

A U R O R A

City of Aurora, Colorado
2004 COMPREHENSIVE
ANNUAL FINANCIAL
REPORT

For the Year Ended - December 31, 2004



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, 2003

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Nancy L. Ziehl

President

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Executive Director



COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Aurora, Colorado
For the Year Ended December 31, 2004

Prepared by the Controller's Office
Finance Department



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

TABLE OF CONTENTS

DECEMBER 31, 2004

	<u>Exhibit Number</u>	<u>Page Number</u>
INTRODUCTORY SECTION		
Certificate of Achievement for Excellence in Financial Reporting	–	Cover
Letter of Transmittal	–	i
Council Members	–	xiv
Officials	–	xvi
Governmental Structure	–	xvii
FINANCIAL SECTION		
Independent Auditors' Report	–	–
Management's Discussion and Analysis	I	MD&A-1
Basic Financial Statements		
<i>Citywide Financial Statements</i>		
Statement of Net Assets	II	1
Statement of Activities	III	2
<i>Fund Financial Statements</i>		
<i>Governmental Funds</i>		
Balance Sheet	IV	5
Reconciliation of Total Governmental Funds on the Governmental Funds Balance Sheet to Governmental Activities on the Citywide Statement of Net Assets	V	6
Statement of Revenues, Expenditures and Changes in Fund Balances	VI	7
Reconciliation of Total Governmental Funds on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to Governmental Activities on the Citywide Statement of Activities	VII	8
<i>Proprietary Funds</i>		
Statement of Net Assets	VIII	9
Reconciliation of the Total Enterprise Funds on the Proprietary Funds Statement of Net Assets to the Business-type Activities on the Citywide Statement of Net Assets	IX	11
Statement of Revenues, Expenses and Changes in Net Assets	X	12
Reconciliation of the Total Enterprise Funds on the Proprietary Funds Statement of Revenues, Expenses and Changes in Net Assets to the Business-type Activities on the Citywide Statement of Activities	XI	13
Statement of Cash Flows	XII	14

CITY OF AURORA, COLORADO

TABLE OF CONTENTS

DECEMBER 31, 2004

	<u>Exhibit Number</u>	<u>Page Number</u>
FINANCIAL SECTION (Continued)		
Basic Financial Statements (continued)		
<i>Fund Financial Statements (continued)</i>		
<i>Fiduciary Funds</i>		
Statement of Fiduciary Net Assets	XIII	17
Statement of Changes in Fiduciary Net Assets	XIV	18
<i>Notes to the Basic Financial Statements</i>	XV	19
1. Summary of Significant Accounting Policies	XV	20
A. Financial Reporting Entity	XV	20
B. Fund Accounting	XV	22
C. Measurement Focus and Basis of Accounting	XV	24
D. Financial Statement Presentation	XV	26
E. Cash and Investments	XV	31
F. Interfund Transactions	XV	32
G. Deferred Charges and Inventories	XV	32
H. Capital Assets	XV	32
I. Unearned and Deferred Revenues (Liabilities)	XV	34
J. Noncurrent Liabilities	XV	34
K. Bond Discounts and Issuance Costs	XV	35
L. Compensated Absences	XV	35
M. Fund Balances and Net Assets	XV	36
N. Budgets	XV	37
2. Reconciliation of Citywide and Fund Financial Statements	XV	40
3. Deposits and Investments	XV	46
4. Receivables	XV	53
5. Restricted, Reserved and Designated	XV	58
6. Capital Assets	XV	68
7. Joint Venture	XV	71
8. Payables	XV	72
9. Noncurrent Liabilities	XV	74
10. Interfund Transactions	XV	80
11. Construction and Other Significant Commitments	XV	84
12. Deferred Compensation Plans	XV	88
13. Pension Plans	XV	88
14. Operating Leases	XV	98
15. Risk Management	XV	98
16. Contingent Liabilities	XV	99
17. Conduit Debt Obligations	XV	100
18. Taxpayer Bill of Rights (TABOR)	XV	100

CITY OF AURORA, COLORADO

TABLE OF CONTENTS

DECEMBER 31, 2004

	<u>Exhibit Number</u>	<u>Page Number</u>
FINANCIAL SECTION (Continued)		
Required Supplementary Information		
Defined Benefit Pension Plans - Schedule of Funding Progress	XVI	101
General Fund Schedule of Sources, Uses and Changes in Funds Available – Budget and Actual (Non-GAAP Budgetary Basis)	XVII	102
<i>Notes to Required Supplementary Information</i>	XVIII	104
Combining and Individual Fund Statements and Schedules		
<i>Other Governmental Funds</i>		
Combining Balance Sheet	A-1	105
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	A-2	106
Non-major Special Revenue Funds		
Combining Balance Sheet	B-1	107
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-2	110
Non-major Debt Service Funds		
Combining Balance Sheet	C-1	113
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	114
Non-major Capital Projects Funds		
Combining Balance Sheet	D-1	115
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	D-2	116
<i>Internal Service Funds</i>		
Combining Statement of Net Assets	E-1	117
Combining Statement of Revenues, Expenses and Changes in Net Assets	E-2	119
Combining Statement of Cash Flows	E-3	120
<i>Pension Trust Funds</i>		
Combining Statement of Fiduciary Net Assets	F-1	123
Combining Statement of Changes in Fiduciary Net Assets	F-2	124
<i>Agency Fund</i>		
Statement of Changes in Assets and Liabilities	G-1	125

CITY OF AURORA, COLORADO

TABLE OF CONTENTS

DECEMBER 31, 2004

	<u>Exhibit Number</u>	<u>Page Number</u>
FINANCIAL SECTION (Continued)		
Combining and Individual Fund Statements and Schedules		
<i>Schedules of Sources, Uses and Changes in Funds Available - Budget and Actual (Non-GAAP Budgetary Basis)</i>		
General Fund	H-1	128
Gifts and Grants Fund	H-1	130
Development Review Fund	H-1	131
Abatement Fund	H-1	131
Community Maintenance Fund	H-1	132
Community Development Fund	H-1	133
Enhanced E-911 Fund	H-1	133
Conservation Trust Fund	H-1	134
Emergency Contingency Fund	H-1	135
Parks Development Fund	H-1	135
Recreation Services Fund	H-1	136
Cultural Services Fund	H-1	137
Designated Revenues Fund	H-1	137
Policy Reserve Fund	H-1	138
Tabor Reserve Fund	H-1	139
City Debt Service Fund	H-1	140
SID Debt Service Fund	H-1	141
Surplus and Deficiency Fund	H-1	141
City Capital Projects Fund	H-1	142
Building Repair Fund	H-1	143
Water Fund	H-1	144
Sewer Fund	H-1	145
Golf Fund	H-1	145
Fleet Fund	H-1	146
Print Fund	H-1	147
Risk Fund	H-1	147

CITY OF AURORA, COLORADO

TABLE OF CONTENTS

DECEMBER 31, 2004

	<u>Exhibit Number</u>	<u>Page Number</u>
FINANCIAL SECTION (Continued)		
Other Schedules (unaudited)		
Schedule of Indebtedness – All Funds	I-1	149
Schedules of Debt Service Requirements		
Governmental Activities	I-2	150
Business-type Activities	I-3	151
Schedule of Conduit Debt Outstanding	I-4	152
Schedule of Debt Ratings	I-5	153
Schedule of Pooled Investments	I-6	154
Local Highway Finance Report	I-7	156
Schedule of Insurance Coverages	I-8	158
Debt Continuing Disclosures (unaudited)		
Summary of Continuing Disclosures by Issue	J-1	159
Combined General, TABOR Reserve and Policy Reserve Funds		
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance (GAAP Basis)	J-2	161
Comparative Schedule of Sources, Uses and Changes in Funds Available Actual and Budget (Non-GAAP Budgetary Basis)	J-3	162
Gross General Obligation Debt	J-4	163
Aurora Urban Renewal Authority		
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance	J-5	164
City Center Urban Renewal Project Area Revenue Statistics	J-6	165
Water Fund		
Comparative Schedule of Revenues, Expenses and Changes in Net Assets	J-7	167
Water System Statistics	J-8	168
Subsequent Year Budget Summary	J-9	173
Maximum Annual Debt Service Coverage	J-10	174
Debt Supported by Water Fund Revenues	J-11	175
Sewer Fund		
Comparative Schedule of Revenues, Expenses and Changes in Net Assets	J-12	176
Sewer System Statistics	J-13	177
Subsequent Year Budget Summary	J-14	180
Golf Fund		
Comparative Schedule of Revenues, Expenses and Changes in Net Assets	J-15	181
Golf Course Enterprise System Statistics	J-16	182

CITY OF AURORA, COLORADO

TABLE OF CONTENTS DECEMBER 31, 2004

	<u>Exhibit Number</u>	<u>Page Number</u>
STATISTICAL SECTION		
<i>Revenues & Expenditures</i>		
Governmental Expenditures by Function		
As a Percentage of Total Expenditures (Bar Chart)	i	184
Table - Last Ten Years	ii	185
Governmental Revenues by Source		
As a Percentage of Total Revenues (Bar Chart)	iii	186
Table - Last Ten Years	iv	187
Governmental Tax Revenues by Source		
As a Percentage of Total Tax Revenues (Bar Chart)	v	188
Table - Last Ten Years	vi	189
<i>Taxes & Assessments</i>		
Property Tax Levies and Collections	vii	191
Special Assessment Collections	viii	192
Assessed and Estimated Actual Value of Taxable Property	ix	193
Property Tax Rates – Direct and Primary Overlapping Governments	x	194
<i>Debt</i>		
Computation of Legal Debt Margin	xi	195
Direct and Overlapping General Obligation Debt	xii	196
Ratio of Annual Debt Service Expenditures for General Obligation (GO) Bonded Debt and Certificates of Participation (COPs) to Governmental Expenditures	xiii	197
Ratio of Net General Obligation (GO) Bonded Debt and Certificates of Participation (COPs) to Assessed Value and Net Bonded Debt per Capita	xiv	198
Schedule of Revenue Bond Coverage		
Water Revenue Bonds	xv	199
Sewer Revenue Bonds	xv	200
Golf Revenue Bonds	xv	201
<i>Economic & Demographic</i>		
Property Values and Construction	xvi	203
Demographic Statistics	xvii	204
Major Employers	xviii	205
Ten Principal Real Property Taxpayers	xix	206
Miscellaneous Statistical Data	xx	207

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May 20, 2005

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, 2004.

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, 2004, 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, 2004, 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), Aurora Urban Renewal Authority (AURA), General Employees' Retirement Plan (GERP), the Elected Officials' and Executive Personnel Defined Benefit Plan (EOEP), and the Fitzsimons Redevelopment Authority (FRA). More discussion concerning the City's structure can be found in 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 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 2004 of 298,303. This is 13 percent of the metro area population. The City provides general government services including police, fire and emergency medical services, public works, water and sewer, parks and recreation facilities, libraries and golf courses.

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

Quality Basic Services

The City emphasizes high quality basic services, including public safety, street maintenance, and a broad array of recreational services. The Aurora Police Department utilizes community policing and has a national and international reputation as a leader in this area. The City budgets for additional police officers as needed to maintain a minimum ratio of two police officers per

one thousand citizens. The Aurora Fire Department is one of the top fire departments in the country in terms of its capabilities and services provided to the citizens. It also is a leader in public/private partnerships having developed and implemented an innovative transport agreement between the Department and a private ambulance service that provides both basic and advanced life support services. The Public Works Department maintains streets in good condition, and the Parks & Open Space and Library, Recreation & Cultural Services Departments offer a wide range of quality parks, recreation and library services.

Strong Financial Condition

The City is strong financially and is recognized as such by the independent bond rating agencies. 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 percent of total General Fund budgetary revenues in 2004. Sales and use tax revenues have grown substantially over the last decade. Property tax represents an important secondary revenue source (10 percent of total General Fund budgetary revenues in 2004) that is less impacted by changing economic conditions than is the sales and use tax. In addition, the City enjoys a high rate of growth in residential, industrial and commercial construction because of its advantageous location in the metro area.

The national, state and local economies have been weak over the past several years. Overall, the Aurora economy remains active as new retail centers and other businesses continue to locate in Aurora. In addition, revenue from construction-related activity set a new record in 2004. General Fund revenues on a budgetary basis, net of operating transfers, increased by \$3.7 million or 2 percent in 2004 compared to 2003. While this increase was less than the budgeted 2004 increase, 2004 expenditures were even more under budget. This resulted in a smaller decrease of General Fund balance than originally predicted for 2004.

Sales tax revenues increased 3 percent in 2004, as compared to 2003, and are expected to grow another 4 percent in 2005 if the present modest economic turnaround and new retail activity continue to take hold. Consistent with that expectation, sales tax revenues during the four months ended April 30, 2005 have increased by more than 4 percent from the comparable 2004 period. With continued strength in construction related revenue and improvement in sales and use tax revenues, 2005 should mark a return to moderate, but stable revenue growth.

While Aurora's overall revenue outlook for 2005 is positive, growth is expected to continue at a much slower pace than in the years prior to the 2001 economic downturn. The slower revenue growth means that the City will not "recapture" budgetary revenue shortfalls from 2002-2004. Consequently, as the City strives to maintain services for existing residents and extend services to newly developed areas, the primary challenge is to control expenditures in the face of increasing demands for City services. To meet this challenge the City adopted a 2005 budget that contained additional budget adjustments, including no pay increases, and continued draw down of its discretionary reserves. Additional significant budget adjustments are expected for the 2006 budget. While draw down of discretionary reserves is budgeted in 2005, the City does not currently anticipate using any of the funds in its Policy Reserve Fund. The Policy Reserve Fund

sets aside an amount currently equal to 10 percent of the General Fund's adjusted budgetary operating expenditures for unanticipated emergencies.

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

Growth and Development Continue to be Important

There are over 63,000 housing units newly built, planned or under construction along the new E-470 highway corridor. The City is projecting almost 50,000 additional residents by 2010. The City continues to promote smart growth and good planning for purposes of encouraging a continuing high quality of life for its current and future residents.

Although economists predict relatively measured economic growth for the metro area over the next several years, growth in population, consumer spending, and construction is expected to continue. During 2004, residential and commercial construction continued to be a major economic force in the metro area, with 2,074 residential and 120 commercial permits being issued by the City.

The E-470 highway is expected to influence the patterns and level of growth in the area for the foreseeable future. The City has sought to take advantage of this opportunity through strategic annexation, coordinated transportation planning, E-470 corridor land planning and zoning, and economic development policies. The Aurora Reservoir area adjacent to E-470 in the southeast corner of the City is ultimately expected to support a residential population of 80,000. Furthering a City goal of attracting more high quality residential development, new communities that provide higher priced homes and surround two City-owned championship golf courses were constructed to spur high quality residential development. Both championship golf course communities have experienced strong housing sales and the first, Saddlerock, is nearing build-out. Additional master-planned communities with a variety of amenities are under development along the E-470 corridor.

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

Fourteen office and industrial parks are located in the City. These parks vary in location from urban to suburban and offer a wide variety of multi-tenant, single-tenant and user-owned buildings, along with vacant land ready for development. The City has a commercial leasing and development market comprising nearly 8 million square feet of office space and 16 million square feet of industrial and flex space. Four of these parks located at or near the intersection of I-70 and E-470 received City planning approvals over the past year and are now under construction. The developers of these large master planned parks, all leading national real estate investment trusts, view this area as the logical location for the next expansion of the region's industrial and distribution facilities. The first of these new developments, ProLogis Park 70 at the northeast corner of I-70 and E-470, opened a 400,000 square foot distribution facility in 2003 for General Motors employing 150 people, and opened a second building in 2004.

Other additions in the office and industrial market include:

- Raytheon Corporation broke ground for their fifth office building in Aurora in March 2005. The new building will accommodate up to 750 employees. Raytheon is Aurora's largest civilian employer, with 2,650 employees comprised mainly of engineering, computer science, and aerospace specialties.
- Republic Financial Group purchased national roofing contractor General Roofing in 2004 and re-located their 30-person corporate staff to Republic's headquarters in south Aurora.
- A children's clothing company, "Gold Bug", began construction of a new 155,000 square foot distribution facility that will employ 100 people.
- Northrop Grumman completed an 80,000 square foot office building. This new addition to their Aurora campus will accommodate 160 existing employees, easing serious overcrowding at their existing facility, and bring an additional 240 employees to the City.

In the retail sector, the Aurora Mall is mid-way through their \$100 million re-development. This redevelopment will bring a host of new retail tenants and help the Mall regain its status as a regional retail draw. In southeast Aurora, in the Aurora Reservoir area, 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. Two 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 host of lifestyle, entertainment, restaurant and other larger retailers, ensuring that Southlands will act as a super-regional draw for a major portion of the southeast metro area. These new retail venues will act as regional destinations, attracting shoppers from both within and outside of Aurora and are projected to bring in additional retail sales that will improve the City's sales tax revenue growth.

Development has brought significant private investment to the City. Development results in new revenue, but also results in a need for additional public services. The City expects to increase expenditures on services and infrastructure to support the new development.

Colorado and Aurora are in a continuing drought condition although the situation has improved. The City took steps to ensure adequate water is available for public welfare purposes by implementing a series of water conservation measures beginning in the summer of 2002 that have led to significant savings in water usage. Most importantly, the City is identifying a series of major improvements to its water system to ensure adequate water supplies, even in dry-year

water conditions, currently and for the future. These improvements are being funded through increased water rates and tap fees, and through use of available Utilities Enterprise 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 employs over 30,000 people. Lying along the City's northern border, DIA generates substantial development activity in the immediate area. New development within the City near DIA includes three new office buildings opened and a fourth in the planning process; an average of one million square feet of new flex/industrial space every year since 1997; and seven new hotels containing a total of 1,200 rooms at an average occupancy rate of 74 percent for 2004. 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. The 2003 completion of an extension of E-470 boosted the toll road's total traffic by more than 20 percent in 2004 and is contributing to the development plans of a number of commercial projects.

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. Fitzsimons received the 2003 National Award for Excellence in Technology-Led Economic Development from the U.S. Department of Commerce, Economic Development Administration.

The total redevelopment program for Fitzsimons calls for over 15 million square feet of new construction phased over 25-30 years, representing a capital outlay of over \$4.3 billion. Employment at Fitzsimons was approximately 5,000 employees at the end of 2004 and 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 is both the master developer and manager of the bioscience park component at Fitzsimons. Formal programs and informal encounters facilitate collaborations at Fitzsimons. Facilities, services and support give start-up and early stage bioscience companies the best possible opportunities to succeed 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 and will be available for occupancy in late 2005.

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 5,000 employees are currently located at Fitzsimons in facilities, which include the renovated former main hospital building; the new 600,000 square foot, \$165 million Anschutz Centers for Advanced Medicine; the Rocky Mountain Lion's Eye Institute; the Anschutz Outpatient Pavilion; the \$20 million University Physicians, Inc. office building; and the 600,000 square foot Research Complex 1. The Anschutz complex is expected to serve 300,000 patients per year by 2010.

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 1.2 million square foot campus on 41 acres for clinical, research and administrative use including a 270-bed inpatient facility. Total estimated development costs are \$458 million, with completion scheduled for late 2007.

At the center of the Fitzsimons development is 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 in design 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.

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. The redevelopment is now 80 percent complete, and has created a \$4 billion gross economic impact between 1994 and 2003, with approximately \$1.7 billion benefiting the City of Aurora and other entities, with the remaining amount benefiting the City and County of Denver.

The majority of Lowry (89 percent) is in the City and County of Denver, and 11 percent is in the City of Aurora. The Colorado Community College System occupies most of the Lowry property within the City of Aurora. The Lowry Campus of the Colorado Community College System, operated by Aurora Community College, now supports more than 2,500 students with 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. By early 2005, the LRA had demolished 291 Air Force buildings, demolished and recycled 600,000 tons of concrete and runways, and constructed 34 miles of new roads and 50 miles of new utilities. These construction efforts at Lowry have employed an average of 600 workers per year. The 112 employers at Lowry occupy more than 3.8 million square feet of space and employ approximately 6,000 people. Lowry employers are private businesses, nonprofit organizations and schools. Office uses account for 51 percent of the 3.8 million square feet of space, educational facilities 19 percent, recreational uses 14 percent, medical uses 12 percent and retail stores 4 percent.

The redevelopment of the former base resulted in a 1,866-acre, mixed-use, master planned community within a densely developed area. At completion, the Lowry community is expected to feature 4,500 residences, a two million square foot business park with 7,000 employees, a retail town center, a community college campus, numerous schools and 800 acres of public parks and recreation areas. Commercial and residential development should be completed by late 2007.

Buckley Air Force Base - 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 over \$40 million on construction activities in 2004. Improvements included the addition of a second troop dormitory, a fitness center and the near-completion of a new wing headquarters building. Over the next 18 months the Air Force is planning to build 353 homes at Buckley through a privatization effort at an estimated cost of \$75 million.

Buckley’s annual economic impact on the region, which reached \$1.2 billion in 2004, 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 8,000 full-time military, civilian and contractual

personnel at Buckley and generates more than 7,000 jobs in the community. In addition, Buckley supports nearly 2,500 Guard and Reserve personnel as well as more than 75,000 military retirees, veterans and dependents.

