provision exempting the new debt from the debt margin. Consequently, the computation of 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, 2005

Jurisdiction	Debt Outstanding (a)	Percent Applicable to City of Aurora	Amount Applicable to City of Aurora
<i>Direct:</i>			
City of Aurora (b)	\$ 44,945,000	100.00%	\$ 44,945,000
<i>Overlapping:</i>			
Adams-Arapahoe School District 28J	153,057,563	98.52%	150,792,430
Cherry Creek School District	427,495,000	30.44%	130,136,345
Other (c)	947,779,847	33.71%	319,455,186
Total overlapping debt:	1,528,332,410		600,383,961
Total Direct and Overlapping Debt	\$ 1,573,277,410		\$ 645,328,961

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) More than eighty other taxing entities overlap the City in whole or in part. Thirty-one of these entities report general obligation debt outstanding, including but not limited to, Southlands Metropolitan District No. 1 & 2, Sand Creek Metropolitan District, Eagle bend Metro Districts No. 1 & 2, Aurora Centertech Metropolitan Districts No. 1-4, Saddlerock South Metropolitan Districts No. 1-4, Tallys Reach Metro Districts No. 1, 2 & 3.

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	Percent of GO	Certificates of	Percent of GO and
	<u>Total</u> Debt Service	Governmental Expenditures (c)	Debt Service to Governmental Expenditures	<u>Participation (b)</u> Total Debt Service	COPs Debt Service to Governmental Expenditures
1996	\$ 2,238,055	\$ 157,827,950	1.4%	\$ 4,588,455	4.3%
1997	2,240,265	177,228,895	1.3%	4,591,855	3.9%
1998	2,217,156	186,970,897	1.2%	4,681,263	3.7%
1999	3,258,345	196,078,608	1.7%	4,587,032	4.0%
2000	2,153,025	214,383,914	1.0%	4,214,883	3.0%
2001	6,444,567	246,740,831	2.6%	2,784,883	3.7%
2002	6,171,575	309,418,957	2.0%	3,024,545	3.0%
2003	6,186,015	285,748,002	2.2%	7,880,114	4.9%
2004	6,159,984	285,036,404	2.2%	9,247,523	5.4%
2005	6,173,875	308,211,821	2.0%	10,537,728	5.4%

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) Prior periods adjusted to include expenditures of the ACLC. Total governmental Expenditures include the General, Special Revenue, Debt Service, Capital Projects and ACLC Fund.

Exhibit xiv

City of Aurora, Colorado

**RATIO OF NET GENERAL OBLIGATION (GO) BONDED DEBT AND CERTIFICATES OF
PARTICIPATION (COPs) TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**

Last Ten Years

Year	Population (a)	Assessed Value (b)	Gross General Obligation Bonded Debt (c)	Less: Debt Service Fund Balance	Less: Debt Payable from Water Revenues	Net General Obligation Bonded Debt	Net General Obligation Bonded Debt to Assessed Value	Net General Obligation Bonded Debt Per Capita	Outstanding COPs of Leasing Corp ALCLC	GO Bonds & COPs to Assessed Value	GO Bonds & COPs Debt Per Capita
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
2004	298,303	2,574,961,930	108,025,000	1,298,621	59,155,000	47,571,379	1.8%	159	97,745,000	5.6%	487
2005	303,833	2,711,108,700	96,580,000	1,484,328	51,635,000	43,460,672	1.6%	143	116,165,000	5.9%	525

Notes:

- (a) Data was provided by the City's Planning Department. The population for 1996 - 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 2003-2005 was provided by Clarion Associates.
- (b) Does not include tax increment financing district assessed valuation of: \$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; \$5,813,860 for 2003; \$4,720,910 for 2004 and \$5,164,460 for 2005. 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 (g)			
				First Lien Revenue Obligations (c)	First & Second Lien Revenue Obligations (d)	Debt Secured by Net Pledged Revenues (e)	Debt Payable from System Revenues (f)	(c)	(d)	(e)	(f)
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
2004	87,939,198	35,214,632	52,724,566	3,356,514	4,472,070	4,537,475	16,087,145	15.71	11.79	11.62	3.28
2005	120,569,923	45,166,591	75,403,332	6,393,073	7,418,962	8,710,230	18,166,815	11.79	10.16	8.66	4.15

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 2005D and the City's First Lien Water Improvement Revenue Bonds Series 2003A.