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. Currently Lockheed Martin, Raytheon and Northrop Grumman each employ more than 500 workers in nearby office parks. Raytheon is expanding its local office for work on a major multi-billion dollar contract, added approximately 250 employees in 2004 and expects to add another 300 employees in 2006. Northrop Grumman is currently adding an 80,000 square foot building to their campus and expects to add additional jobs in 2005.

Urban Renewal Supports Economic Development

An urban renewal area at Aurora's City Center was created by resolutions in 1981 and 1982 and consists of approximately 670 acres. As part of the Urban Renewal Plan, approximately 125 acres of underdeveloped land in City Center were declared eligible for property and/or sales tax increment financing. The City Council, acting as the governing body of the Aurora Urban Renewal Authority (the Authority), is authorized to issue revenue bonds to finance public improvements within City Center. Revenue bonds were issued in 1996 and improvements were made. Under a separate development agreement the City has committed \$13 million of sales tax revenues to the completed 500,000 square foot Aurora City Place retail center located in the urban renewal area. This urban renewal area is successful with substantial private and public investment made in the surrounding area, including the City's new Aurora Municipal Center and Arapahoe County's new office building.

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. No debt has been issued from the tax increment financing district.

In January 2003 the City Council passed resolutions designating a third urban renewal area - the Fletcher Plaza Urban Renewal Area (FPURA), encompassing 51 acres in the northwest corner of the City. A tax increment financing district in this area has not been established, but is anticipated to be created in the future. Proceeds from a voter-approved bond issue have been used to finance a new library and municipal services center in the FPURA. The City has also allocated \$15 million of its Private Activity Bonding authority for a \$30 million residential/mixed-use project in the FPURA that is targeted for completion in 2005.

THE FUTURE

Maintaining Growth and Strong Finances

For the future, the City plans to continue 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 aggressively moving to "harden" its water system against the possible continuation of the current drought or a new one in the future. Efforts in this area include acquiring more water storage, purchase of additional water rights and temporary leasing of water rights. It is the intent of this program to not only provide an additional level of contingency protection and minimize the chance of water restrictions for existing residents, but also to ensure adequate supplies as the City grows.

The City expects to remain strong financially. While the City has budgeted the use of fund balances in 2005, the City does not expect to draw down its long-term policy reserves. A major review of revenues and expenditures will occur in 2005 as part of the development of the 2006 budget. The 2006 budget is expected to rely less on short-term solutions and is expected to address long-term sustainable solutions. The City has a strong emphasis on attracting and retaining quality retail development in the City to support future growth in sales tax revenue. This emphasis, along with an improved national economy and continued strength in Aurora's housing and commercial developments, is anticipated to result in 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 Pension Fund for police officers hired before April 7, 1978. The City made no 2004 contribution to the Old Hire Fire Pension Fund for full-time firefighters hired before April 7, 1978, but anticipates resumption of funding in 2005. 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, 2004, the City had outstanding revenue bond, certificate of participation, general obligation bond and note debt of \$358,443,791 (excluding unamortized bond premiums and discounts). This debt was comprised of:
 - \$106,550,446 in water revenue bonds
 - \$97,745,000 in certificates of participation
 - \$59,155,000 in general obligation water debt supported by the Water Fund
 - \$48,870,000 in general obligation debt supported by the General Fund
 - \$17,094,820 in sewer revenue bonds
 - \$13,825,000 in General Fund revenue bonds
 - \$7,640,006 in water rights purchase notes
 - \$5,175,000 in golf revenue bonds
 - \$1,365,000 in AURA tax increment revenue refunding bonds
 - \$1,023,519 in golf revenue notes
- 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) was \$164.
- The per capita amount of the net general obligation bonded debt (as defined above) plus the certificates of participation (excluding unamortized premium) were \$491.

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 2004, investments included U.S. Government and agency securities, commercial paper rated A1 or better by Standard & Poor’s or P1 by Moody’s, corporate notes rated A1 by Moody’s or A+ or better by Standard & Poor’s, repurchase agreements, bank certificates of deposit and a local government investment pool (COLOTRUST).

As of December 31, 2004, the bank deposits and investments in the City’s cash and investment pool were allocated as follows:

	<u>% of Resources</u>
Bank deposits	0.32%
U.S. Government and agency securities	32.75%
Corporate notes	39.47%
Commercial paper	13.81%
Certificates of deposit	3.40%
COLOTRUST	<u>10.25%</u>
	<u>100.00%</u>

The average yield on the City’s pooled investments during 2004 was 2.93 percent. The City earned interest revenue, before the adjustment to fair value, of \$8.0 million on its pooled investments for the year ended December 31, 2004.

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, 2003. 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 eighteen 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,



Ronald S. Miller
City Manager



John Gross
Finance Director



**Council Members
2004**



Ron Miller, City Manager



Mayor Ed Tauer



Ingrid Lindemann
Mayor Pro-Tem, Ward III



Nadine Caldwell
Ward I



Kathy Green
Ward II



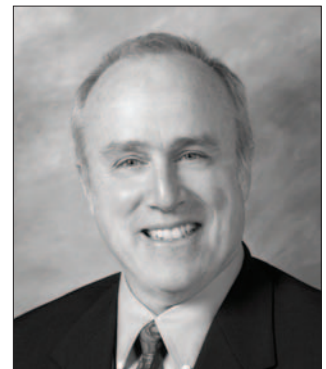
Molly Markert
Ward IV



Sue Sandstrom
Ward V



Bob Broom
Ward VI



Bob FitzGerald
At-Large



Ryan Frazier
At-Large



Steve Hogan
At-Large



Brad Pierce
At-Large



Officials

City of Aurora, Colorado

City Council

Ed Tauer, Mayor

Bob Broom

Ryan Frazier

Ingrid Lindemann

Nadine Caldwell

Kathy Green

Molly Markert

Bob FitzGerald

Steve Hogan

Brad Pierce

Sue Sandstrom

City Manager's Office

Ron Miller, City Manager

Nancy Freed, Deputy City Manager, Operations

Frank Ragan, Deputy City Manager, Community Service

Katherine Svoboda, Deputy City Manager, Administration

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

Tom Nicholas, Library, Recreation & Cultural Services

Peter Binney, Utilities

Mark Pray, Information Technology

Jack Cooper, Parks & Open Space

Nancy Sheffield, Neighborhood Services

John Gross, Finance

Kin Shuman, Human Resources

John Hilton, Internal Services

Kim Stuart, Communications

Darrell Hogan, Public Works

Dianne Truwe, Development Services

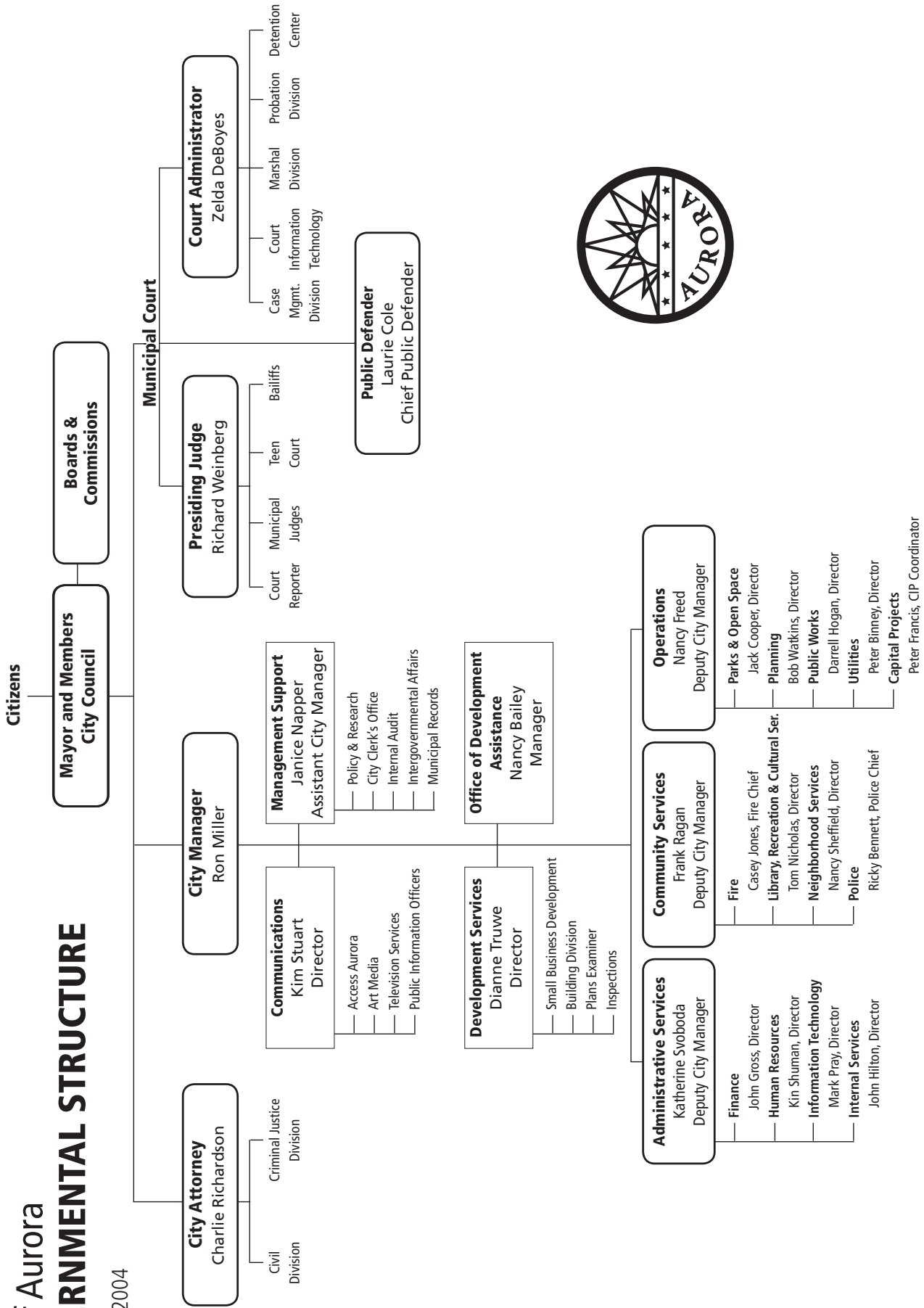
Casey Jones, Fire

Bob Watkins, Planning

City of Aurora

GOVERNMENTAL STRUCTURE

December 2004





KPMG LLP
Suite 2700
707 Seventeenth Street
Denver, CO 80202

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Aurora, Colorado (the City), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the General Employees' Retirement Plan (GERP), which represent 63% of the aggregate remaining funds' assets and 30% of aggregate remaining funds' revenue. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for GERP, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Aurora, Colorado, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2005, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages MD&A-1 through MD&A-21, schedules of funding progress on page 101, and general fund budgetary comparisons on pages 102 and 103 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We, 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, and the other auditors, did not audit the information and express no opinion on it.

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

KPMG LLP

May 20, 2005

EXHIBIT I

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004



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, 2004. 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 national, state and local economy have been weak for the past several years. Overall, Aurora is showing signs of economic improvement, but still lags the national recovery. General Fund adjusted budgetary revenues increased by \$3.7 million or 1.9% in 2004 compared to 2003, but were \$4.5 million less than budgeted. General Fund adjusted budgetary revenues are net of operating transfers and net of development review revenues, which were earmarked for a specific purpose in 2003 and are not recorded in the General Fund beginning in 2004. The 2004 revenue shortfall was offset by reduced expenditures, including unpaid furlough days and unfilled vacancies, and the use of unallocated fund balance. The 2005 General Fund adopted budget is balanced after the use of certain reserves, program cuts and pay freezes, and assumes a revenue increase of 1.4% over 2004.

• Drought

The City is moving to "harden" its water system against the possible continuation of the current drought or a new one in the future. Efforts in this area include acquiring more storage capacity, purchase of additional water rights and temporary leasing of water rights. Additionally, the City's Utilities Department has initiated a capital improvements program to develop the water supply in response to projected growth and to enhance the level of service provided to existing citizens. In order to fund these capital purchases and improvements, the City is considering options for long-term debt financing. The City has also implemented water management plans that charge usage surcharges to residential customers and additional connection surcharges to developers.

• Citywide Financial Statements

The assets of the City exceeded liabilities at the end of 2004 by \$3.4 billion (*net assets*). Of this amount, \$231.2 million, or 6.7% was unrestricted. Although 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 have been segregated by Council for

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

I. Financial Highlights (continued)

- Citywide Financial Statements (continued)
specific purposes and include amounts in the following funds: Water (\$131.3 million), Sewer (\$29.2 million), Capital Projects (\$27.0 million), Development Review (\$3.3 million), Designated Revenues (\$8.4 million), Policy Reserve (\$18.3 million), and Risk Management (\$4.8 million). The remaining unrestricted net assets consist primarily of \$5.5 million undesignated fund balance in the General Fund. Citywide net assets increased \$208.7 million in 2004 due to contributed capital assets, developer tap and annexation fees, and ongoing operations.
- Governmental Funds Ending Fund Balance
At December 31, 2004, the City's governmental funds reported combined ending fund balances of \$136.4 million, a decrease of \$29.1 million from the prior year, due primarily to spending of amounts appropriated for capital projects. Of the \$136.4 million, \$54.2 million is designated for future spending and \$44.5 million is undesignated, primarily in funds where the purpose of the fund restricts the availability of the resources. The unreserved and undesignated fund balance of the General Fund is \$5.5 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 primary debt issuances occurred in 2004: a water revenue bond funding various capital improvements in the Water Fund, various water revenue notes for the purchase of water rights, a golf revenue note for golf course irrigation system improvements and a refunding of certificates of participation.

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, 2004

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

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

The citywide financial statements consist of 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, 2004**

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, 2004**

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 101.
- 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 102.
- Notes to required supplementary information can be found on page 104.

IV. Financial Analysis

The focus of this financial analysis is on comparisons of the activities of the current year (2004) with those of the prior year (2003) 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, 2004**

IV. Financial Analysis

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

	Primary Government											
	Governmental Activities				Business-type Activities				Citywide Totals			
	December 31 2004	December 31 2003	Increase (Decrease)	% Change	December 31 2004	December 31 2003	Increase (Decrease)	% Change	December 31 2004	December 31 2003	Increase (Decrease)	% Change
Assets												
Current and other	\$ 213,314	\$ 250,466	\$ (37,152)	(14.8)	\$ 191,800	\$ 140,336	\$ 51,464	36.7	\$ 405,114	\$ 390,802	\$ 14,312	3.7
Capital assets, net	<u>2,624,118</u>	<u>2,471,091</u>	<u>153,027</u>	6.2	<u>865,971</u>	<u>808,497</u>	<u>57,474</u>	7.1	<u>3,490,089</u>	<u>3,279,588</u>	<u>210,501</u>	6.4
Total Assets	<u>2,837,432</u>	<u>2,721,557</u>	<u>115,875</u>	4.3	<u>1,057,771</u>	<u>948,833</u>	<u>108,938</u>	11.5	<u>3,895,203</u>	<u>3,670,390</u>	<u>224,813</u>	6.1
Liabilities												
Current and other	54,480	59,122	(4,642)	(7.9)	10,656	12,420	(1,764)	(14.2)	65,136	71,542	(6,406)	(9.0)
Non-current	<u>191,158</u>	<u>205,025</u>	<u>(13,867)</u>	(6.8)	<u>202,863</u>	<u>166,459</u>	<u>36,404</u>	21.9	<u>394,021</u>	<u>371,484</u>	<u>22,537</u>	6.1
Total Liabilities	<u>245,638</u>	<u>264,147</u>	<u>(18,509)</u>	(7.0)	<u>213,519</u>	<u>178,879</u>	<u>34,640</u>	19.4	<u>459,157</u>	<u>443,026</u>	<u>16,131</u>	3.6
Net Assets												
Invested in capital assets, net of related debt	2,479,755	2,333,052	146,703	6.3	675,345	653,136	22,209	3.4	3,155,100	2,986,188	168,912	5.7
Restricted	42,427	45,296	(2,869)	(6.3)	7,300	7,094	206	2.9	49,727	52,390	(2,663)	(5.1)
Unrestricted	<u>69,612</u>	<u>79,062</u>	<u>(9,450)</u>	(12.0)	<u>161,607</u>	<u>109,724</u>	<u>51,883</u>	47.3	<u>231,219</u>	<u>188,786</u>	<u>42,433</u>	22.5
Total net assets	<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

Chart 1

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

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 2004 were \$3.9 billion. The largest portion of these assets, \$3.5 billion (90%) 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 \$0.4 billion were current and other assets consisting primarily of cash, investments and receivables.

City capital assets increased \$210.5 million in 2004. Of this increase, \$153.0 million occurred in capital assets used in governmental activities. The remaining \$57.5 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 2004	December 31 2003	Increase (Decrease)	December 31 2004	December 31 2003	Increase (Decrease)	December 31 2004	December 31 2003	Increase (Decrease)
Land and water rights	\$ 199,055	\$ 187,805	\$ 11,250	\$ 217,507	\$ 197,898	\$ 19,609	\$ 416,562	\$ 385,703	\$ 30,859
Buildings and improvements	155,940	148,112	7,828	48,425	47,688	737	204,365	195,800	8,565
Infrastructure	2,214,895	2,089,044	125,851	498,701	480,214	18,487	2,713,596	2,569,258	144,338
Machinery and equipment	19,894	20,915	(1,021)	16,514	16,542	(28)	36,408	37,457	(1,049)
Construction in progress	34,334	25,215	9,119	84,824	66,155	18,669	119,158	91,370	27,788
Totals	<u>\$ 2,624,118</u>	<u>\$ 2,471,091</u>	<u>\$ 153,027</u>	<u>\$ 865,971</u>	<u>\$ 808,497</u>	<u>\$ 57,474</u>	<u>\$ 3,490,089</u>	<u>\$ 3,279,588</u>	<u>\$ 210,501</u>

Chart 2

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

IV. Financial Analysis (continued)

A. Assets (continued)

Governmental Activities

The \$153.0 million increase in governmental activities capital assets is explained as follows:

- Infrastructure increased \$125.9 million. During 2004, developers donated streets to the City valued at \$113.0 million. In addition, the City constructed \$16.7 million in street improvements funded by the Capital Projects Fund and \$4.0 million in improvements funded primarily from the Conservation Trust Fund. Infrastructure decreased \$7.8 million through current year depreciation charges.
- Land increased \$11.3 million. The developer-donated streets included land valued at \$7.1 million. The City also incurred land acquisition costs of \$4.2 million, primarily for park construction funded with bond proceeds from the Capital Projects Fund.
- Buildings and improvements increased \$7.8 million. The new Martin Luther King, Jr. branch library and municipal services center opened in 2004 and added \$7.6 million to building assets. Fire Station #7 and various other libraries and police and fire station improvements were added for \$1.8 million. These projects were recorded in the Capital Projects Fund. The Tallyn's Reach dispatch center added \$1.9 million from the E-911 Fund. Additionally, ACLC Capital Projects Fund costs of \$1.0 for the Aurora Municipal Center were added in 2004. Buildings decreased \$4.5 million through current year depreciation charges.
- Machinery and equipment decreased \$1.0 million. The General Fund entered into two new capital leases in 2004 for two motor graders and four dump trucks. These leases added \$0.9 million to machinery and equipment. The City also expended \$1.1 million for public safety vehicles and equipment from the General Fund and the Gifts and Grants Fund. Parks equipment costing \$0.4 million and public works equipment costing \$0.2 million was purchased from the General Fund. Computer networking equipment was purchased for \$0.4 million from the Capital Projects Fund. Other equipment costing \$0.5 million was purchased from various funds. Additionally, machinery and equipment decreased \$4.5 million through current year depreciation charges.
- Construction in progress increased \$9.1 million. The majority of this increase is due to construction on the Central Maintenance Facility, which added \$8.4 million to construction in progress in 2004. Various other projects, accounted for primarily in the Capital Projects Fund were under construction for \$0.7 million.

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

IV. Financial Analysis (continued)

A. Assets (continued)

Business-type Activities

Business-type activities capital assets increased \$57.5 million due to the following:

- Land and water rights increased \$19.6 million principally due to the Water Fund purchase of water rights valued at \$17.5 million. Additionally, land valued at \$2.1 million was added in 2004.
- Building additions in the amount of \$2.5 million and current year depreciation charges of \$1.8 million caused building and improvements to increase by a net \$0.7 million.
- The increase in infrastructure of \$18.5 million is attributable to water lines valued at \$10.6 million and sewer lines valued at \$14.1 million constructed by developers and contributed to the City. Various other projects totaling \$2.1 million were capitalized to infrastructure in 2004 and depreciation expense of \$8.3 million was recorded.
- Machinery and equipment additions approximated the current year depreciation expense.
- Construction in progress increased \$18.7 million due to various projects under construction in 2004, including \$3.3 million for the Wemlinger Water Treatment Plant, \$3.2 million for water line replacement, \$2.0 million for the South Platte project and \$2.1 million for various other projects of the Water Fund. Projects under construction in the Sewer Fund included \$1.1 million for the Sand Creek reuse project, \$2.5 million for sewer and storm line improvements, \$0.7 million for the Abilene lift station, \$3.3 million for various other projects and \$0.5 million of capitalized interest.

B. Liabilities

Citywide total liabilities at the end of 2004 were \$459.1 million. The largest portion of these liabilities, \$394.0 million (86%) were non-current, including: accrued compensated absences, accrued risk claims and long-term debt. The remaining \$65.1 million in liabilities were in current and other liabilities, which were primarily amounts due to vendors and unearned revenues. A summary of the changes in the City's non-current liabilities including outstanding bonds and certificates of participation is provided in Chart 3. 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, 2004**

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 2004	December 31 2003	Increase (Decrease)	December 31 2004	December 31 2003	Increase (Decrease)	December 31 2004	December 31 2003	Increase Decrease
General obligation bonds	\$ 48,870	\$ 52,610	\$ (3,740)	\$ 59,155	\$ 68,410	\$ (9,255)	\$ 108,025	\$ 121,020	\$ (12,995)
Revenue bonds	15,190	16,530	(1,340)	128,820	91,521	37,299	144,010	108,051	35,959
Certificates of participation	97,745	107,430	(9,685)	-	-	-	97,745	107,430	(9,685)
Unamortized premiums & discounts	190	44	146	3,335	3,575	(240)	3,525	3,619	(94)
Compensated absences	19,962	18,723	1,239	2,541	2,242	299	22,503	20,965	1,538
Risk claims	8,203	9,181	(978)	-	-	-	8,203	9,181	(978)
Other	997	507	490	9,012	711	8,301	10,009	1,218	8,791
Totals	<u>\$ 191,157</u>	<u>\$ 205,025</u>	<u>\$ (13,868)</u>	<u>\$ 202,863</u>	<u>\$ 166,459</u>	<u>\$ 36,404</u>	<u>\$ 394,020</u>	<u>\$ 371,484</u>	<u>\$ 22,536</u>

Chart 3

At the end of 2004, the City had total bonded debt of \$252.0 million and approximately \$97.7 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 \$13.3 million during 2004. This increase reflects the issuance of \$40.0 million of water revenue bonds for funding water system improvements. Additionally, 2004 refunding COPs were issued by ACLC, replacing the 1994 issue. This transaction decreased COPs outstanding by \$6.2 million. Scheduled debt principal payments decreased outstanding debt by \$20.5 million.

The City's underlying 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, 2004 was approximately \$72.0 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 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, 2004**

IV. Financial Analysis (continued)

C. Net Assets

At the end of 2004, total net assets (assets minus liabilities) were \$3.4 billion. The largest portion of net assets (\$3.2 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 2004 were \$49.7 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 (\$231.2 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:

- \$131.3 million in the Water Fund and \$29.2 million in the Sewer Fund, intended for use by the Utility Enterprise,
- \$27.0 million in the Capital Projects Fund authorized by City Code to be used for capital purposes,
- \$3.3 million in the Development Review Fund authorized by City Council to support activities of the enhanced development review program,
- \$8.4 million in the Designated Revenues Fund authorized by City Council primarily to support development activity,
- \$18.3 million in the Policy Reserve Fund to maintain reserves at 10% of General Fund adjusted budgetary expenditures and
- \$4.8 million in the Risk Management Fund to be used for future claims.

As indicated in Chart 1, net assets increased \$208.7 million in 2004, of which \$134.4 million (64%) was attributable to governmental activities and \$74.3 million (36%) 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 \$120.1 million (89% of the governmental activities increase).

Water and sewer lines constructed by developers and deeded to the City accounted for \$24.7 million (33.2%) of the increase in net assets attributable to business-type activities. An additional \$42.9 million (57.7%) 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, 2004**

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>2004</u>	<u>2003</u>	Increase (Decrease)	% Change	<u>2004</u>	<u>2003</u>	Increase (Decrease)	% Change	<u>2004</u>	<u>2003</u>	Increase (Decrease)	% Change
REVENUES												
Program Revenues												
Charges for services	\$ 30,455	\$ 27,855	\$ 2,600	9.3	\$ 85,519	\$ 74,674	\$ 10,845	14.5	\$ 115,974	\$ 102,529	\$ 13,445	13.1
Operating grants and contributions	31,554	31,365	189	0.6	1,757	1,452	305	21.0	33,311	32,817	494	1.5
Capital grants and contributions	125,614	44,542	81,072	182.0	67,567	51,868	15,699	30.3	193,181	96,410	96,771	100.4
General Revenues												
Taxes												
Sales and use	135,610	128,687	6,923	5.4	-	-	-	-	135,610	128,687	6,923	5.4
Property	28,033	29,799	(1,766)	(5.9)	-	-	-	-	28,033	29,799	(1,766)	(5.9)
Franchise	10,606	10,184	422	4.1	-	-	-	-	10,606	10,184	422	4.1
Lodgers	3,130	3,044	86	2.8	-	-	-	-	3,130	3,044	86	2.8
Occupational privilege	3,756	3,684	72	2.0	-	-	-	-	3,756	3,684	72	2.0
Other	5,362	4,865	497	10.2	-	-	-	-	5,362	4,865	497	10.2
Grants and contributions not restricted to specific programs	863	832	31	3.7	-	-	-	-	863	832	31	3.7
Unrestricted investment earnings	2,276	3,265	(989)	(30.3)	1,261	1,680	(419)	(24.9)	3,537	4,945	(1,408)	(28.5)
Total revenues	<u>377,259</u>	<u>288,122</u>	<u>89,137</u>	<u>30.9</u>	<u>156,104</u>	<u>129,674</u>	<u>26,430</u>	<u>20.4</u>	<u>533,363</u>	<u>417,796</u>	<u>115,567</u>	<u>27.7</u>
EXPENSES												
General government	34,865	32,106	2,759	8.6	-	-	-	-	34,865	32,106	2,759	8.6
Judicial	6,892	6,413	479	7.5	-	-	-	-	6,892	6,413	479	7.5
Police	64,976	64,280	696	1.1	-	-	-	-	64,976	64,280	696	1.1
Fire	29,082	30,113	(1,031)	(3.4)	-	-	-	-	29,082	30,113	(1,031)	(3.4)
Other public safety	9,466	5,847	3,619	61.9	-	-	-	-	9,466	5,847	3,619	61.9
Public works	28,176	25,024	3,152	12.6	-	-	-	-	28,176	25,024	3,152	12.6
Economic development	14,096	15,822	(1,726)	(10.9)	-	-	-	-	14,096	15,822	(1,726)	(10.9)
Community services	9,408	9,049	359	4.0	-	-	-	-	9,408	9,049	359	4.0

(continued)

	Primary Government											
	Governmental Activities				Business-type Activities				Totals			
	<u>2004</u>	<u>2003</u>	Increase (Decrease)	% Change	<u>2004</u>	<u>2003</u>	Increase (Decrease)	% Change	<u>2004</u>	<u>2003</u>	Increase (Decrease)	% Change
EXPENSES (continued)												
Culture and recreation	\$ 34,217	\$ 31,612	\$ 2,605	8.2	\$ -	\$ -	\$ -	-	\$ 34,217	\$ 31,612	\$ 2,605	8.2
Unallocated depreciation	2,742	2,529	213	8.4	-	-	-	-	2,742	2,529	213	8.4
Interest on debt	8,958	9,478	(520)	(5.5)	-	-	-	-	8,958	9,478	(520)	(5.5)
Water	-	-	-	-	46,903	41,230	5,673	13.8	46,903	41,230	5,673	13.8
Sewer	-	-	-	-	26,174	25,019	1,155	4.6	26,174	25,019	1,155	4.6
Golf	-	-	-	-	8,729	8,545	184	2.2	8,729	8,545	184	2.2
Total expenses	<u>242,878</u>	<u>232,273</u>	<u>10,605</u>	5.4	<u>81,806</u>	<u>74,794</u>	<u>7,012</u>	9.4	<u>324,684</u>	<u>307,067</u>	<u>17,617</u>	5.7
Excess of revenues over expenses before transfers	134,381	55,849	78,532	140.6	74,298	54,880	19,418	35.4	208,679	110,729	97,950	88.5
Transfers in (out)		<u>10</u>	<u>(10)</u>	(100.0)		<u>(10)</u>	<u>10</u>	(100.0)	<u>-</u>	<u>-</u>	<u>-</u>	-
Net change in net assets	134,381	55,859	78,522	140.6	74,298	54,870	19,428	35.4	208,679	110,729	97,950	88.5
Net assets January 1	<u>2,457,410</u>	<u>2,401,551</u>	<u>55,859</u>	2.3	<u>769,954</u>	<u>715,084</u>	<u>54,870</u>	7.7	<u>3,227,364</u>	<u>3,116,635</u>	<u>110,729</u>	3.6
Net assets December 31	<u>\$ 2,591,791</u>	<u>\$ 2,457,410</u>	<u>\$ 134,381</u>	5.5	<u>\$ 844,252</u>	<u>\$ 769,954</u>	<u>\$ 74,298</u>	9.6	<u>\$ 3,436,043</u>	<u>\$ 3,227,364</u>	<u>\$ 208,679</u>	6.5

(concluded)

Chart 4

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

IV. Financial Analysis (continued)

D. Revenues and Expenses

Chart 4 shows a comparison of the citywide activities for 2004 compared to 2003.

Governmental activities

Total revenues for governmental activities increased \$89.1 million (30.9%) due to the following:

- An increase in \$81.1 million in capital grants and contributions due mainly to the contribution of streets by developers.
- An increase in charges for services revenues of \$2.6 million directly attributable to construction permit revenue growth in the Development Review Fund.
- The sales and use tax increase of \$6.9 million is comparable to their projected growth.
- A decrease of \$1.8 million in property taxes due to voter approved retention of excess TABOR revenues in 2003 and a 1 mil reduction of the mil levy in 2004.
- Other taxes increased \$0.5 million through sales tax audit revenues.
- Unrestricted investment earnings decreased \$1.0 million principally due to a decrease in the fair value of investments at December 31, 2004.

Total governmental expenses increased \$10.6 million (5.4%) as described in the following analysis by function:

- An increase in general government expenses of \$2.8 million resulting from reduction of 2003 general government expenses through recognition of an expense reimbursement receivable from E-470 Public Highway Authority.
- An increase in police expenses of \$0.7 million due to increased costs for police services of \$3.6 million offset by decreased police communications expenses of \$2.9 million as those activities were transferred to the public safety communications function in 2004.
- A decrease in fire expenses of \$1.0 million due to the transfer of fire communications activities to the new public safety function in 2004.
- An increase in other public safety expenses of \$3.6 million due primarily to the transfer of police and fire communications to this function in 2004.
- An increase in public works expenses of \$3.2 million reflecting an increase of \$2.0 million in depreciation expense resulting from increased capitalized street assets.
- A decrease of \$1.7 million in economic development expenses as costs for development review related activity is now in the Development Review Fund.
- Cultural and recreation expenses increased \$2.6 million mainly through increased parks operating and maintenance expenses.
- Interest on debt decreased \$0.5 million due to scheduled debt service payments.

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

IV. Financial Analysis (continued)

D. Revenues and Expenses (continued)

Governmental activities (continued)

Charts 5 and 6 below present governmental activity revenues by source and governmental revenues by type of fund, respectively. Governmental activity sources include taxes and other revenues, while 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 ultimately 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 capital contributions valued at \$120.1 million.

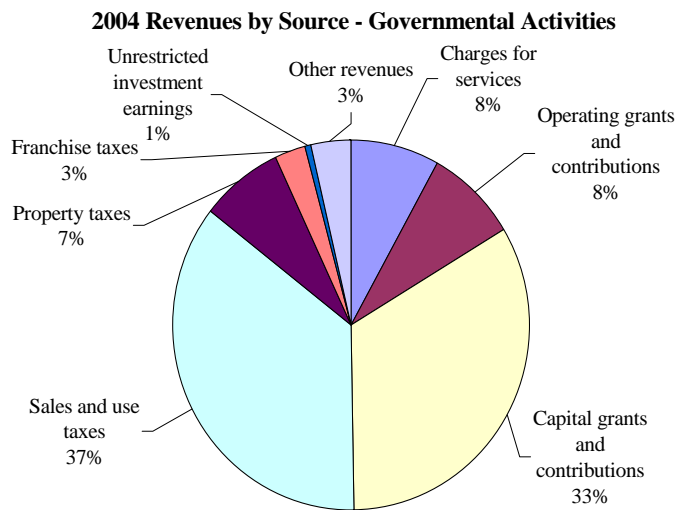


Chart 5

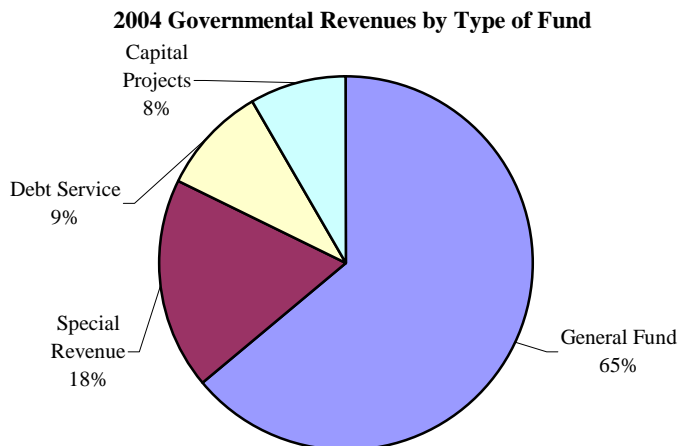


Chart 6

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

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.

2004 Governmental Activities Expenses by Function

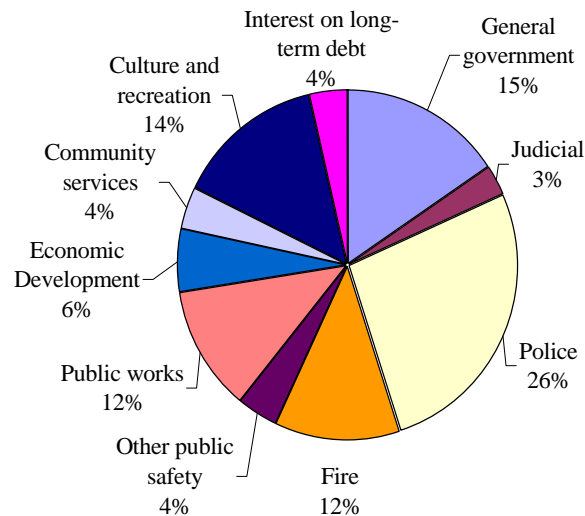


Chart 7

2004 Governmental Expenditures by Type of Fund

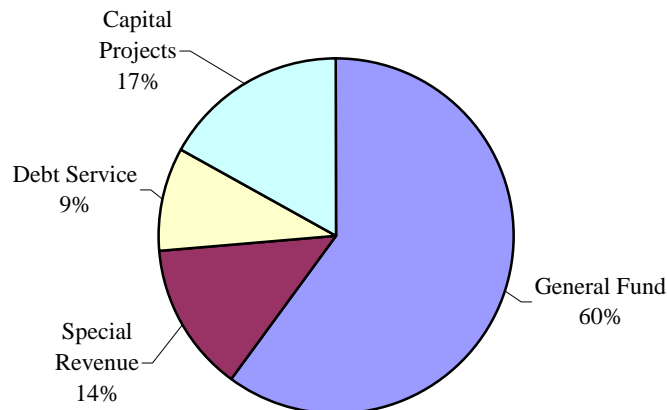


Chart 8

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

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 \$120.1 million of non-cash contributions for new streets constructed by developers and deeded to the City. Public works expenses are mostly related to street maintenance. Governmental Activities are primarily financed through general revenues of the City including taxes and unrestricted investment earnings.

**Governmental Activities
2004 Expenses Compared to Program Revenues**

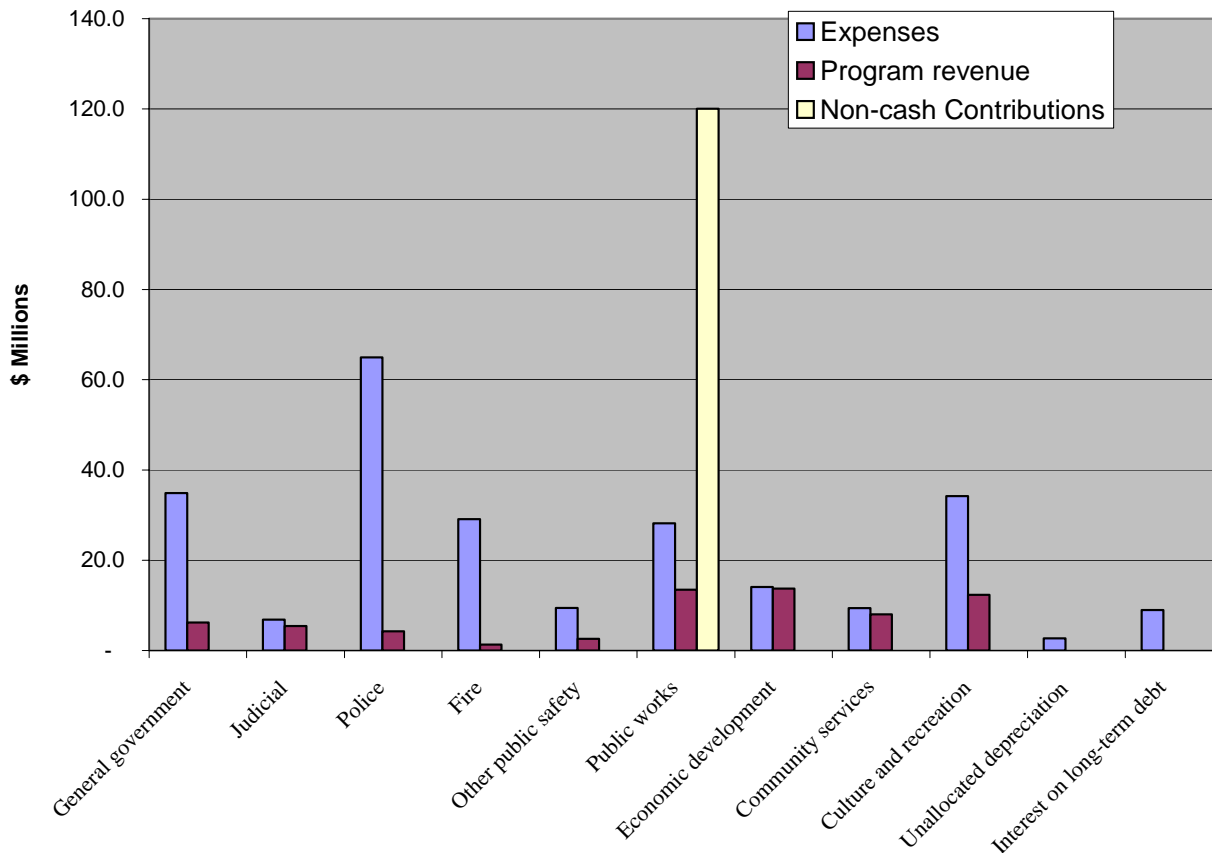


Chart 9

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

IV. Financial Analysis (continued)

D. Revenues and Expenses (continued)

Business-type activities

Total revenues for business-type activities increased \$26.4 million due to the following:

- Increase in charges for services of \$10.8 million due to an increase in water rates in the Water Fund as a result of a new rate structure.
- Increase in capital grants and contributions of \$15.7 million including an increase of \$3.9 million in water and sewer mains contributed by developers, an increase in water taps of \$7.0 million and drought surcharges of \$3.6 million.
- Investment earnings decreased \$0.4 million principally due to a decrease in the fair value of investments at December 31, 2004.

Total expenses for business-type activities increased \$7.0 million due to:

- Water Fund expenses increased \$5.7 million due primarily to increased purchased water, which included \$4.0 million for water rights leases to meet drought related demand.
- An increase in sewer treatment charges paid by the City to a third party.

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.

2004 Revenues by Source - Business-type Activities

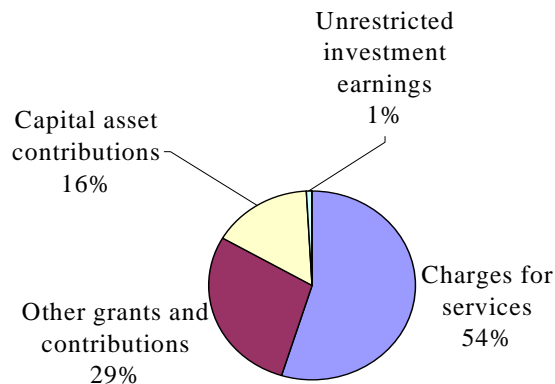


Chart 10

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

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 2004, charges for services exceeded expenses. While recorded as 2004 revenue, capital grants and contributions (the primary component of other grants and contributions) and capital asset contributions are not used to fund operations.