(d) Includes (c) above and Second Lien Water Improvement Revenue Bonds Series 2004A.

(e) Includes (d) above and all Water Rights Notes Payable.

(f) Includes (e) above and General Obligation Water Bonds outstanding as of December 31, 2005 which are payable from revenues of the system but are not secured by the Net Pledged Revenues.

(g) Net Revenue Available for Debt Service divided by Total Debt Service Requirements for "c", "d", "e" and "f", 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					
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
2004		34,241,386		21,806,876		12,434,510		1,458,658		725,224		2,183,882	5.69
2005		38,358,057		24,623,664		13,734,393		1,496,335		683,337		2,179,672	6.30

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. 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) 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 Nine 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	\$ 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	-	30,444	30,444	42.73		
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	371,987	627,987	2.43		
2002	9,594,529	7,477,569	2,116,960	295,000	363,558	658,558	3.21	256,000	304,248	560,248	2.60		
2003	8,710,254	7,470,858	1,239,396	315,000	347,628	662,628	1.87	256,000	227,021	483,021	1.19		
2004	8,715,486	7,596,567	1,118,919	436,481	357,055	793,536	1.41	256,000	174,862	430,862	0.76		
2005	9,083,314	7,452,160	1,631,154	524,924	311,925	836,849	1.95	256,000	184,687	440,687	1.80		

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 2005 Golf Revenue Refunding Bonds (which refunded the 1995 Golf Revenue Bonds) and, beginning in 2004, the 2004 Golf Revenue Note. 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. Excludes fair value adjustment.
- (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.

(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
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
2004	188	158.48	2,074	2,611	509.53	7,058	44.77	9,320	712.78	2,574,961,930	21,018,710,901
2005	192	206.69	2,478	2,859	599.77	6,872	70.88	9,542	877.34	2,711,108,700	22,166,078,150

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: \$1,756,060 - 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; \$5,813,860 - 2003; \$4,720,910 in 2004 and \$5,164,460 - 2005.

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

Last Ten Years

Year	Population (a)	Median Family Income (b)	Unemployment Rate (c)
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%
2004	298,303	51,554	6.9%
2005	303,833	52,384	5.2%

Notes:

- (a) Data provided by the City's Planning Department. The population for 1996 - 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 through 2005 was provided by Clarion Associates.
- (b) Data for 1996 - 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 through 2005 was derived from a database provided to the City of Aurora's Planning Department by Claritas IXpress.
- (c) Data provided by the City's Planning Department. Source - Colorado Department of Labor and Employment.

City of Aurora, Colorado

MAJOR EMPLOYERS

December 31, 2005

Employers of more than 5,000	Type of Industry	Employers of 1,000 to 2,000	Type of Industry
Buckley Air Force Base (a) <i>Buckley Air Force Base Includes: Air Force, Army, Marines, Navy, Department of Defense (civilians), Air National Guard, Active Duty Reserves, and other civilian employees</i>	Military Base	ADT Security Systems HealthOne Medical Center of Aurora Kaiser Permanente Northrop Grumman (formerly TRW Systems) Wal-Mart University of Colorado Hospital	Security Services Health Care Health Care Aerospace Manufacturing Retail Hospital/Medical Center
Employers of 3,000 to 5,000		Employers of 500 to 1,000	
Aurora Public Schools	Public Education	King Soopers Wagner Equipment Company Dex Media (formerly Qwest Dex) Target Lockheed Martin Astronautics Community College of Aurora	Grocer Heavy Equipment Sales & Leasing Telephone/Internet Products & Software Retail Systems Design/Research Community College
Employers of 2,000 to 3,000			
Raytheon University of Colorado Health Sciences Center Cherry Creek Public Schools City of Aurora	Aerospace Manufacturing Education/Health Care Public Education City Government		

Note: Data provided by the Aurora Economic Development Council 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, 2005

Taxpayer	Type of Industry	Assessed Valuation of Property	Percentage of Total Assessed Valuation
Xcel Energy	Gas/Electric Utilities	\$ 46,196,120	1.70%
Qwest Communications	Telecommunications	33,873,110	1.25%
Blue Spruce Energy Center LLC	Gas/Electric Utilities	27,838,900	1.03%
Columbia Heath One, LLC	Healthcare	22,873,200	0.84%
Arapahoe Crossings	Real Estate	15,805,000	0.58%
Comcast of Colorado	Telecommunications	12,095,570	0.45%
Pro Logis	Real Estate	11,214,350	0.41%
Weingarten/Miller/Aurora II	Real Estate	10,921,400	0.40%
Verizon	Telecommunications	9,402,240	0.35%
GLB Gateway LLC	Real Estate	7,085,700	0.26%
		<u>\$ 197,305,590</u>	<u>7.28%</u>

Note: Data obtained from Certifications of Valuations provided by Adams, Arapahoe and Douglas Counties. The total Assessed Value in assessment year 2005 is \$2,711,108,700. This total does not include the tax increment financing district assessed valuation of \$5,164,460.