**Business-type Activities
2004 Expenses Compared to Program Revenues**

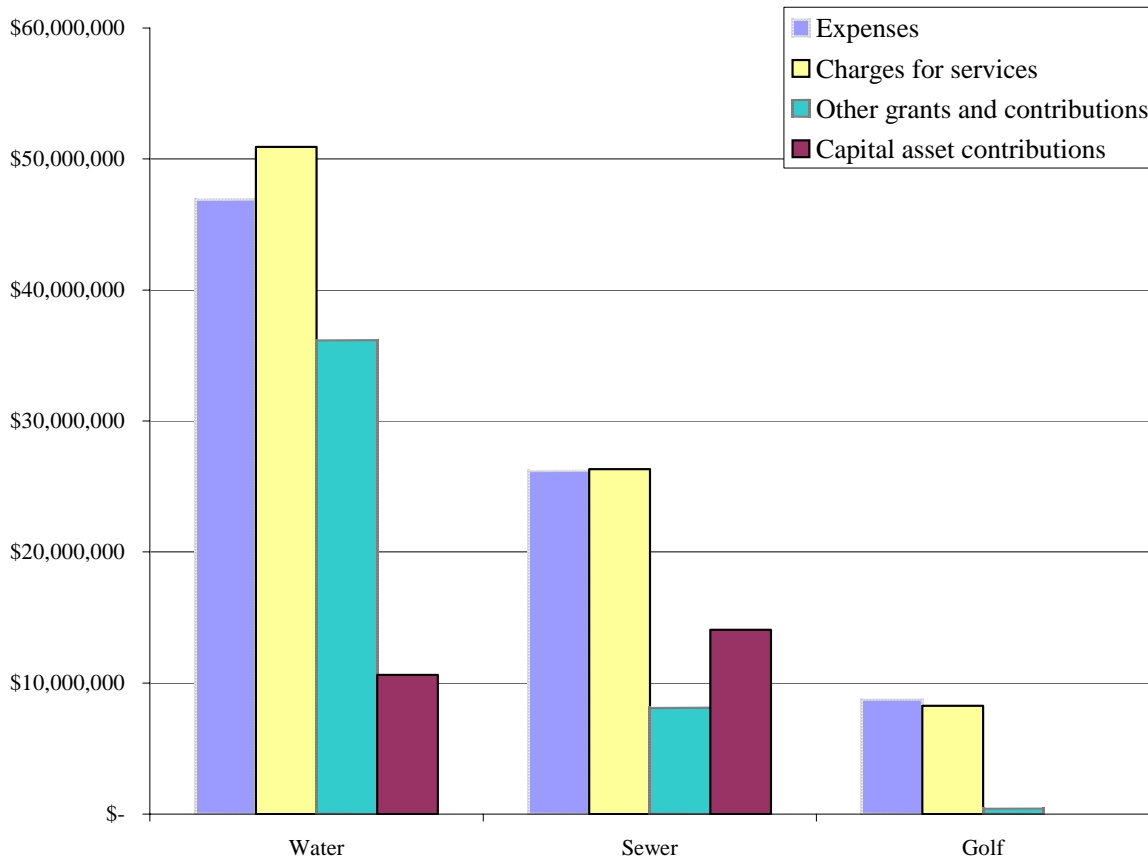


Chart 11

EXHIBIT I

CITY OF AURORA, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

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 2004, total fund balance for the General Fund was \$24.4 million. A portion of this fund balance (4%) is reserved. Reserves represent purchase orders for which the goods or services have not yet been received. Of the \$23.4 million unreserved fund balance, \$18.0 million was designated for specific future spending. The remaining \$5.5 million was available for appropriation at the end of the year. Total General Fund fund balance decreased \$4.5 million from 2003 to 2004 due to the use of \$2.3 million in designated funds and \$1.5 million in undesignated funds to meet budget needs.

As a measure of the General Fund's financial flexibility, it is useful to compare both unreserved fund balance and total fund balance to total General Fund expenditures. Unreserved, undesignated fund balance was 2.5% of total General Fund expenditures (including other financing uses) in 2004, compared to 3.2% in 2003. This translates to 2.6% and 3.4% of General Fund revenues (including other financing sources) for 2004 and 2003, respectively. Total fund balance was 11.4% of total General Fund expenditures (11.6% of revenues) in 2004, compared to 13.2% (13.8% of revenues) in 2003.

As a further measure of the General Fund's financial flexibility, 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 2004, Policy Reserve Fund funds available was over 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 14.1% of the General Fund's 2004 adjusted budgetary operating expenditures.

The Capital Projects Fund

The City Capital Projects Fund is a major governmental fund that accounts for resources and costs relating to major capital projects. Funding for projects is provided by transfers from the General Fund, interest earnings, contributions and bond proceeds. Total fund balance in the City Capital Projects Fund at December 31, 2004 was \$41.8 million. Of this amount, \$14.8 million is reserved for specific purposes. Of the total unreserved amount, \$24.5 million was designated for continuing appropriations. The remaining \$2.4 million was available for appropriation. The \$27.5 million decrease in fund balance at December 31, 2004 as compared to December 31, 2003 was primarily due to spending of the general obligation bond series 2000 proceeds for construction of various City facilities.

EXHIBIT I

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004

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 the activities related to the construction and acquisition of City leased property. Total fund balance in the ACLC Capital Projects Fund at the end of 2004 was \$2.3 million, which was reserved for use on capital projects. Fund balance decreased \$3.4 million primarily through spending of Series 2002 COPs proceeds for construction and installation of a public safety communications system.

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 2004 for all debt service funds included \$4.7 million reserved for payments relating to debt service, arbitrage and urban renewal. The reserved fund balance decreased \$6.5 million from the prior year due mainly to the removal of the reserve requirement on the Series 1994 Refunding COPs, which were refunded in 2004 with the Series 2004 Refunding COPs.

F. General Fund Budgetary Highlights

The final 2004 General Fund amended expenditure budget was \$2.4 million (1.1%) higher than the original 2004 expenditure budget, reflecting changing budget needs early in the year. Although appropriations were increased, revenues fell below budget by \$4.0 million due to slower than anticipated tax revenue growth attributable primarily to reduced sales tax collections, which were \$2.4 million (2.2%) below budget. City management reacted to the revenue shortfall by reducing General Fund expenditures by \$4.7 million, resulting in a \$0.7 million net increase in actual funds available as compared to budget. Generally, expenditure reductions were achieved through vacancy savings, as a result of restrictions on hiring and filling of vacant positions, and through the use of unallocated fund balance.

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, 2004**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Fitzsimons Redevelopment Authority
ASSETS				
Cash and cash equivalents	\$ 11,861,485	\$ 10,856,986	\$ 22,718,471	\$ 2,963,470
Investments	75,555,803	149,927,870	225,483,673	—
Receivables (net of allowance)	47,062,785	8,405,634	55,468,419	573,372
Internal balances	376,772	(376,772)	—	—
Inventories	414,461	281,171	695,632	—
Deferred charges	187,568	1,258,135	1,445,703	56,995
Restricted assets	76,659,732	18,510,612	95,170,344	154,887
Notes receivable	1,195,638	328,117	1,523,755	1,979,957
Equity in joint venture	—	2,608,428	2,608,428	—
<i>Capital assets (net of accumulated depreciation)</i>				
Land and water rights	199,055,350	217,507,367	416,562,717	3,568,699
Buildings and improvements	155,940,278	48,424,864	204,365,142	7,327,191
Infrastructure	2,214,894,670	498,700,758	2,713,595,428	—
Machinery and equipment	19,893,684	16,514,444	36,408,128	46,717
Construction in progress	34,334,116	84,824,060	119,158,176	82,658
Total assets	2,837,432,342	1,057,771,674	3,895,204,016	16,753,946
LIABILITIES				
Accounts payable and other current liabilities	9,549,335	8,931,186	18,480,521	441,518
Unearned revenues	21,726,117	209,630	21,935,747	15,346
Payable from restricted assets	23,205,357	1,515,336	24,720,693	—
<i>Noncurrent liabilities</i>				
Due within one year	14,457,718	12,206,312	26,664,030	122,041
Due within one year payable from restricted assets	—	2,064,641	2,064,641	—
Due beyond one year	165,672,780	180,961,715	346,634,495	3,989,415
Due beyond one year payable from restricted assets	11,027,386	7,630,797	18,658,183	—
Total liabilities	245,638,693	213,519,617	459,158,310	4,568,320
NET ASSETS				
Invested in capital assets, net of related debt	2,479,755,028	675,344,617	3,155,099,645	7,889,169
<i>Restricted</i>				
Construction	—	4,199,838	4,199,838	154,887
Police	840,769	—	840,769	—
E-911 equipment and services	4,181,097	—	4,181,097	—
Parks and recreation	9,792,734	—	9,792,734	—
Emergencies	6,587,427	—	6,587,427	—
Gifts and grants	7,345,087	—	7,345,087	—
Debt related	—	3,100,000	3,100,000	—
Agreements	5,251,278	—	5,251,278	—
Urban renewal	1,170,124	—	1,170,124	—
Pension benefits	7,258,473	—	7,258,473	—
Unrestricted	69,611,632	161,607,602	231,219,234	4,141,570
Total net assets	\$ 2,591,793,649	\$ 844,252,057	\$ 3,436,045,706	\$ 12,185,626

EXHIBIT III

CITY OF AURORA, COLORADO

**CITYWIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>			<u>Component Unit Fitzsimons Redevelopment Authority</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary government							
<i>Governmental activities</i>							
General government	\$ 34,865,194	\$ 1,499,724	\$ 1,291,719	\$ 3,445,652	\$ (28,628,099)	\$ —	\$ (28,628,099)
Judicial	6,891,787	5,419,785	14,781	—	(1,457,221)	—	(1,457,221)
Police	64,975,624	1,728,947	2,559,597	—	(60,687,080)	—	(60,687,080)
Fire	29,082,202	548,843	794,482	—	(27,738,877)	—	(27,738,877)
Other public safety	9,465,582	—	2,527,688	85,638	(6,852,256)	—	(6,852,256)
Public works	28,175,551	485,472	12,464,509	120,584,442	105,358,872	—	105,358,872
Economic development	14,095,722	13,247,894	522,174	—	(325,654)	—	(325,654)
Community services	9,407,800	2,193,055	5,845,286	—	(1,369,459)	—	(1,369,459)
Culture and recreation	34,217,470	5,331,250	5,534,220	1,498,537	(21,853,463)	—	(21,853,463)
Unallocated depreciation	2,741,752	—	—	—	(2,741,752)	—	(2,741,752)
Interest on long-term debt	8,958,150	—	—	—	(8,958,150)	—	(8,958,150)
Total governmental activities	<u>242,876,834</u>	<u>30,454,970</u>	<u>31,554,456</u>	<u>125,614,269</u>	<u>(55,253,139)</u>	<u>—</u>	<u>(55,253,139)</u>
<i>Business-type activities</i>							
Water	46,903,285	50,924,714	1,425,289	45,349,567	—	50,796,285	50,796,285
Sewer	26,173,594	26,327,715	293,580	21,860,597	—	22,308,298	22,308,298
Golf	8,729,124	8,266,180	38,987	356,156	—	(67,801)	(67,801)
Total business-type activities	<u>81,806,003</u>	<u>85,518,609</u>	<u>1,757,856</u>	<u>67,566,320</u>	<u>—</u>	<u>73,036,782</u>	<u>73,036,782</u>
Total primary government	<u>\$ 324,682,837</u>	<u>\$ 115,973,579</u>	<u>\$ 33,312,312</u>	<u>\$ 193,180,589</u>	<u>(55,253,139)</u>	<u>73,036,782</u>	<u>17,783,643</u>
Component unit							
Fitzsimons Redevelopment Authority	<u>\$ 3,083,410</u>	<u>\$ 2,785,733</u>	<u>\$ —</u>	<u>\$ —</u>			<u>\$ (297,677)</u>

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Fitzsimons Redevelopment Authority
General Revenues				
<i>Taxes</i>				
Sales and use taxes	\$ 135,610,392	\$ —	\$ 135,610,392	\$ —
Property taxes	28,033,332	—	28,033,332	—
Franchise taxes	10,606,171	—	10,606,171	—
Lodgers taxes	3,130,347	—	3,130,347	—
Occupational privilege taxes	3,755,667	—	3,755,667	—
Other taxes	5,361,765	—	5,361,765	—
Grants and contributions not restricted to specific purpose	862,890	—	862,890	—
Unrestricted investment earnings	2,276,444	1,260,982	3,537,426	95,571
Gain on disposal of capital assets	—	—	—	2,674,998
Total general revenues	<u>189,637,008</u>	<u>1,260,982</u>	<u>190,897,990</u>	<u>2,770,569</u>
INCREASE IN NET ASSETS	134,383,869	74,297,764	208,681,633	2,472,892
NET ASSETS - January 1	<u>2,457,409,780</u>	<u>769,954,293</u>	<u>3,227,364,073</u>	<u>9,712,734</u>
NET ASSETS - December 31	<u>\$ 2,591,793,649</u>	<u>\$ 844,252,057</u>	<u>\$ 3,436,045,706</u>	<u>\$ 12,185,626</u>



FUND
FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

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

General Fund

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

City Capital Projects Fund

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

OTHER GOVERNMENTAL FUNDS

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, 2004

	<u>General</u>	<u>City Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,847,107	\$ 4,037,901	\$ 8,788,555	\$ 14,673,563
Investments	8,664,672	25,085,569	48,366,294	82,116,535
Receivables (net of allowance)	42,749,278	2,476,517	3,923,969	49,149,764
Due from other funds	300,744	—	600,000	900,744
Restricted assets	—	14,107,681	20,888,275	34,995,956
Notes receivable	—	1,195,638	9,194,922	10,390,560
Total assets	<u>\$ 53,561,801</u>	<u>\$ 46,903,306</u>	<u>\$ 91,762,015</u>	<u>\$ 192,227,122</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities</i>				
Accounts payable and other				
current liabilities	\$ 5,614,276	\$ 2,171,793	\$ 2,119,756	\$ 9,905,825
Due to other funds	44,375	—	—	44,375
Deferred revenues	23,476,849	1,446,430	11,569,278	36,492,557
Payable from restricted assets	—	1,501,102	7,837,702	9,338,804
Total liabilities	<u>29,135,500</u>	<u>5,119,325</u>	<u>21,526,736</u>	<u>55,781,561</u>
<i>Fund balances</i>				
<i>Reserved</i>				
Encumbrances	992,384	2,211,876	8,832,697	12,036,957
Construction	—	6,685,595	2,257,460	8,943,055
Police	—	—	840,769	840,769
Gifts and grants	—	5,491,544	—	5,491,544
Debt related	—	—	2,084,331	2,084,331
Arbitrage	—	429,440	1,954,560	2,384,000
Agreements	—	—	5,251,278	5,251,278
Urban renewal	—	—	662,175	662,175
<i>Unreserved</i>				
<i>Designated</i>				
General Fund	17,973,260	—	—	17,973,260
Special revenue funds	—	—	10,086,299	10,086,299
Debt service funds	—	—	481,500	481,500
Capital project funds	—	24,530,625	1,156,789	25,687,414
<i>Undesignated</i>				
General Fund	5,460,657	—	—	5,460,657
Special revenue funds	—	—	36,217,698	36,217,698
Debt service funds	—	—	306,796	306,796
Capital project funds	—	2,434,901	102,927	2,537,828
Total fund balances	<u>24,426,301</u>	<u>41,783,981</u>	<u>70,235,279</u>	<u>136,445,561</u>
Total liabilities and fund balances	<u>\$ 53,561,801</u>	<u>\$ 46,903,306</u>	<u>\$ 91,762,015</u>	<u>\$ 192,227,122</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, 2004**

	<u>Total Governmental Funds</u>	<u>Governmental Activities Adjustments</u>	<u>Internal Service Funds</u>	<u>Citywide Governmental Activities</u>
ASSETS				
Cash and cash equivalents	\$ 14,673,563	\$ (5,054,564)	\$ 2,242,486	\$ 11,861,485
Investments	82,116,535	(18,035,458)	11,474,726	75,555,803
Receivables (net of allowance)	49,149,764	(2,164,734)	77,755	47,062,785
Due from other funds	900,744	(900,744)	—	—
Internal balances	—	376,772	—	376,772
Inventories	—	—	414,461	414,461
Deferred charges	—	187,568	—	187,568
Restricted assets	34,995,956	41,663,776	—	76,659,732
Notes receivable	10,390,560	(9,194,922)	—	1,195,638
<i>Capital assets (net of accumulated depreciation)</i>				
Land	—	199,055,350	—	199,055,350
Buildings and improvements	—	155,940,278	—	155,940,278
Infrastructure	—	2,214,406,267	488,403	2,214,894,670
Machinery and equipment	—	19,714,303	179,381	19,893,684
Construction in progress	—	34,334,116	—	34,334,116
Total assets	<u>192,227,122</u>	<u>2,630,328,008</u>	<u>14,877,212</u>	<u>2,837,432,342</u>
LIABILITIES				
Accounts payable and other current liabilities	9,905,825	(692,361)	335,871	9,549,335
Due to other funds	44,375	(44,375)	—	—
Deferred revenue / unearned revenue	36,492,557	(14,766,440)	—	21,726,117
Payable from restricted assets	9,338,804	13,866,553	—	23,205,357
<i>Noncurrent liabilities</i>				
Due within one year	—	10,448,694	4,009,024	14,457,718
Due beyond one year	—	161,031,553	4,641,227	165,672,780
Due beyond one year payable from restricted assets	—	11,027,386	—	11,027,386
Total liabilities	<u>55,781,561</u>	<u>180,871,010</u>	<u>8,986,122</u>	<u>245,638,693</u>
FUND BALANCE / NET ASSETS				
Invested in capital assets net of related debt	—	2,479,179,620	575,408	2,479,755,028
<i>Reserved / Restricted</i>				
Encumbrances	12,036,957	(12,036,957)	—	—
Construction	8,943,055	(8,943,055)	—	—
Police	840,769	—	—	840,769
E-911 equipment and services	—	4,181,097	—	4,181,097
Parks and recreation	—	9,792,734	—	9,792,734
Emergencies	—	6,587,427	—	6,587,427
Gifts and grants	5,491,544	1,853,543	—	7,345,087
Debt related	2,084,331	(2,084,331)	—	—
Arbitrage	2,384,000	(2,384,000)	—	—
Agreements	5,251,278	—	—	5,251,278
Urban renewal	662,175	507,949	—	1,170,124
Pension benefits	—	7,258,473	—	7,258,473
<i>Unreserved / Unrestricted</i>				
Designated	54,228,473	(54,228,473)	—	—
Undesignated / Unrestricted	44,522,979	19,772,971	5,315,682	69,611,632
Total fund balances / net assets	<u>\$ 136,445,561</u>	<u>\$ 2,449,456,998</u>	<u>\$ 5,891,090</u>	<u>\$ 2,591,793,649</u>

EXHIBIT VI

CITY OF AURORA, COLORADO

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>City Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
<i>Taxes</i>				
Sales and use	\$ 133,681,002	\$ —	\$ 564,041	\$ 134,245,043
Property	21,222,403	—	6,810,929	28,033,332
Franchise	10,606,171	—	—	10,606,171
Lodgers	3,130,347	—	—	3,130,347
Occupational privilege	3,733,332	—	22,335	3,755,667
Other	5,361,765	—	—	5,361,765
Charges for services	5,734,870	29,975	13,186,531	18,951,376
Licenses and permits	3,512,683	—	7,462,213	10,974,896
Fines and forfeitures	4,492,855	—	702,178	5,195,033
Special assessments	—	—	47,795	47,795
Intergovernmental	10,334,987	7,337,317	10,884,730	28,557,034
Surcharges	—	—	2,650,587	2,650,587
Miscellaneous	607,601	1,244,501	3,322,246	5,174,348
Investment earnings	724,800	1,058,356	2,316,379	4,099,535
	<u>203,142,816</u>	<u>9,670,149</u>	<u>47,969,964</u>	<u>260,782,929</u>
EXPENDITURES				
<i>Current</i>				
General government	25,677,571	827,629	8,303,825	34,809,025
Judicial	6,726,991	19,077	121,393	6,867,461
Police	59,721,817	34,103	2,905,248	62,661,168
Fire	27,571,139	31,047	238,376	27,840,562
Other public safety	8,099,500	—	939,344	9,038,844
Public works	16,641,995	3,569,304	394,308	20,605,607
Economic development	4,263,256	28,648	9,811,053	14,102,957
Community services	4,748,819	—	4,508,286	9,257,105
Culture and recreation	18,677,475	1,553,671	11,594,196	31,825,342
<i>Debt service</i>				
Principal	381,242	—	8,540,000	8,921,242
Interest	26,989	—	9,019,769	9,046,758
Capital outlay	2,676,117	41,371,160	6,013,056	50,060,333
	<u>175,212,911</u>	<u>47,434,639</u>	<u>62,388,854</u>	<u>285,036,404</u>
Excess (deficiency) of revenues over (under) expenditures	<u>27,929,905</u>	<u>(37,764,490)</u>	<u>(14,418,890)</u>	<u>(24,253,475)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,011,235	17,957,256	33,992,103	57,960,594
Transfers out	(39,619,200)	(7,717,946)	(10,548,448)	(57,885,594)
Premium from refunding bonds	—	—	187,611	187,611
Payment to refunded bond escrow agent	—	—	(14,975,000)	(14,975,000)
Proceeds from capital leases	944,280	—	—	944,280
Proceeds from refunding debt issues	—	—	8,750,000	8,750,000
Proceeds from disposal of capital assets	225,467	—	—	225,467
	<u>(32,438,218)</u>	<u>10,239,310</u>	<u>17,406,266</u>	<u>(4,792,642)</u>
INCREASE (DECREASE) IN FUND BALANCES	(4,508,313)	(27,525,180)	2,987,376	(29,046,117)
FUND BALANCES - January 1	<u>28,934,614</u>	<u>69,309,161</u>	<u>67,247,903</u>	<u>165,491,678</u>
FUND BALANCES - December 31	<u>\$ 24,426,301</u>	<u>\$ 41,783,981</u>	<u>\$ 70,235,279</u>	<u>\$ 136,445,561</u>

See notes to the basic financial statements.

EXHIBIT VII

CITY OF AURORA, COLORADO

GOVERNMENTAL FUNDS

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS ON THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO GOVERNMENTAL ACTIVITIES ON THE CITYWIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2004

	Total Governmental Funds	Governmental Activities Adjustments	Internal Service Funds	Citywide Governmental Activities
REVENUES				
<i>Taxes</i>				
Sales and use	\$ 134,245,043	\$ 1,365,349	\$ —	\$ 135,610,392
Property	28,033,332	—	—	28,033,332
Franchise	10,606,171	—	—	10,606,171
Lodgers	3,130,347	—	—	3,130,347
Occupational privilege	3,755,667	—	—	3,755,667
Other	5,361,765	—	—	5,361,765
<i>Charges for services - citywide</i>				
Charges for services	18,951,376	(16,310,419)	11,644,084	14,285,041
Licenses and permits	10,974,896	—	—	10,974,896
Fines and forfeitures	5,195,033	—	—	5,195,033
Special assessments	47,795	(47,795)	—	—
<i>Grants and contributions - citywide</i>				
Intergovernmental	28,557,034	—	—	28,557,034
Surcharges	2,650,587	—	—	2,650,587
Miscellaneous	5,174,348	119,803,290	798,811	125,776,449
Restricted investment earnings - operating	—	876,047	—	876,047
Restricted investment earnings - capital	—	171,498	—	171,498
Investment earnings (unrestricted)	4,099,535	(2,020,421)	197,330	2,276,444
Total revenues	260,782,929	103,837,549	12,640,225	377,260,703
EXPENDITURES				
<i>Current</i>				
General government	34,809,025	(11,783,572)	11,839,741	34,865,194
Judicial	6,867,461	24,326	—	6,891,787
Police	62,661,168	2,314,456	—	64,975,624
Fire	27,840,562	1,241,640	—	29,082,202
Other public safety	9,038,844	426,738	—	9,465,582
Public works	20,605,607	7,569,944	—	28,175,551
Economic development	14,102,957	(7,235)	—	14,095,722
Community services	9,257,105	150,695	—	9,407,800
Culture and recreation	31,825,342	2,392,128	—	34,217,470
Unallocated depreciation	—	2,741,752	—	2,741,752
<i>Debt service</i>				
Principal	8,921,242	(8,921,242)	—	—
Interest	9,046,758	(92,743)	4,135	8,958,150
<i>Capital outlay</i>				
	50,060,333	(50,060,333)	—	—
Total expenditures	285,036,404	(54,003,446)	11,843,876	242,876,834
Excess (deficiency) of revenues over (under) expenditures	(24,253,475)	157,840,995	796,349	134,383,869
OTHER FINANCING SOURCES (USES)				
<i>Transfers - citywide</i>				
Transfers in	57,960,594	—	175,000	58,135,594
Transfers out	(57,885,594)	—	(250,000)	(58,135,594)
Premium from refunding bonds issued	187,611	(187,611)	—	—
Payment to refunded bond escrow agent	(14,975,000)	14,975,000	—	—
Proceeds from capital leases	944,280	(944,280)	—	—
Proceeds from refunding debt issues	8,750,000	(8,750,000)	—	—
Proceeds / gain (loss) disposal of capital assets	225,467	(225,467)	—	—
Total other financing sources (uses)	(4,792,642)	4,867,642	(75,000)	—
INCREASE (DECREASE) IN FUND BALANCES / NET ASSETS	(29,046,117)	162,708,637	721,349	134,383,869
FUND BALANCES / NET ASSETS - January 1	165,491,678	2,286,748,361	5,169,741	2,457,409,780
FUND BALANCES / NET ASSETS - December 31	<u>\$ 136,445,561</u>	<u>\$ 2,449,456,998</u>	<u>\$ 5,891,090</u>	<u>\$ 2,591,793,649</u>

PROPRIETARY FUNDS

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

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

MAJOR FUNDS

Water Fund

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

Sewer Fund

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

NON-MAJOR FUND

Golf Fund

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

EXHIBIT VIII
CITY OF AURORA, COLORADO
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds		Non-Major	Total	Activities
	Water	Sewer	Fund	Enterprise	Internal
		Golf	Funds	Service Funds	
ASSETS					
<i>Current Assets</i>					
Cash and cash equivalents	\$ 7,460,468	\$ 3,059,683	\$ 336,835	\$ 10,856,986	\$ 2,242,486
Investments	120,618,730	28,369,157	939,983	149,927,870	11,474,726
Receivables (net of allowance)	5,135,737	3,162,422	107,475	8,405,634	77,755
Restricted assets	2,671,780	908,197	—	3,579,977	—
Current portion of interfund loan	—	256,000	—	256,000	—
Inventories	—	—	281,171	281,171	414,461
Total current assets	135,886,715	35,755,459	1,665,464	173,307,638	14,209,428
<i>Noncurrent/noncapital assets</i>					
Deferred charges	1,126,719	50,663	80,753	1,258,135	—
Restricted assets	6,442,397	7,111,065	1,377,173	14,930,635	—
Notes receivable	102,666	—	225,451	328,117	—
Interfund loan	—	5,120,000	—	5,120,000	—
Equity in joint venture	2,608,428	—	—	2,608,428	—
Total non-current/non-capital assets	10,280,210	12,281,728	1,683,377	24,245,315	—
<i>Capital assets (net of accumulated depreciation)</i>					
Land and water rights	194,908,971	7,306,793	15,291,603	217,507,367	—
Buildings and improvements	33,025,271	12,485,633	2,913,960	48,424,864	—
Infrastructure	294,405,526	189,812,010	14,483,222	498,700,758	488,403
Machinery and equipment	12,281,799	3,021,835	1,210,810	16,514,444	179,381
Construction in progress	46,112,485	38,711,575	—	84,824,060	—
Total capital assets	580,734,052	251,337,846	33,899,595	865,971,493	667,784
Total assets	726,900,977	299,375,033	37,248,436	1,063,524,446	14,877,212
LIABILITIES					
<i>Current liabilities</i>					
Accounts payable and other current liabilities	4,325,218	4,466,851	195,279	8,987,348	335,871
Unearned revenues	—	—	209,630	209,630	—
Payable from restricted assets	1,230,612	284,724	—	1,515,336	—
Current portion - interfund loan	—	—	256,000	256,000	—
Current portion - long-term liabilities	10,542,562	899,079	708,509	12,150,150	4,009,024
Current portion - payable from restricted assets	1,441,168	623,473	—	2,064,641	—
Total current liabilities	17,539,560	6,274,127	1,369,418	25,183,105	4,344,895
<i>Noncurrent liabilities</i>					
Interfund loan	—	—	5,120,000	5,120,000	—
Due beyond one year	161,002,890	14,486,520	5,472,305	180,961,715	4,641,227
Due beyond one year payable from restricted assets	5,192,397	1,661,227	777,173	7,630,797	—
Total noncurrent liabilities	166,195,287	16,147,747	11,369,478	193,712,512	4,641,227
Total liabilities	183,734,847	22,421,874	12,738,896	218,895,617	8,986,122
NET ASSETS					
Invested in capital assets net of related debt	410,598,633	236,555,024	22,814,960	669,968,617	575,408
<i>Restricted</i>					
Construction	—	4,199,838	—	4,199,838	—
Debt related	1,250,000	1,250,000	600,000	3,100,000	—
Unrestricted	131,317,497	34,948,297	1,094,580	167,360,374	5,315,682
Total net assets	\$ 543,166,130	\$ 276,953,159	\$ 24,509,540	\$ 844,628,829	\$ 5,891,090



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, 2004**

	Total Enterprise Funds	Business-type Activities Adjustments	Total Business-type Activities
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ 10,856,986	\$ —	\$ 10,856,986
Investments	149,927,870	—	149,927,870
Receivables (net of allowance)	8,405,634	—	8,405,634
Restricted assets	3,579,977	—	3,579,977
Internal balances	—	(376,772)	(376,772)
Current portion of interfund loan	256,000	(256,000)	—
Inventories	281,171	—	281,171
<i>Noncurrent/noncapital assets</i>			
Deferred charges	1,258,135	—	1,258,135
Restricted assets	14,930,635	—	14,930,635
Notes receivable	328,117	—	328,117
Interfund loan	5,120,000	(5,120,000)	—
Equity in joint venture	2,608,428	—	2,608,428
<i>Capital assets (net of accumulated depreciation)</i>			
Land and water rights	217,507,367	—	217,507,367
Buildings and improvements	48,424,864	—	48,424,864
Infrastructure	498,700,758	—	498,700,758
Machinery and equipment	16,514,444	—	16,514,444
Construction in progress	84,824,060	—	84,824,060
Total assets	1,063,524,446	(5,752,772)	1,057,771,674
LIABILITIES			
<i>Current liabilities</i>			
Accounts payable and other current liabilities	8,987,348	(56,162)	8,931,186
Unearned revenues	209,630	—	209,630
Payable from restricted assets	1,515,336	—	1,515,336
Current portion - interfund loan	256,000	(256,000)	—
Current portion - long-term debt	12,150,150	56,162	12,206,312
Current portion - payable from restricted assets	2,064,641	—	2,064,641
<i>Noncurrent liabilities</i>			
Interfund loans	5,120,000	(5,120,000)	—
Due beyond one year	180,961,715	—	180,961,715
Due beyond on year payable from restricted assets	7,630,797	—	7,630,797
Total liabilities	218,895,617	(5,376,000)	213,519,617
NET ASSETS			
Invested in capital assets, net of related debt	669,968,617	5,376,000	675,344,617
<i>Restricted</i>			
Construction	4,199,838	—	4,199,838
Debt related	3,100,000	—	3,100,000
Unrestricted	167,360,374	(5,752,772)	161,607,602
Total net assets	\$ 844,628,829	\$ (376,772)	\$ 844,252,057

See notes to the basic financial statements.

EXHIBIT X

CITY OF AURORA, COLORADO

PROPRIETARY FUNDS

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	Governmental
	Major Funds		Non-Major Fund		Activities
	Water	Sewer	Golf		Internal Service Funds
OPERATING REVENUES					
<i>Charges for services</i>					
Customers	\$ 50,527,062	\$ 26,327,715	\$ 8,266,180	\$ 85,120,957	\$ 11,644,084
Fire protection	397,652	—	—	397,652	—
Total operating revenues	50,924,714	26,327,715	8,266,180	85,518,609	11,644,084
OPERATING EXPENSES					
Cost of sales and services	33,998,912	21,186,499	6,557,854	61,743,265	8,670,675
Claims losses	—	—	—	—	2,976,451
Administrative expenses	1,215,720	620,376	823,768	2,659,864	98,058
Depreciation	7,081,010	4,211,508	957,928	12,250,446	94,557
Total operating expenses	42,295,642	26,018,383	8,339,550	76,653,575	11,839,741
Operating income (loss)	8,629,072	309,332	(73,370)	8,865,034	(195,657)
NONOPERATING REVENUES (EXPENSES)					
Investment income	2,198,891	735,528	54,160	2,988,579	197,330
Miscellaneous revenues	77,763	84,538	38,989	201,290	798,811
Interest expense	(4,573,056)	(175,542)	(546,951)	(5,295,549)	(4,135)
Amortization expense	(28,366)	(8,206)	(12,943)	(49,515)	—
Gain on disposal of assets	51,317	45,728	—	97,045	—
Loss on equity in joint venture	(34,478)	—	—	(34,478)	—
Net nonoperating revenues (expenses)	(2,307,929)	682,046	(466,745)	(2,092,628)	992,006
Income (loss) before capital contributions and transfers	6,321,143	991,378	(540,115)	6,772,406	796,349
Capital contributions	45,349,567	21,860,597	356,156	67,566,320	—
Transfers in	—	—	—	—	175,000
Transfers out	—	—	—	—	(250,000)
CHANGE IN NET ASSETS	51,670,710	22,851,975	(183,959)	74,338,726	721,349
NET ASSETS - January 1	491,495,420	254,101,184	24,693,499	770,290,103	5,169,741
NET ASSETS - December 31	\$ 543,166,130	\$ 276,953,159	\$ 24,509,540	\$ 844,628,829	\$ 5,891,090

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, 2004**

	Total Enterprise Funds	Business-type Activities Adjustments	Total Business-type Activities
OPERATING REVENUES			
<i>Charges for services</i>			
Customers	\$ 85,120,957	\$ —	\$ 85,120,957
Fire protection	397,652	—	397,652
Total operating revenues	<u>85,518,609</u>	<u>—</u>	<u>85,518,609</u>
OPERATING EXPENSES			
Cost of sales and services	61,743,265	(33,355)	61,709,910
Administrative expenses	2,659,864	—	2,659,864
Depreciation	12,250,446	11,750	12,262,196
Total operating expenses	<u>76,653,575</u>	<u>(21,605)</u>	<u>76,631,970</u>
Operating income	<u>8,865,034</u>	<u>21,605</u>	<u>8,886,639</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	2,988,579	(171,031)	2,817,548
Miscellaneous revenues	201,290	—	201,290
Interest expense	(5,295,549)	171,031	(5,124,518)
Amortization expense	(49,515)	—	(49,515)
Gain on disposal of assets	97,045	(97,045)	—
Loss on equity in joint venture	(34,478)	34,478	—
Net nonoperating expenses	<u>(2,092,628)</u>	<u>(62,567)</u>	<u>(2,155,195)</u>
Income before capital contributions	6,772,406	(40,962)	6,731,444
Capital contributions	<u>67,566,320</u>	<u>—</u>	<u>67,566,320</u>
CHANGE IN NET ASSETS	74,338,726	(40,962)	74,297,764
NET ASSETS - January 1	<u>770,290,103</u>	<u>(335,810)</u>	<u>769,954,293</u>
NET ASSETS - December 31	<u>\$ 844,628,829</u>	<u>\$ (376,772)</u>	<u>\$ 844,252,057</u>

EXHIBIT XII

CITY OF AURORA, COLORADO

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2004

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds		Non-Major Fund	Total Enterprise Funds	Internal
	Water	Sewer	Golf		Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash received from:</i>					
Customers and others	\$ 50,388,112	\$ 26,283,912	\$ 8,323,315	\$ 84,995,339	\$ 813,900
Interfund services provided	—	—	—	—	11,632,254
<i>Cash payments to:</i>					
Employees	(11,082,063)	(6,543,916)	(4,146,769)	(21,772,748)	(2,790,855)
Suppliers for goods and services	(26,091,162)	(15,067,584)	(3,387,389)	(44,546,135)	(9,880,208)
Net cash provided by (used in) operating activities	13,214,887	4,672,412	789,157	18,676,456	(224,909)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash transfers in	—	256,000	—	256,000	175,000
Cash transfers out	—	—	(256,000)	(256,000)	(250,000)
Net cash provided by (used in) noncapital financing activities	—	256,000	(256,000)	—	(75,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
<i>Proceeds from:</i>					
Capital debt	40,000,000	—	—	40,000,000	—
Proceeds from note	—	—	1,125,000	1,125,000	—
Capital contributions	34,726,513	7,803,567	356,155	42,886,235	—
Sale of capital assets	53,331	11,156	—	64,487	—
<i>Payments for:</i>					
Capital assets	(23,644,231)	(10,713,818)	(434,236)	(34,792,285)	(19,985)
Principal on capital debt	(11,103,923)	(1,458,657)	(634,840)	(13,197,420)	(34,542)
Interest on capital debt	(5,501,334)	(725,225)	(551,111)	(6,777,670)	(4,581)
Debt issue and discount costs	(716,361)	—	—	(716,361)	—
Net cash provided by (used in) capital and related financing activities	33,813,995	(5,082,977)	(139,032)	28,591,986	(59,108)
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) / Decrease in equity in pooled investments	(42,088,122)	834,779	(147,688)	(41,401,031)	(24,598)
Increase in investments	(1,523,472)	—	(115,415)	(1,638,887)	—
Decrease in investments	—	197,466	—	197,466	1,963,459
Interest received	3,383,454	1,237,614	139,460	4,760,528	381,884
Net cash provided by (used in) investing activities	(40,228,140)	2,269,859	(123,643)	(38,081,924)	2,320,745

See notes to the basic financial statements.

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities
	Major Funds		Non-Major Fund		Internal Service Funds
	Water	Sewer	Golf		
NET DECREASE IN CASH AND CASH EQUIVALENTS	6,800,742	2,115,294	270,482	9,186,518	1,961,728
TOTAL CASH AND CASH EQUIVALENTS, January 1	659,726	944,389	66,353	1,670,468	280,758
TOTAL CASH AND CASH EQUIVALENTS, December 31	<u>\$ 7,460,468</u>	<u>\$ 3,059,683</u>	<u>\$ 336,835</u>	<u>\$ 10,856,986</u>	<u>\$ 2,242,486</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
OPERATING INCOME (LOSS)	<u>\$ 8,629,072</u>	<u>\$ 309,332</u>	<u>\$ (73,370)</u>	<u>\$ 8,865,034</u>	<u>\$ (195,657)</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Depreciation	7,081,010	4,211,508	957,928	12,250,446	94,557
Miscellaneous nonoperating revenues	77,763	84,538	38,989	201,290	798,811
<i>Changes in operating assets and liabilities</i>					
Receivables	(614,365)	(128,341)	(125,722)	(868,428)	3,259
Inventories	—	—	13,938	13,938	(67,914)
Accounts payable and other current liabilities	(1,958,593)	195,375	(166,474)	(1,929,692)	(857,965)
Unearned revenues	—	—	143,868	143,868	—
Total adjustments	<u>4,585,815</u>	<u>4,363,080</u>	<u>862,527</u>	<u>9,811,422</u>	<u>(29,252)</u>
Net cash provided by (used in) operating activities	<u>\$ 13,214,887</u>	<u>\$ 4,672,412</u>	<u>\$ 789,157</u>	<u>\$ 18,676,456</u>	<u>\$ (224,909)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Borrowing under capital lease	—	—	137,040	137,040	—
Acquisition of capital assets by lease	—	—	(137,040)	(137,040)	—
Contribution of capital assets	10,623,053	14,057,030	—	24,680,083	—
Decrease in fair value of investments	(1,194,357)	(389,102)	(34,949)	(1,618,408)	(162,514)
Acquisition of water rights by note	8,280,091	—	—	8,280,091	—

See notes to the basic financial statements.



FIDUCIARY FUNDS

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

Pension Trust Funds

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

Agency Fund

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

EXHIBIT XIII
CITY OF AURORA, COLORADO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2004

	Pension Trust Funds	Agency Fund
	<u> </u>	<u> </u>
ASSETS		
<i>Current assets</i>		
Cash and equivalents	\$ 4,732,772	\$ 1,795,601
Investments		
Equity securities and funds	135,994,988	—
U.S. government and U.S. government agency obligations	9,226,368	—
Corporate bonds and funds	78,788,508	—
Real estate funds	22,591,578	—
Alternative investments	896,862	—
Receivables (net of allowance)	1,004,023	—
	<u> </u>	<u> </u>
Total assets	253,235,099	<u><u>\$ 1,795,601</u></u>
LIABILITIES		
<i>Current liabilities</i>		
Accounts payable and other current liabilities	442,807	\$ 1,795,601
	<u> </u>	<u> </u>
Total liabilities	442,807	<u><u>\$ 1,795,601</u></u>
NET ASSETS		
Held in trust for pension benefits	<u>252,792,292</u>	
	<u> </u>	
Total net assets	<u><u>\$ 252,792,292</u></u>	

EXHIBIT XIV
CITY OF AURORA, COLORADO
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Pension Trust Funds
ADDITIONS	
<i>Contributions</i>	
City	\$ 4,347,168
Plan members	3,940,988
	<hr/>
Total contributions	8,288,156
	<hr/>
<i>Investment activity</i>	
Investment income	23,619,805
Investment expense	(918,656)
	<hr/>
Net investment income	22,701,149
	<hr/>
Other income	54,770
	<hr/>
Total additions	31,044,075
	<hr/>
DEDUCTIONS	
Benefits	7,317,890
Administrative expenses	418,707
	<hr/>
Total deductions	7,736,597
	<hr/>
INCREASE IN NET ASSETS	23,307,478
NET ASSETS - January 1	229,484,814
	<hr/>
NET ASSETS - December 31	\$ 252,792,292
	<hr/> <hr/>

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

EXHIBIT XV

CITY OF AURORA, COLORADO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004**

SUMMARY OF NOTES TO THE BASIC FINANCIAL STATEMENTS

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Financial Reporting Entity

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

1) Discretely Presented Component Unit

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Financial Reporting Entity (continued)

2) Blended Component Units

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

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

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

B. Fund Accounting

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

1) Governmental Funds

Governmental funds are used to account for traditional governmental type activities. The City maintains twenty-four (24) 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 fifteen (15) special revenue funds: Gifts and Grants, Development Review, Abatement, Community Maintenance, Community Development, Enhanced E-911, Conservation Trust, Emergency Contingency, Parks Development, 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's five (5) debt service funds are: 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 three (3) capital project funds: the City Capital Projects 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 are provided by proceeds from long-term borrowings, participation revenues and transfers from the General Fund. The Building Repair Fund accounts for the centralized repairs of City owned facilities. Funding comes from operating transfers from other funds. 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 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, and franchise.