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	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Area - Square Miles	136.83	140.15	140.15	140.15	142.57	141.16	142.42	143.85	144.81	148.51
Miles of Improved Streets	812.00	874.85	875.00	915.00	915.00	1,009.00	1,014.00	1,054.00	1,095.00	1,118.00
Miles of Sanitary Sewer	715.44	722.86	734.86	753.16	776.26	797.46	824.30	848.36	873.36	920.11
Number of Water Taps	59,204	59,771	60,393	61,366	63,409	64,845	65,933	67,953	70,709	73,723
Number of Sanitary Sewer Taps	63,884	64,599	65,455	67,011	68,840	70,777	72,920	74,616	76,901	79,974
Number of Municipal Employees (a)	2,199	2,254	2,315	2,390	2,459	2,513	2,609	2,669	2,662	2,672
Building Permits:										
Permits Issued (b)	3,710	3,808	5,130	8,270	5,724	4,104	9,314	8,332	9,320	9,542
Value of Buildings (millions)	192.81	304.89	345.52	377.73	468.26	479.43	607.33	507.33	712.78	877.34
Fire Protection:										
Number of Fire Stations	11	11	11	11	12	12	12	13	13	13
Number of Employees (a)	297	297	313	320	327	333	332	335	338	329

(Continued)

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

	Last Ten Years									
City of Aurora	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<hr/>										
Police Protection:										
Number of Employees (a)	724	736	745	754	763	775	797	825	800	814
Number of Law Violations (Part I Crime) (c)	16,299	16,521	14,529	14,303	15,526	17,224	18,206	17,050	16,895	16,506
Patrol Vehicles	115	126	123	127	132	138	138	138	156	165
Detention Facilities (g)	1	1	1	1	1	1	1	1	1	1
Recreation:										
Parks - Number of Acres (d)	6,920	7,370	7,370	7,380	7,400	7,400	7,700	7,700	7,937	8,045
Number of Playgrounds (d)	64	64	64	65	65	65	65	65	75	78
Number of Golf Courses	4	5	6	6	7	7	7	7	7	7
Number of Swimming Pools	9	10	10	10	10	10	10	10	10	10
Education (e):										
Number of Schools:										
Elementary	42	42	42	43	43	43	48	48	52	53
Junior High/Middle	10	10	10	10	10	10	12	13	14	15

Senior High/High	6	6	7	7	7	7	7	8	8	8
Alternative High School	2	2	2	2	2	2	2	2	2	4
Vocational/Technical	1	1	1	1	1	1	1	1	1	1
Number of Students	46,192	46,851	47,962	48,588	50,705	51,000	51,620	52,721	53,753	61,682
Elections:										
Number of Registered Voters (f)	133,198	98,641	135,693	94,297	144,786	106,842	158,448	92,920	173,935	120,674
Number Voting in Last Election	64,947	43,619	65,445	41,592	82,477	40,010	58,039	43,124	102,466	50,493
% of Registered Voters Voting in Last Election	49.0%	44.0%	48.0%	47.0%	57.0%	37.0%	36.6%	46.4%	58.9%	41.8%

Notes:

- (a) Regular full time budgeted positions. The number of municipal employees includes police and fire personnel. Starting in 2004 police and fire re-allocated some personnel into "other public safety", those totals included here. Police includes detention center personnel, included in the 2 per 1000 calculation, which now fall under Court Administration.
- (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. Beginning in 2004, the Parks & Open Space Department revised the methodology used to calculate totals.
- (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 significant decreases in the number of registered voters are due to the county record purge process.
- (g) As of 2003, this facility now falls under courts.

(Concluded)



Front Cover Photos

Top to Bottom

Aurora Sports Park area

E-470 Corridor – Tallyn's Reach/Saddle Rock area

Martin Luther King, Jr. Library



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