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

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

D. Financial Statement Presentation

1) Application of Private Sector Accounting Standards

Private-sector standards of accounting and financial reporting (Financial Accounting Standards Board (FASB) pronouncements) issued prior to December 1, 1989 are generally followed in both the citywide and the proprietary fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (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 are divided into two groups: the "primary government" and discretely presented "component units." The primary government includes all activities of the City (including blended component units) except fiduciary funds. Fiduciary funds are not included in the citywide statements because resources of these funds are not available to support City programs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial Statement Presentation (continued)

2) Citywide Financial Statements (continued)

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial Statement Presentation (continued)

2) Citywide Financial Statements (continued)

Revenue sources are separated into program revenues and general revenues.

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

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

3) Fund Financial Statements

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

a) Governmental Funds

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial Statement Presentation (continued)

3) Fund Financial Statements (continued)

a) Governmental Funds (continued)

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

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

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

b) Proprietary Funds

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

Proprietary funds consist of enterprise and internal service funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial Statement Presentation (continued)

3) Fund Financial Statements (continued)

b) Proprietary Funds (continued)

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial Statement Presentation (continued)

3) Fund Financial Statements (continued)

c) Fiduciary Funds

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

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

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

E. Cash and Investments

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Transactions

During the course of operations, transactions occur between individual funds for goods provided or services rendered. Receivables (“due from other funds”) and payables (“due to other funds”) related to these transactions are included in the “receivables (net of allowance)” or the “accounts payable and other current liabilities” in the fund statements.

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

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

Interfund activities include: transfers, internal billings, and transactions with internal service funds. For fund statement presentation, transfers are shown as “transfers in” and “transfers out.” Internal billings, 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	10-99
Machinery and equipment	3-15

1) Governmental Activities and Governmental Funds

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Unearned and Deferred Revenues (Liabilities)

Unearned Revenues

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

Deferred Revenues

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

J. 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. However, police and fire employees agreed to defer conversion of sick leave earned as of December 31, 2004 to a future period. 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 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, 2004**

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	\$ 136,445,561
Cash, investments, receivables, notes receivable	(34,449,678)
Deferred charges	187,568
Due from other funds	(900,744)
Internal balances	376,772
Restricted assets	41,663,776
Capital assets	2,623,450,314
Accounts payable and other current liabilities	692,361
Due to other funds	44,375
Deferred revenue / unearned revenue	14,766,440
Payable from restricted assets	(13,866,553)
Non-current liabilities	(182,507,633)
Internal service funds - total net assets	<u>5,891,090</u>
Net assets - Citywide Statement of Net Assets	<u>\$ 2,591,793,649</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	\$ (29,046,117)
Sales and use tax audit revenue	1,365,349
Charges for services	(16,358,214)
Miscellaneous revenues	119,803,290
Restricted investment income	1,047,545
Investment earnings	(2,020,421)
Current expenditures	(5,070,872)
Debt service	9,013,985
Capital outlay	50,060,333
Premium on refunding bond	(187,611)
Payment to refunded bond escrow agent	14,975,000
Proceeds from capital leases	(944,280)
Proceeds from refunding debt issues	(8,750,000)
Proceeds / gain (loss) from disposal of capital assets	(225,467)
Internal service funds - total change in net assets	<u>721,349</u>
Change in net assets - Citywide Statement of Activities	<u>\$ 134,383,869</u>

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

A. *Reconciliation of Fund Balances on the Governmental Fund Balance Sheet to Net Assets on the Citywide Statement of Net Assets*

1) Cash, investments, receivables, and notes receivable

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

2) Deferred charges

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

3) Due to / Due from

Amounts due to of \$44,375 and due from of (\$900,744) 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 \$34,449,678, have been reclassified to restricted assets for citywide reporting. The net pension asset of \$7,258,473, 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 (\$44,375), 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 (\$1,022,869) is not recorded in the Governmental Funds Balance Sheet. The funded portion of the sick and annual leave accrual of \$307,614 is reclassified to noncurrent liabilities “due within one year” in the citywide financial statements. The liabilities of certain governmental funds, totaling \$1,407,616, have been reclassified to “payable from restricted assets” in the Citywide Statement of Net Assets where the restricted purpose of the fund is no longer apparent.

8) Deferred revenue / unearned revenue

Certain revenues that have been earned but are not available to pay current liabilities are shown on the governmental fund statements as deferred revenues. These amounts, totaling \$3,790,759, are recognized as revenues for citywide reporting, leaving only unearned revenue on the statement of net assets at year-end. Deferred revenues of \$10,975,681 are reclassified to “payable from restricted assets” as they represent deferred revenue from a restricted source.

9) Payable from restricted assets

Payables (\$1,407,616) and deferred revenues (\$10,975,681) are reclassified to “payable from restricted assets” where the corresponding asset is restricted. Arbitrage liability (\$2,384,000), recorded in the Citywide Statement of Net Assets, is not payable from current financial resources and, therefore, is not recorded in the funds. Amounts due to other governmental funds of \$900,744, recorded in the Governmental Funds Balance Sheet, are eliminated.

10) Noncurrent liabilities

Noncurrent liabilities include amounts: “due within one year” of (\$10,448,694), “due beyond one year” of (\$161,031,553) and “due beyond one year payable from restricted assets” of (\$11,027,386). These amounts representing bonds, certificates of participation and accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet. Accrued compensated absences of (\$307,614) payable from current available resources were reported in the funds as accounts payable and other current liabilities. These amounts were reclassified from current liabilities to noncurrent liabilities “due within one year” for the Citywide Statement of Net Assets.

11) Internal service funds - total net assets

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

B. Reconciliation of Change in Fund Balances on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Change in Net Assets on the Citywide Statement of Activities

1) Sales and use tax audit revenue

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

2) Charges for services

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

3) Miscellaneous revenues

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

4) Restricted investment earnings and investment earnings

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

5) Current expenditures

Certain expenditures in the Citywide Statement of Activities do not require the use of current financial resources and, therefore, are not recorded in the governmental fund financial statements. These expenses include depreciation of (\$16,831,120), change in arbitrage rebate of \$157,700, change in net pension asset/obligation of (\$1,079,209), loss on sale of capital asset of (\$52,258) and certain accrued compensated absences of (\$1,518,296). Additionally, internal service charge expenditures of \$14,252,311, recorded in the governmental fund financial statements, are eliminated here.

6) Debt service

The repayment of principal of \$8,921,242 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 \$92,743 for debt service interest is made for citywide reporting only.

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

B. Reconciliation of Change in Fund Balances on the Governmental Statement of Revenues, Expenditures and Changes in Fund Balances to the Change in Net Assets on the Citywide Statement of Activities (continued)

7) Capital outlay

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

8) Premium on refunding bond issues

The debt premium is recognized immediately in the governmental funds but is deferred and amortized in the Citywide Statement of Activities.

9) Payment to refunded bond escrow agent

The payment to refunded bond escrow agent is recorded in the governmental fund financial statements but has no effect on net assets.

10) Proceeds from capital leases

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

11) Proceeds from refunding debt issues

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

12) Proceeds / gain (loss) from the disposal of capital assets

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

13) 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) Accrued compensated absences

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) Gain on disposal of assets

The gain on disposal of 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, 2004

3. DEPOSITS AND INVESTMENTS

Classifications of Cash and Investments per Citywide and Fiduciary Statements of Net Assets

December 31, 2004

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Totals
Cash and cash equivalents	\$ 11,861,485	\$ 10,856,986	\$ 2,963,470	\$ 6,528,373	\$ 32,210,314
Investments	75,555,803	149,927,870	—	247,498,304	472,981,977
Restricted assets	50,358,629	18,429,673	154,887	—	68,943,189
Total cash and investments	\$ 137,775,917	\$ 179,214,529	\$ 3,118,357	\$ 254,026,677	\$ 574,135,480

Summary of Deposits and Investments by Fund and Type

December 31, 2004

Fund	Petty cash	Deposits	Investments	Equity in City pool	Totals
Governmental Activities					
General Fund					
Cash and equivalents	\$ 22,582	\$ 189,534	\$ —	\$ 1,634,991	\$ 1,847,107
Investments	—	—	—	8,664,672	8,664,672
City Capital Projects					
Cash and equivalents	—	—	—	4,037,901	4,037,901
Investments	—	—	—	25,085,569	25,085,569
Restricted assets	—	—	7,464,934	5,419,314	12,884,248
Other Governmental Funds					
Cash and equivalents	5,930	2,998	—	8,779,627	8,788,555
Investments	—	—	—	48,366,294	48,366,294
Restricted assets	—	—	6,913,107	7,471,253	14,384,360
Internal Service Funds					
Cash and equivalents	—	—	—	2,242,486	2,242,486
Investments	—	—	—	11,474,726	11,474,726
Governmental activities adjustments					
Cash and equivalents	—	—	—	(5,054,564)	(5,054,564)
Investments	—	—	—	(18,035,458)	(18,035,458)
Restricted assets	—	—	—	23,090,021	23,090,021
Total governmental activities	28,512	192,532	14,378,041	123,176,832	137,775,917

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2004

3. DEPOSITS AND INVESTMENTS (continued)

Summary of Deposits and Investments by Fund and Type

December 31, 2004

Fund	Petty cash	Deposits	Investments	Equity in City pool	Totals
Business-type Activities					
Water Fund					
Cash and equivalents	\$ 200	\$ —	\$ —	\$ 7,460,268	\$ 7,460,468
Investments	—	—	—	120,618,730	120,618,730
Restricted assets	—	—	5,111,458	3,921,780	9,033,238
Sewer Fund					
Cash and equivalents	50	—	—	3,059,633	3,059,683
Investments	—	—	—	28,369,157	28,369,157
Restricted assets	—	—	5,861,065	2,158,197	8,019,262
Golf Fund					
Cash and equivalents	12,800	—	—	324,035	336,835
Investments	—	—	—	939,983	939,983
Restricted assets	—	—	660,877	716,296	1,377,173
Total business-type	<u>13,050</u>	<u>—</u>	<u>11,633,400</u>	<u>167,568,079</u>	<u>179,214,529</u>
Component Unit					
Fitzsimons Redevelopment Authority					
Cash and equivalents	—	1,036,518	1,926,952	—	2,963,470
Restricted assets	—	—	154,887	—	154,887
Total component unit	<u>—</u>	<u>1,036,518</u>	<u>2,081,839</u>	<u>—</u>	<u>3,118,357</u>
Pension Trust and Agency					
Payroll Clearing Agency Fund					
Cash and equivalents	—	—	—	1,795,601	1,795,601
Pension Trust Funds					
Cash and equivalents	—	87,395	4,645,377	—	4,732,772
Investments	—	—	247,498,304	—	247,498,304
Total Pension Trust and Agency	<u>—</u>	<u>87,395</u>	<u>252,143,681</u>	<u>1,795,601</u>	<u>254,026,677</u>
Total Deposits and Investments					
Total All Funds	<u>\$ 41,562</u>	1,316,445	280,236,961	292,540,512	<u>\$ 574,135,480</u>
City Pool Deposits		<u>935,750</u>		(935,750)	
Purchased Interest				(330,078)	
City Pool Investments			<u>291,274,684</u>	(291,274,684)	
Total Deposits and Investments		<u>\$ 2,252,195</u>	<u>\$ 571,511,645</u>	<u>\$ —</u>	

(concluded)

3. DEPOSITS AND INVESTMENTS (continued)

A. Deposits

Summary of Deposits
December 31, 2004

	Risk Category	Carrying Amount	Bank Balance
CITY POOL DEPOSITS			
	1	\$ 100,000	\$ 100,000
	2	<u>835,750</u>	<u>5,773,587</u>
Total City Pool		<u>935,750</u>	<u>5,873,587</u>
NON-POOLED DEPOSITS			
Governmental Activities			
General Fund			
	1	100,000	100,000
	2	<u>89,534</u>	<u>89,534</u>
Total General Fund		<u>189,534</u>	<u>189,534</u>
Designated Revenues Fund			
	1	<u>2,998</u>	<u>2,998</u>
Total governmental activities		<u>192,532</u>	<u>192,532</u>
Component Unit			
FRA			
	1	<u>1,036,518</u>	<u>1,036,518</u>
Fiduciary Funds			
GERP			
	1	<u>87,395</u>	<u>87,395</u>
TOTAL DEPOSITS		<u>\$ 2,252,195</u>	<u>\$ 7,190,032</u>

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

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

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

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

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

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

B. Investments

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

**Investments
December 31, 2004**

Security	Category	Carrying / Fair Value
CITY POOL INVESTMENTS		
U.S. Government and agency securities	1	\$ 95,688,040
Certificates of deposit	1	9,950,000
Commercial paper	1	40,348,269
Corporate notes	1	115,338,066
COLOTRUST	uncategorized	<u>29,950,309</u>
Total City Pool		<u>291,274,684</u>

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

3. DEPOSITS AND INVESTMENTS (continued)

*B. Investments (continued)*Investments
December 31, 2004 (continued)

Security	Category	Carrying / Fair Value
NON-POOLED INVESTMENTS		
Governmental Activities		
City Capital Projects Fund		
Repurchase agreements	1	\$ 6,641,314
U.S. government securities – held by and in the name of Urban Drainage and Flood Control District	3	<u>823,620</u>
Total City Capital Projects Fund		<u>7,464,934</u>
Other Governmental Funds		
<i>City Debt Service</i>		
Repurchase agreements	1	451,320
<i>ACLIC Debt Service</i>		
U.S. government securities	1	859,459
Money market funds	uncategorized	1,528,865
<i>AURA Debt Service</i>		
Money market funds	uncategorized	1,755,804
<i>ACLIC Capital Projects Fund</i>		
Repurchase agreements	1	<u>2,317,659</u>
Total other governmental funds		<u>6,913,107</u>
Total governmental activities		<u>14,378,041</u>
Business-type Activities		
Water Fund		
U.S. government securities	1	5,111,458
Sewer Fund		
COLOTRUST	uncategorized	5,861,065
Golf Fund		
U.S. government securities	1	<u>660,877</u>
Total business-type activities		<u>11,633,400</u>

(continued)

3. DEPOSITS AND INVESTMENTS (continued)

B. Investments (continued)

Investments
December 31, 2004 (continued)

Security	Category	Carrying / Fair Value
NON-POOLED INVESTMENTS		
Component Unit		
Fitzsimons Redevelopment Authority		
Mutual funds	uncategorized	\$ <u>2,081,839</u>
Fiduciary Funds		
General Employees' Retirement Plan (GERP)		
Equity securities	1	134,905,811
U.S. government and agency securities	1	8,313,500
Corporate bonds	1	78,788,508
Money market funds	uncategorized	4,612,561
Real estate funds	uncategorized	22,442,582
Alternative investments	uncategorized	<u>896,862</u>
Total GERP		<u>249,959,824</u>
Elected Officials' and Executive Personnel Defined Benefit Plan (EOEP)		
Equity securities	1	1,089,177
U.S. government and agency securities	1	912,868
Money market funds	uncategorized	32,816
Real estate funds	uncategorized	<u>148,996</u>
Total EOEP		<u>2,183,857</u>
Total Fiduciary Funds		<u>252,143,681</u>
TOTAL ALL INVESTMENTS		
Total Investments		<u>\$ 571,511,645</u>

(concluded)

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

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

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

3. DEPOSITS AND INVESTMENTS (continued)

B. Investments (continued)

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

The change in the fair value of investments net of the prior year's fair value adjustment has been reported on the operating statement of each applicable fund as a component of investment income. The net decrease in the fair value of pooled investments during 2004 was \$(3,437,994). This amount represents the change in value during 2004 of the investment portfolio outstanding at year-end and takes into account all changes in fair value (including purchases and sales) that occurred during the year. The cumulative unrealized loss on pooled investments held at year-end was \$(1,274,318). This amount represents the difference between the original cost and fair value. It is generally City practice to hold investments to maturity.

C. City Pool Investment Policies

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

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

City Pool Acceptable Investments

Security	Minimum Rating & Requirements
Securities of the U.S. Government or its agencies	
Certificates of deposit of commercial banks or savings and loans	Insured or collateralized
Negotiable certificates of deposit	Insured or collateralized
Commercial paper	Standard & Poor's A1 or A1+, Moody's P1
Bankers acceptances of certain banks	Insured or collateralized
Corporate notes	Standard & Poor's A+, Moody's A1
Money market funds	Must meet statutory requirements and be either registered with the SEC or be rated AAA
Repurchase agreements	Collateralized by authorized securities
Local government investment pools	Standard & Poor's AAAM

During 2004, the City invested in repurchase agreements, U.S. Government and agency securities, commercial paper rated A1/P1 or better, bank certificates of deposit, corporate notes rated A1/A+ or better, and COLOTRUST.

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

3. DEPOSITS AND INVESTMENTS (continued)

C. City Pool Investment Policies (continued)

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

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

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

4. RECEIVABLES

Classifications of Receivables per Citywide and Fiduciary Statements of Net Assets
December 31, 2004

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Totals
Receivables (net of allowance)	\$47,062,785	\$8,405,634	\$ 573,372	\$1,004,023	\$57,045,814
Restricted assets	26,301,103	80,939	-	-	26,382,042
Notes receivable	<u>1,195,638</u>	<u>328,117</u>	<u>1,979,957</u>	<u>-</u>	<u>3,503,712</u>
Total receivables	<u>\$74,559,526</u>	<u>\$8,814,690</u>	<u>\$2,553,329</u>	<u>\$1,004,023</u>	<u>\$86,931,568</u>

Receivables by Fund and Type
December 31, 2004

Fund	Taxes	Accounts	Interest	Due from Other Govern- ments	Other	Notes	Total Receivables	Collection not expected within one year
Governmental Activities								
General Fund								
Receivables (net)	\$40,227,701	\$218,751	\$691,490	\$1,141,859	\$469,477	\$ -	\$42,749,278	\$ -
Capital Projects Fund								
Receivables (net)	-	657,421	393,446	392,164	1,033,486	-	2,476,517	-
Restricted assets	-	214,213	36,101	259,478	713,641	-	1,223,433	-
Notes receivable	-	-	-	-	-	1,195,638	1,195,638	1,195,638

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2004

4. RECEIVABLES (continued)

Receivables by Fund and Type
December 31, 2004 (continued)

Fund	Taxes	Accounts	Interest	Due from Other Govern- ments	Other	Notes	Total Receivables	Collection not expected within one year
Governmental Activities (continued)								
Other Governmental Funds								
Receivables (net)	\$ -	\$ 446,125	\$ 148,226	\$ 1,905,695	\$ 1,423,923	\$ -	\$ 3,923,969	\$ -
Restricted assets	6,246,962	-	7,582	49,898	199,473	-	6,503,915	-
Notes receivable	-	-	-	-	-	9,194,922	9,194,922	9,194,922
Internal Service								
Receivables (net)	-	38	75,917	-	1,800	-	77,755	-
Governmental activities adjustments								
Receivables (net)	-	(42,563)	(38,670)	(1,905,695)	(177,806)	-	(2,164,734)	-
Restricted assets	-	42,563	38,670	1,905,695	7,391,905	9,194,922	18,573,755	9,194,922
Notes receivable	-	-	-	-	-	(9,194,922)	(9,194,922)	(9,194,922)
Total governmental Activities	<u>46,474,663</u>	<u>1,536,548</u>	<u>1,352,762</u>	<u>3,749,094</u>	<u>11,055,899</u>	<u>10,390,560</u>	<u>74,559,526</u>	<u>10,390,560</u>
Business-type Activities								
Water Fund								
Receivables (net)	-	4,594,085	536,189	-	5,463	-	5,135,737	-
Restricted assets	-	-	80,939	-	-	-	80,939	-
Notes receivable	-	-	-	-	-	102,666	102,666	102,666
Sewer Fund								
Receivables (net)	-	2,978,994	181,947	-	1,481	-	3,162,422	-
Golf Fund								
Receivables (net)	-	-	2,123	-	105,352	-	107,475	-
Notes receivable	-	-	-	-	-	225,451	225,451	225,451
Total business-type	<u>-</u>	<u>7,573,079</u>	<u>801,198</u>	<u>-</u>	<u>112,296</u>	<u>328,117</u>	<u>8,814,690</u>	<u>328,117</u>
Component Unit								
FRA								
Receivables (net)	-	-	-	-	573,372	1,979,957	2,553,329	1,979,957
Total component unit	-	-	-	-	573,372	1,979,957	2,553,329	1,979,957
Fiduciary Funds								
GERP								
Receivables (net)	-	-	829,513	174,458	-	-	1,003,971	-
EOEP								
Receivables (net)	-	-	52	-	-	-	52	-
Total fiduciary funds	-	-	829,565	174,458	-	-	1,004,023	-
Total all funds	<u>\$46,474,663</u>	<u>\$9,109,627</u>	<u>\$2,983,525</u>	<u>\$3,923,552</u>	<u>\$11,741,567</u>	<u>\$12,698,634</u>	<u>\$86,931,568</u>	<u>\$12,698,634</u>

4. RECEIVABLES (continued)

A. Taxes

1) Property Tax

Property tax is levied on December 15 and attaches as a lien on property the following January 1. The tax is payable in full by April 30 or in two equal installments due February 28 and June 15. Each county bills and collects property tax for all taxing entities within the county. Property tax collected by Arapahoe, Adams and Douglas counties for the City are remitted in the subsequent month. Property tax is reported as a receivable and as deferred revenue when levied in both the funds and for citywide reporting. Revenue is recognized when collected in the following year. Collection begins on January 1 of the following year. Two percent of outstanding receivables is recorded in an allowance account and is deducted from the deferred revenue and the receivable for reporting purposes. Total allowance at December 31, 2004 is \$570,560.

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. These charges are recorded as revenue when earned. Earned but unbilled utility charges at December 31, 2004 are \$2,742,772. Estimates of uncollectible utility charges, based upon a percentage of aged outstanding receivables, are established in allowance accounts which are deducted from the utility receivables for reporting purposes. Total allowance at December 31, 2004 is \$18,633.

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

4. RECEIVABLES (continued)

C. Interest

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

D. Due from Other Governments

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

E. Other

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

F. Notes

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

Notes Receivable
December 31, 2004

Fund	Economic Development	Community Services	FRA	Total Notes Receivable
Gifts and Grants	\$ 650,952	\$ -	\$ -	\$ 650,952
Community Development	-	8,543,970	-	8,543,970
Capital Projects	75,612	-	1,120,026	1,195,638
Water	-	102,666	-	102,666
Golf	-	-	225,451	225,451
FRA	-	1,979,957	-	1,979,957
Total	<u>\$ 726,564</u>	<u>\$ 10,646,593</u>	<u>\$ 1,345,477</u>	<u>\$ 12,698,634</u>

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, 2004 is \$650,952.

During 2003, the City entered into a promissory note with John Q. Hammons Hotels, L.P., in the amount of \$328,271 for reimbursement of expenses incurred for improvements on 40th Avenue. In the first quarter of 2004 the borrower repaid \$243,271 plus accrued interest of \$9,388. The remainder of the balance was paid in the first quarter of 2005.

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, 2004 is \$8,543,970.

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, 2004 is \$86,588. 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, 2004 is \$16,078.

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, 2004 is \$1,979,957.

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, 2004 is \$1,361,430, including accrued interest of \$241,404.

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

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, 2004 is \$225,451.

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, 2004**

	Governmental Activities	Business-type Activities	Component Unit	Totals
Cash and investments	\$ 50,358,629	\$ 18,429,673	\$ 154,887	\$ 68,943,189
Receivables	26,301,103	80,939	—	26,382,042
Total restricted assets per citywide statement of net assets	<u>\$ 76,659,732</u>	<u>\$ 18,510,612</u>	<u>\$ 154,887</u>	<u>\$ 95,325,231</u>

**Payable from Restricted Assets
December 31, 2004**

	Governmental Activities	Business-type Activities	Component Unit	Totals
Payables - current and other	\$ 5,982,714	\$ 1,515,336	\$ —	\$ 7,498,050
Unearned Revenues	17,222,643	—	—	17,222,643
Due within one year payable from restricted assets	—	2,064,641	—	2,064,641
Due beyond one year payable from restricted assets	11,027,386	7,630,797	—	18,658,183
Total payable from restricted assets per citywide statement of net assets	<u>\$ 34,232,743</u>	<u>\$ 11,210,774</u>	<u>\$ —</u>	<u>\$ 45,443,517</u>

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2004

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

Restricted Balances by Purpose
December 31, 2004

	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	\$ 6,028,167	\$ 429,440	\$ —	\$ —	\$ 6,457,607	\$ (593,922)	\$ 5,863,685
1999 General Fund - Sports Park	147,086	—	—	—	147,086	—	147,086
Adams County road and bridge	280,644	—	—	—	280,644	—	280,644
Urban Drainage	823,620	—	—	—	823,620	—	823,620
Gifts and Grants	—	—	—	6,398,724	6,398,724	(907,180)	5,491,544
Total City Capital Projects	7,279,517	429,440	—	6,398,724	14,107,681	(1,501,102)	12,606,579
Other Governmental Funds							
<i>Gifts and Grants</i>							
Police - seizure funds	—	—	—	863,294	863,294	(22,525)	840,769
<i>Designated Revenues</i>							
Agreements	—	—	—	5,896,975	5,896,975	(645,697)	5,251,278
<i>City Debt Service</i>							
Dedicated property taxes	—	503,560	7,038,108	—	7,541,668	(6,243,047)	1,298,621
<i>AURA Debt Service</i>							
1996 refunding bond reserve	—	—	358,000	—	358,000	—	358,000
Urban renewal	—	—	—	1,516,090	1,516,090	(853,915)	662,175
<i>ACLCLC Debt Service</i>							
2000 COPs	—	1,451,000	18,768	—	1,469,768	(3,000)	1,466,768
2002 COPs	—	—	5	—	5	(2,500)	(2,495)
2004 COPs	—	—	920,672	—	920,672	(2,675)	917,997
<i>ACLCLC Capital Projects</i>							
2000 COPs	407,046	—	—	—	407,046	(64,343)	342,703
2002 COPs	1,914,757	—	—	—	1,914,757	—	1,914,757
Total Other Governmental Funds	2,321,803	1,954,560	8,335,553	8,276,359	20,888,275	(7,837,702)	13,050,573
Total Governmental Funds	9,601,320	2,384,000	8,335,553	14,675,083	34,995,956	(9,338,804)	25,657,152

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2004

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

**Restricted Balances by Purpose
December 31, 2004**

	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	\$ —	\$ —	\$ —	\$ 3,239,705	\$ 3,239,705	\$ (2,267,415)	\$ 972,290
Community Development	—	—	—	9,770,953	9,770,953	(9,770,953)	—
Enhanced E-911	—	—	—	4,201,796	4,201,796	(20,698)	4,181,098
Conservation Trust	—	—	—	6,886,233	6,886,233	(56,930)	6,829,303
Parks Development	—	—	—	2,963,431	2,963,431	—	2,963,431
Cultural Services	—	—	—	1,148,553	1,148,553	(267,301)	881,252
Urban Renewal-AURA General Fund	—	—	—	507,949	507,949	—	507,949
TABOR Reserve	—	—	—	6,587,427	6,587,427	—	6,587,427
Eliminate Internal Balances							
AURA to General Fund	—	—	—	(250,000)	(250,000)	250,000	—
AURA to Designated Revenues Fund	—	—	—	(600,000)	(600,000)	600,000	—
ACLCL Capital to General Fund	—	—	—	(45,244)	(45,244)	45,244	—
ACLCL Debt Service to General Fund	—	—	—	(5,500)	(5,500)	5,500	—
Pension benefit-net pension asset	—	—	—	7,258,473	7,258,473	—	7,258,473
Arbitrage	—	—	—	—	—	(2,384,000)	(2,384,000)
Bonds payable - construction	—	—	—	—	—	(8,943,055)	(8,943,055)
Bonds payable - debt service	—	—	—	—	—	(2,084,331)	(2,084,331)
Total Governmental Activities Adjustments	—	—	—	41,663,776	41,663,776	(24,893,939)	16,769,837
Total Governmental Activities	9,601,320	2,384,000	8,335,553	56,338,859	76,659,732	(34,232,743)	42,426,988
Business-type Activities							
Water Fund							
1999 water revenue bond -							
Operation & maintenance reserve	—	—	—	1,250,000	1,250,000	—	1,250,000
Debt payment reserve	—	—	574,166	—	574,166	(574,166)	—
2003 water revenue bond-							
Debt service reserve	—	—	5,162,266	—	5,162,266	(5,162,266)	—
Debt payment reserve	—	8,000	2,089,615	—	2,097,615	(2,097,615)	—
2004 water revenue bond-							
Debt payment reserve	—	—	30,130	—	30,130	(30,130)	—
Total Water Fund	—	8,000	7,856,177	1,250,000	9,114,177	(7,864,177)	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	1,661,227	—	—	—	1,661,227	(1,661,227)	—
Debt payment reserve	—	—	908,197	—	908,197	(908,197)	—
Urban Drainage	4,199,838	—	—	—	4,199,838	—	4,199,838
Total Sewer Fund	5,861,065	—	908,197	1,250,000	8,019,262	(2,569,424)	5,449,838
Golf Fund							
1995 Golf Course revenue bond -							
Debt service reserve	—	—	664,673	—	664,673	(664,673)	—
Repair and replacement reserve	—	—	—	600,000	600,000	—	600,000
2004 Aurora Hills note -							
Debt service reserve	—	—	112,500	—	112,500	(112,500)	—
Total Golf Fund	—	—	777,173	600,000	1,377,173	(777,173)	600,000
Total Business-type Activities	5,861,065	8,000	9,541,547	3,100,000	18,510,612	(11,210,774)	7,299,838
Component Unit							
Fitzimons Redevelopment Authority	154,887	—	—	—	154,887	—	154,887
Total all Funds							
Total restricted balances	\$ 15,617,272	\$ 2,392,000	\$ 17,877,100	\$ 59,438,859	\$ 95,325,231	\$ (45,443,517)	\$ 49,881,713

(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.

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.

b) ACLC Capital Projects Fund

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

In 2002, ACLC issued COPs to finance the acquisition and construction of 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.

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. *Restricted and Reserved (continued)*

1) Restricted for Construction (continued)

c) Sewer Fund

The 1999 sewer revenue bonds were issued pursuant to an agreement with the Colorado Water Resources & Power Development Authority (CWR&PDA) to upgrade 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.

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 \$480,560 for the 2000 GO Bonds (FMP), \$16,000 for the 1998 Alameda / I225 bonds and \$7,000 for the 1999 General Fund Sports Park bonds.

c) ACLC Debt Service Fund

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

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

2) Restricted for Arbitrage (continued)

d) Water Fund

Arbitrage amounts anticipated to be paid on the 2004 Water Revenue bonds are shown as restricted in the Water Fund.

3) Restricted for Debt Service

a) City Debt Service Fund

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

b) AURA Debt Service Fund

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

c) ACLC Debt Service Fund

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

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.

d) Water Fund

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

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

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

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

3) Restricted for Debt Service (continued)

e) Sewer Fund

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

f) Golf Fund

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

The 2004 Aurora Hills Golf Course Note requires the City to establish and maintain a debt service reserve. This reserve is held in the Golf Fund as a restricted investment.

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. The restricted cash and cash equivalents are held in the Gifts and Grants special revenue fund.

c) Designated Revenues Fund

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

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. *Restricted and Reserved (continued)*

4) Other Restrictions (continued)

d) AURA Debt Service Fund

Amounts not needed for the payment of outstanding AURA obligations may be used 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 and revenues collected by the Parks Development Fund that are restricted for parks and recreation programs; amounts in the TABOR Reserve Fund that report emergency reserves as required by the TABOR amendment; and funds in the AURA General Fund that are restricted for urban renewal.

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

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

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)

A. Restricted and Reserved (continued)

4) Other Restrictions (continued)

h) Golf Fund

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

B. Reserved for Encumbrances

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

**Reserved for Encumbrances
December 31, 2004**

Operating encumbrances	
General Fund	\$ 992,384
Other Governmental Funds	
Gifts and Grants	2,271
Development Review	34,784
Abatement	34,391
Enhanced E-911	77,319
Recreation Services	79,269
Cultural Services	9,500
Designated Revenues	38,075
Total operating encumbrances	<u>1,267,993</u>
Capital projects encumbrances (unrestricted funds)	
City Capital Projects Fund	2,211,876
Other Governmental Funds	
Gifts and Grants	6,964,858
Community Development	149,614
Conservation Trust	552,067
Parks Development	611,822
Building Repair	278,727
Total capital projects encumbrances	<u>10,768,964</u>
Total Reserve for Encumbrances	
Total reserve for encumbrances	<u>\$ 12,036,957</u>

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

Designations of fund balances represent the City's intent to use assets for specific future purposes. These designations are eliminated for citywide reporting.

Designations by Fund and Type
December 31, 2004

Fund	Payment of Long-term Liabilities	Subsequent Year Budgets	Project-length Appropriations	Total
General Fund	\$ 15,197,928	\$ 2,775,332	\$ —	\$ 17,973,260
City Capital Projects Fund	—	12,750,157	11,780,468	24,530,625
Other Governmental				
Development Review	—	1,119,721	—	1,119,721
Abatement	—	76,260	—	76,260
Community Maintenance	—	15,105	599,107	614,212
Enhanced E-911	—	—	805,196	805,196
Conservation Trust	—	69,732	5,725,915	5,795,647
Parks Development	—	185,600	679,204	864,804
Recreation	—	23,223	—	23,223
Cultural Services	—	406,236	—	406,236
Designated Revenues	—	381,000	—	381,000
Surplus & Deficiency	—	481,500	—	481,500
Building Repair	—	318,700	838,089	1,156,789
Total designations	<u>\$ 15,197,928</u>	<u>\$ 18,602,566</u>	<u>\$ 20,427,979</u>	<u>\$ 54,228,473</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 2005 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.

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

6. CAPITAL ASSETS

Summary of Changes in Capital Assets
For the Year Ended December 31, 2004

	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	\$ 187,804,779	\$ 11,465,137	\$ (214,566)	\$ —	\$ 199,055,350	\$ —	\$ 199,055,350
Construction in progress	25,214,496	25,408,026	—	(16,288,406)	34,334,116	—	34,334,116
Total capital assets not depreciated	213,019,275	36,873,163	(214,566)	(16,288,406)	233,389,466	—	233,389,466
<i>Capital assets being depreciated</i>							
Building and improvements	169,255,543	—	(34,500)	12,319,139	181,540,182	(25,599,904)	155,940,278
Infrastructure	2,127,064,553	129,665,004	-	3,969,267	2,260,698,824	(45,804,154)	2,214,894,670
Machinery and equipment	55,591,198	3,598,103	(769,994)	—	58,419,307	(38,525,623)	19,893,684
Total capital assets being depreciated	2,351,911,294	133,263,107	(804,494)	16,288,406	2,500,658,313	(109,929,681)	2,390,728,632
<i>Accumulated depreciation</i>							
Building and improvements	(21,143,271)	(4,474,362)	17,729	—	(25,599,904)		
Infrastructure	(38,020,263)	(7,783,891)	-	—	(45,804,154)		
Machinery and equipment	(34,676,293)	(4,572,867)	723,537	—	(38,525,623)		
Total accumulated depreciation	(93,839,827)	(16,831,120)	741,266	—	(109,929,681)		
Total governmental activities	\$ 2,471,090,742	\$ 153,305,150	\$ (277,794)	\$ —	\$ 2,624,118,098		\$ 2,624,118,098
Business-type Activities							
<i>Capital assets not depreciated</i>							
Land and water rights	\$ 197,898,534	\$ 18,373,173	\$ -	\$ 1,235,660	\$ 217,507,367	\$ —	\$ 217,507,367
Construction in progress	66,155,164	24,407,904	-	(5,739,008)	84,824,060	—	84,824,060
Total capital assets not depreciated	264,053,698	42,781,077	-	(4,503,348)	302,331,427	—	302,331,427
<i>Capital assets being depreciated</i>							
Building and improvements	64,226,006	-	-	2,484,410	66,710,416	(18,285,552)	48,424,864
Infrastructure	592,594,765	24,759,807	-	2,018,938	619,373,510	(120,672,752)	498,700,758
Machinery and equipment	33,276,076	2,186,320	(563,500)	—	34,898,896	(18,384,452)	16,514,444
Total capital assets being depreciated	690,096,847	26,946,127	(563,500)	4,503,348	720,982,822	(157,342,756)	563,640,066
<i>Accumulated depreciation</i>							
Building and improvements	(16,538,349)	(1,747,203)	-	—	(18,285,552)		
Infrastructure	(112,381,393)	(8,291,359)	-	—	(120,672,752)		
Machinery and equipment	(16,734,053)	(2,211,884)	561,485	—	(18,384,452)		
Total accumulated depreciation	(145,653,795)	(12,250,446)	561,485	—	(157,342,756)		
Total business-type activities	\$ 808,496,750	\$ 57,476,758	\$ (2,015)	\$ —	\$ 865,971,493		\$ 865,971,493

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004**

6. CAPITAL ASSETS (continued)

**Summary of Changes in Capital Assets
For the Year Ended December 31, 2004 (continued)**

Component Unit	Balance January 1	Additions	Disposals	Transfers	Balance December 31	Accumulated Depreciation	Capital assets net of Accumulated Depreciation
Capital assets not depreciated							
Land	\$ 2,276,167	\$ 1,292,532	\$ —	\$ —	\$ 3,568,699	\$ —	\$ 3,568,699
Construction in progress	46,489	62,274	(26,105)	—	82,658	—	82,658
Total capital assets not depreciated	<u>2,322,656</u>	<u>1,354,806</u>	<u>(26,105)</u>	<u>—</u>	<u>3,651,357</u>	<u>—</u>	<u>3,651,357</u>
Capital assets being depreciated							
Building and improvements	9,472,934	18,512	(439,223)	—	9,052,223	(1,725,032)	7,327,191
Machinery and equipment	341,225	22,922	(43,505)	—	320,642	(273,925)	46,717
Total capital assets being depreciated	<u>9,814,159</u>	<u>41,434</u>	<u>—</u>	<u>—</u>	<u>9,372,865</u>	<u>(1,998,957)</u>	<u>7,373,908</u>
Accumulated depreciation							
Building and improvements	(1,740,902)	(423,353)	439,223	—	(1,725,032)		
Machinery and equipment	(275,099)	(42,331)	43,505	—	(273,925)		
Total accumulated depreciation	<u>(2,016,001)</u>	<u>(465,684)</u>	<u>—</u>	<u>—</u>	<u>(1,998,957)</u>		
Total component unit	<u>\$ 10,120,814</u>	<u>\$ 930,556</u>	<u>\$ (26,105)</u>	<u>\$ —</u>	<u>\$ 11,025,265</u>		<u>\$ 11,025,265</u>
Fiduciary Funds							
Capital assets being depreciated							
Machinery and equipment	\$ 35,623	\$ —	\$ -	\$ —	\$ 35,623	\$ (35,623)	\$ -
Total capital assets being depreciated	<u>35,623</u>	<u>—</u>	<u>-</u>	<u>—</u>	<u>35,623</u>	<u>(35,623)</u>	<u>-</u>
Accumulated depreciation							
Machinery and equipment	(33,147)	(2,476)	-	—	(35,623)		
Total accumulated depreciation	<u>(33,147)</u>	<u>(2,476)</u>	<u>-</u>	<u>—</u>	<u>(35,623)</u>		
Total fiduciary fund	<u>\$ 2,476</u>	<u>\$ (2,476)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ -</u>		<u>\$ -</u>

(concluded)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2004

6. CAPITAL ASSETS (continued)

2004 Depreciation Expense by Function

Function	Depreciation
Governmental Activities	
General government	\$ 622,253
Judicial	28,348
Police	1,470,432
Fire	1,091,109
Other public safety	207,025
Public works	8,173,393
Economic development	161,296
Community services	116,988
Culture and recreation	2,206,774
Unallocated*	<u>2,741,752</u>
Depreciation expense governmental activities	16,819,370
Depreciation of internal service fund capital assets allocated to other functions	<u>11,750</u>
Total depreciation expense governmental activities	<u>16,831,120</u>
Business-type Activities	
Water	7,087,945
Sewer	4,215,409
Golf	<u>958,842</u>
Depreciation business-type activities	12,262,196
Depreciation of internal service fund capital assets allocated to other functions	<u>(11,750)</u>
Total depreciation business-type activities	<u>12,250,446</u>
Component Unit	
FRA	<u>465,684</u>
Fiduciary Funds	
GERP	<u>2,476</u>
Total All Funds	
Total depreciation expense all funds	<u>\$ 29,549,726</u>

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

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2004

6. CAPITAL ASSETS (continued)

Interest Expensed and Capitalized on Construction Projects in 2004

Fund	Capitalized	Expensed	Totals
Water Fund	\$ -	\$ 4,573,056	\$ 4,573,056
Sewer Fund	532,230	175,542	707,772
Golf Fund	-	546,951	546,951
Total Enterprise Funds	<u>\$ 532,230</u>	<u>\$ 5,295,549</u>	<u>\$ 5,827,779</u>

7. JOINT VENTURE

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

2004 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
\$ 2,642,906	\$ -	\$ (34,478)	\$ -	\$ 2,608,428

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2004

8. PAYABLES

**Classifications of Payables per the Citywide Statement of Net Assets
December 31, 2004**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Unit</u>	<u>Fiduciary Funds</u>	<u>Totals</u>
Accounts payable and other current liabilities (Accounts payable and other)	\$ 9,549,335	\$ 8,931,186	\$ 441,518	\$ 2,238,408	\$ 21,160,447
Payable from restricted assets (excluding unearned revenues of \$17,222,643)	<u>5,982,714</u>	<u>1,515,336</u>	<u>—</u>	<u>—</u>	<u>7,498,050</u>
Total payables	<u>\$ 15,532,049</u>	<u>\$ 10,446,522</u>	<u>\$ 441,518</u>	<u>\$ 2,238,408</u>	<u>\$ 28,658,497</u>

**Payables by Fund and Type
December 31, 2004**

	<u>Vendors</u>	<u>Salaries & Benefits</u>	<u>Accrued Interest</u>	<u>Deposits & Refunds</u>	<u>Other</u>	<u>Total Payables (All due within one year)</u>
Governmental Activities						
General Fund						
Accounts payable and other	\$ 2,164,884	\$ 2,630,055	\$ —	\$ 290,647	\$ 528,690	\$ 5,614,276
City Capital Projects Fund						
Accounts payable and other	2,169,967	1,826	—	—	—	2,171,793
Payable from restricted assets	<u>1,501,102</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,501,102</u>
Total City Capital Projects Fund	<u>3,671,069</u>	<u>1,826</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,672,895</u>
Other Governmental Funds						
Accounts payable and other	930,009	290,872	—	880,425	18,450	2,119,756
Payable from restricted assets	<u>689,996</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>689,996</u>
Total other governmental funds	<u>1,620,005</u>	<u>290,872</u>	<u>—</u>	<u>880,425</u>	<u>18,450</u>	<u>2,809,752</u>
Internal Service Funds						
Accounts payable and other	<u>281,458</u>	<u>53,221</u>	<u>1,192</u>	<u>—</u>	<u>—</u>	<u>335,871</u>
Governmental Activities Adjustments						
Accounts payable and other	(1,407,616)	(307,614)	1,022,869	—	—	(692,361)
Payable from restricted assets	<u>3,791,616</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,791,616</u>
Total governmental activities adjustments	<u>2,384,000</u>	<u>(307,614)</u>	<u>1,022,869</u>	<u>—</u>	<u>—</u>	<u>3,099,255</u>
Total Governmental Activities	<u>10,121,416</u>	<u>2,668,360</u>	<u>1,024,061</u>	<u>1,171,072</u>	<u>547,140</u>	<u>15,532,049</u>

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2004

8. PAYABLES (continued)

Payables by Type Fund and Type
December 31, 2004 (continued)

	Vendors	Salaries & Benefits	Accrued Interest	Deposits & Refunds	Other	Total Payables (All due within one year)
Business-type Activities						
Water						
Accounts payable and other	\$ 2,452,016	\$ 234,101	\$ 1,536,930	\$ 99,450	\$ 2,721	\$ 4,325,218
Payable from restricted assets	1,230,612	—	—	—	—	1,230,612
Sewer						
Accounts payable and other	4,043,561	138,566	284,724	—	—	4,466,851
Payable from restricted assets	284,724	—	—	—	—	284,724
Golf						
Accounts payable and other	87,514	68,100	49,974	—	(10,309)	195,279
Business-type Activities adjustments						
Reclass compensated absences	—	(56,162)	—	—	—	(56,162)
Total Business-type Activities	<u>8,098,427</u>	<u>384,605</u>	<u>1,871,628</u>	<u>99,450</u>	<u>(7,588)</u>	<u>10,446,522</u>
Component Unit						
Fitzsimons Redevelopment Authority						
Accounts payable and other	<u>234,675</u>	<u>24,069</u>	<u>77,568</u>	<u>105,206</u>	<u>—</u>	<u>441,518</u>
Fiduciary Funds						
General Employees' Retirement Plan						
Accounts payable and other	441,592	—	—	—	—	441,592
EOEP Pension Fund						
Accounts payable and other	1,215	—	—	—	—	1,215
Payroll Clearing Agency Fund						
Accounts payable and other	—	1,795,601	—	—	—	1,795,601
Total Fiduciary Funds	<u>442,807</u>	<u>1,795,601</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,238,408</u>
Total Reporting Entity						
Total Reporting Entity	<u>\$ 18,897,325</u>	<u>\$ 4,872,635</u>	<u>\$ 2,973,257</u>	<u>\$ 1,375,728</u>	<u>\$ 539,552</u>	<u>\$ 28,658,497</u>

(concluded)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

9. NONCURRENT LIABILITIES

Noncurrent Liabilities per the Citywide Statement of Net Assets
December 31, 2004

Description	Governmental Activities	Business-type Activities	Component Unit
Due in one year	\$ 14,457,718	\$ 12,206,312	\$ 122,041
Due in one year – payable from restricted assets	–	2,064,641	–
Due beyond one year	165,672,780	180,961,715	3,989,415
Due beyond one year - payable from restricted assets	<u>11,027,386</u>	<u>7,630,797</u>	<u>–</u>
Total noncurrent liabilities	<u>\$ 191,157,884</u>	<u>\$ 202,863,465</u>	<u>\$ 4,111,456</u>

Summary of Changes in Noncurrent Long-Term Liabilities During 2004

Description	Balance January 1	Additions	Reductions	Balance December 31	Due within One year
Governmental Activities					
General obligation bonds	\$ 52,610,000	\$ –	\$ (3,740,000)	\$ 48,870,000	\$ 3,925,000
Revenue bonds	16,530,000	–	(1,340,000)	15,190,000	1,415,000
Certificates of participation	<u>107,430,000</u>	<u>8,750,000</u>	<u>(18,435,000)</u>	<u>97,745,000</u>	<u>3,525,000</u>
Total bonds and COPs payable	176,570,000	8,750,000	(23,515,000)	161,805,000	8,865,000
Capitalized leases	506,599	944,280	(453,647)	997,232	214,262
Accrued compensated absences	18,723,358	2,637,300	(1,398,474)	19,962,184	1,424,041
Accrued claims payable	9,181,205	2,976,451	(3,954,415)	8,203,241	3,954,415
Unamortized debt discounts	(6,207)	(30,188)	2,247	(34,148)	–
Unamortized debt premium	<u>50,457</u>	<u>187,611</u>	<u>(13,693)</u>	<u>224,375</u>	<u>–</u>
Total Governmental Activities	<u>\$ 205,025,412</u>	<u>\$ 15,465,454</u>	<u>\$ (29,332,982)</u>	<u>\$ 191,157,884</u>	<u>\$ 14,457,718</u>
Business-type Activities					
General obligation bonds	\$ 68,410,000	\$ –	\$ (9,255,000)	\$ 59,155,000	\$ 7,520,000
Revenue bonds	91,520,896	40,000,000	(2,700,630)	128,820,266	5,305,140
Notes payable	301,867	9,405,091	(1,043,433)	8,663,525	1,151,876
Less: Unamortized bond discounts	(849,021)	(212,916)	257,026	(804,911)	–
Unamortized bond premiums	<u>4,423,614</u>	<u>–</u>	<u>(283,017)</u>	<u>4,140,597</u>	<u>–</u>
Total bonds and notes payable	163,807,356	49,192,175	(13,025,054)	199,974,477	13,977,016
Capitalized leases	409,156	137,040	(198,360)	347,836	124,977
Accrued compensated absences	<u>2,242,050</u>	<u>411,902</u>	<u>(112,800)</u>	<u>2,541,152</u>	<u>168,960</u>
Total Business-type Activities	<u>\$ 166,458,562</u>	<u>\$ 49,741,117</u>	<u>\$ (13,336,214)</u>	<u>\$ 202,863,465</u>	<u>\$ 14,270,953</u>
Component Unit					
Notes payable	\$ 3,205,080	\$ 40,855	\$ (50,309)	\$ 3,195,626	\$ 122,041
Interest payable	<u>836,910</u>	<u>78,920</u>	<u>–</u>	<u>915,830</u>	<u>–</u>
Total Component Unit	<u>\$ 4,041,990</u>	<u>\$ 119,775</u>	<u>\$ (50,309)</u>	<u>\$ 4,111,456</u>	<u>\$ 122,041</u>

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

9. NONCURRENT LIABILITIES (continued)

Debt Service Requirements by Type of Debt as of December 31, 2004

Year	Governmental Activities					
	General Obligation		Revenue		Certificates of Participation	
	2.00-5.00%		4.875-5.80%		3.00-6.00%	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 3,925,000	\$ 2,248,875	\$ 1,415,000	\$ 743,722	\$ 3,525,000	\$ 5,045,429
2006	4,105,000	2,079,685	1,485,000	671,080	3,660,000	4,889,585
2007	4,295,000	1,902,380	1,915,000	593,829	3,795,000	4,755,273
2008	4,500,000	1,714,500	1,270,000	490,774	3,640,000	4,617,623
2009	4,715,000	1,516,783	1,335,000	425,649	4,650,000	4,480,623
2010-2014	22,710,000	4,386,476	7,770,000	1,025,853	16,795,000	19,899,529
2015-2019	4,620,000	231,000	—	—	13,700,000	16,167,639
2020-2024	—	—	—	—	18,170,000	11,694,025
2025-2029	—	—	—	—	24,150,000	5,707,175
2030	—	—	—	—	<u>5,660,000</u>	<u>311,300</u>
Total	<u>\$ 48,870,000</u>	<u>\$ 14,079,699</u>	<u>\$ 15,190,000</u>	<u>\$ 3,950,907</u>	<u>\$ 97,745,000</u>	<u>\$ 77,568,201</u>

Year	Business-type Activities					
	General Obligation Water		Water Revenue		Water Notes	
	2.00-4.90%		2.00-5.00%		5.00%	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 7,520,000	\$ 1,936,586	\$ 3,458,804	\$ 3,634,269	\$ 50,311	\$ 12,578
2006	7,725,000	1,752,413	3,530,638	3,555,844	941,952	379,485
2007	6,635,000	1,545,475	3,607,104	3,482,429	941,952	332,387
2008	6,840,000	1,363,013	3,708,938	3,380,028	941,952	285,289
2009	5,905,000	1,157,816	3,810,404	3,274,026	941,952	218,192
2010-2014	24,530,000	2,510,900	21,724,558	13,713,845	2,937,470	661,724
2015-2019	—	—	20,320,000	8,244,500	884,417	132,664
2020-2024	—	—	22,490,000	3,454,563	—	—
2025-2029	—	—	12,125,000	1,685,689	—	—
2030-2033	—	—	<u>11,775,000</u>	<u>526,751</u>	—	—
Total	<u>\$ 59,155,000</u>	<u>\$ 10,266,203</u>	<u>\$ 106,550,446</u>	<u>\$ 44,951,944</u>	<u>\$ 7,640,006</u>	<u>\$ 2,022,319</u>

Year	Business-type Activities						Component Unit	
	Sewer Revenue		Golf Revenue		Golf Note		FRA	
	5.00%		5.70-6.20%		4.54%		5.50-6.25%	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$1,496,336	\$ 683,337	\$ 350,000	\$ 310,577	\$ 209,924	\$ 44,112	\$ 133,321	\$ 66,561
2006	1,539,396	640,368	370,000	290,628	219,564	34,474	134,173	65,709
2007	1,577,072	603,312	390,000	269,167	229,645	24,392	135,059	64,823
2008	1,620,132	563,517	410,000	246,157	240,187	13,847	135,981	63,901
2009	1,663,192	520,756	435,000	222,583	124,199	2,819	136,940	62,942
2010-2014	9,198,692	1,698,425	2,600,000	693,260	—	—	1,225,152	1,411,807
2015-2019	—	—	620,000	38,440	—	—	925,000	1,854,780
2020-2023	—	—	—	—	—	—	370,000	741,912
Total	<u>\$17,094,820</u>	<u>\$ 4,709,715</u>	<u>\$ 5,175,000</u>	<u>\$ 2,070,812</u>	<u>\$ 1,023,519</u>	<u>\$ 119,644</u>	<u>\$ 3,195,626</u>	<u>\$ 4,332,435</u>

9. NONCURRENT LIABILITIES (continued)

A. General Obligation Bonds

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

1) Governmental Activities

As of December 31, 2004, there were three outstanding general obligation bonds. The outstanding balances for each issue were: 1998 Alameda and I-225 Interchange \$6,595,000, 2000 Facility Master Plan \$40,140,000 and 2003 Public Safety Refunding \$2,135,000. Unamortized discounts and premiums totaled \$4,967 and \$13,042, respectively.

2) Business-type Activities

The general obligation water bonds are payable from earnings of the Water Fund. As of December 31, 2004, there were two outstanding issues: 1996 Refunding \$2,435,000 and 2003 Refunding \$56,720,000. Unamortized discounts on the bonds totaled \$192,032 and the unamortized premiums on the bonds totaled \$888,318.

B. Revenue Bonds

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

1) Governmental Activities

The City issued Sports Park General Fund bonds, payable from General Fund revenue, to finance the creation of a youth sports complex. As of December 31, 2004, the amount of Sports Park bonds outstanding was \$13,825,000.

Revenue bonds were issued by AURA to finance improvements in the Aurora City Center Urban Renewal Area. The bonds are payable from incremental sales and property taxes collected within the urban renewal area. As of December 31, 2004, the amount of revenue bonds outstanding was \$1,365,000. In the event that 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 \$358,000 until the bonds mature in 2007.

2) Business-type Activities

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 bear interest at an "auction period rate" resulting from a weekly bond auction. As of December 31, 2004, the interest rate on the bonds was 1.75%. Unamortized underwriter's discount on the bond at December 31, 2004 totaled \$207,593.

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

In 2003, the City issued First-Lien Water Improvement Revenue Bonds, Series 2003A for the purpose of financing additions and improvements to the water system. As of December 31, 2004, the amount outstanding was \$55,860,000. Unamortized underwriter's discount on the bond at December 31, 2004 totaled \$184,519. Unamortized premium on the bond totaled \$2,911,922 as of December 31, 2004.

The City issued a Governmental Agency revenue bond, pursuant to a loan agreement between the Colorado Water Resources and Power Development Authority and the Water Fund for the refurbishment of the Griswold Water Plant. The bond payments are payable from the revenues of the Water Fund. As of December 31, 2004, the amount outstanding was \$10,690,446. Unamortized underwriter's discount on the bond at December 31, 2004 totaled \$60,869. Unamortized premium on the bond totaled \$268,304 as of December 31, 2004.

The City issued a Governmental Agency revenue bond, pursuant to an agreement between the Colorado Water Resources and Power Development Authority and the Sewer Fund to upgrade the wastewater facility and to add reuse storage and piping. The bond payments are payable from the revenues of the Sewer Fund. As of December 31, 2004, the amount outstanding was \$17,094,820. Unamortized underwriter's discount on the bond at December 31, 2004 totaled \$99,351. Unamortized premium on the bond totaled \$72,053 as of December 31, 2004.

The golf course revenue bonds are payable from revenues of the Golf Fund. In the bond ordinance, the city covenants to maintain and enforce a schedule of rates, fees and charges for the golf system sufficient that the income is at least equal to the sum of operations and maintenance expenses plus 150% of the combined annual debt service requirements of the bonds and any outstanding parity bonds. As of December 31, 2004, the amount outstanding was \$5,175,000. Unamortized discounts on the bonds at December 31, 2004 totaled \$60,547.

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 were issued to finance the construction of a City administrative office building. The 2002 Series were issued to finance the acquisition of public safety vehicles and the construction of public safety communications equipment. On October 15, 2004, the City refunded and paid \$14,675,000 of 1994 Refunding Certificates of Participation dated June 1, 1994 with an average interest rate of 5.5% with the issuance of \$8,750,000 Refunding Certificates of Participation, series 2004 dated October 15, 2004 with an average interest rate of 3.05%.

9. NONCURRENT LIABILITIES (continued)

C. Certificates of Participation (continued)

The 2004 Certificates of Participation will provide a net cash flow savings of \$10,601,603 and a net economic gain resulting from the transaction of \$1,531,162. The amounts outstanding at December 31, 2004 were: 2000 Series \$75,320,000, 2002 Series \$13,675,000 and 2004 Series \$8,750,000. Unamortized discount on the 2004 COPs totaled \$29,181 at December 31, 2004. Unamortized premium on the 2002 and 2004 COPs totaled \$29,975 and \$181,358, respectively, at December 31, 2004.

D. Notes Payable

1) 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 water rights notes to acquire certain water rights. Total water rights notes outstanding at December 31, 2004 for the 1999 and 2004 issues are \$251,556 and \$7,388,450, respectively.

In 2004, the City issued 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, 2004 is \$1,023,519.

2) Component Unit

The FRA entered into an agreement with the United States Army for the conveyance of 332 acres of land along with the associated improvements and equipment at Fitzsimons. The purchase price for the conveyance is \$1,850,000. 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, 2004 is \$751,994.

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 current balance of the loan, including current interest payable of \$77,568, is \$1,361,579 and is payable in ten equal installments beginning June 1, 2005.

The FRA entered into a note obligation with the City to enable the FRA to operate the eighteen-hole Fitzsimons Golf Course and to purchase necessary equipment and to make improvements to the clubhouse. The note is payable in ten equal installments of principal and interest in the amount of \$30,322 beginning December 1, 2004 and ending December 1, 2013. Any net income from the operation of the Golf Course in excess of \$150,000 shall also be applied to the outstanding balance of the note until paid in full. The current balance of the note including interest is \$225,451.

9. NONCURRENT LIABILITIES (continued)***E. Capitalized Leases*****Capitalized Leases
December 31, 2004**

Year	Governmental Activities				Business-type Activities	
	General Fund Revenues		Print Shop		Golf	
	2.97-3.32%		3.87%		3.85-5.73%	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 178,370	\$ 27,305	\$ 35,892	\$ 3,231	\$ 124,977	\$ 13,113
2006	184,055	21,620	37,295	1,829	103,349	7,803
2007	189,921	15,754	19,190	371	73,887	4,066
2008	195,974	9,700	—	—	45,623	1,497
2009	<u>156,535</u>	<u>3,453</u>	—	—	—	—
Total	<u>\$ 904,855</u>	<u>\$ 77,832</u>	<u>\$ 92,377</u>	<u>\$ 5,431</u>	<u>\$ 347,836</u>	<u>\$ 26,479</u>

1) Governmental Activities

The City has entered into leases for four dump trucks and two motor graders 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 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 \$555,158.

F. Accrued Compensated Absences

Accrued compensated absences recorded in governmental activities are generally liquidated from the General Fund. Amounts outstanding at December 31, 2004 are \$19,962,184.

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, 2004 is \$71,952,479. 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 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

Subsequent to December 31, 2004, ACLC issued 2005 Series Certificates of Participation for \$23,395,000 for the purpose of financing the acquisition and construction of capital assets.

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2004

10. INTERFUND TRANSACTIONS

Interfund Receivables and Payables
 December 31, 2004

Reporting fund Fund due from / due to	Purpose	Receivable Due From	Payable Due to
Governmental Activities			
<i>Reported in Unrestricted</i>			
General Fund			
AURA Debt Service	Reimburse City for urban renewal related costs	\$ 250,000	\$ —
AURA Debt Service	Urban renewal - January accrued sales tax	—	44,375
ACLC Debt Service	To cover ACLC administration fees	5,500	—
ACLC Capital Projects	To cover negative cash in fund at year-end	45,244	—
Other Governmental Funds			
<i>Designated Revenues</i>			
AURA Debt Service	ACLC future lease funding	600,000	—
<i>Governmental Activities Adjustment</i>			
Governmental Activities	Citywide elimination of interfund receivables and payables	(900,744)	(44,375)
Business-type Activities	Internal Service Funds profit/loss attributable to Enterprise Funds	376,772	—
Total reported in unrestricted assets		<u>\$ 376,772</u>	<u>\$ —</u>
<i>Reported in Restricted</i>			
Other Governmental Funds			
<i>AURA Debt Service</i>			
General Fund	Reimburse City for urban renewal related costs	\$ —	\$ 250,000
Designated Revenues	ACLC future lease funding	—	600,000
General Fund	Urban renewal - January accrued sales tax	44,375	—
<i>ACLC Debt Service</i>			
General Fund	To cover ACLC administration fees	—	5,500
<i>ACLC Capital Projects</i>			
General Fund	To cover negative cash in fund at year-end	—	45,244
<i>Governmental Activities Adjustment</i>			
Governmental Activities	Citywide elimination of interfund receivables and payables	(44,375)	(900,744)
Total reported in restricted assets		<u>\$ —</u>	<u>\$ —</u>

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2004

10. INTERFUND TRANSACTIONS (continued)

Interfund Receivables and Payables (continued)
 December 31, 2004

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	\$ (376,772)	\$ —
Total reported in unrestricted assets		<u>\$ (376,772)</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)	5,120,000	—
Golf Fund			
Sewer	Debt service on Murphy Creek Golf Course loan (due within one year)	—	256,000
Sewer	Murphy Creek Golf Course loan (not expected to be paid within one year)	—	5,120,000
Business-type Activities Adjustment			
Enterprise Funds	Citywide elimination of interfund receivables and payables	(5,376,000)	(5,376,000)
Total reported in interfund loan		<u>\$ —</u>	<u>\$ —</u>
			(concluded)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

10. INTERFUND TRANSACTIONS (continued)

2004 Interfund Transfers			
Reporting Fund Fund transfer from/to	Purpose	Transfer In	Transfer Out
Governmental Activities			
General Fund			
Gifts & Grants	Police unclaimed property	\$ 458,590	\$ —
Development Review	Create Development Review Fund	—	1,220,944
	Indirect/support costs	1,389,895	—
Community Maintenance	E-470 loan repayment	2,455,000	—
Community Development	HOAP loans & Home program match	—	308,600
Recreation Services	Sports Park	1,140,000	1,106,300
	Recreation programs	—	3,873,946
Cultural Services	Cultural services programs	—	963,732
Designated Revenues	Visitors Promotion	—	257,355
	Sister Cities	—	1,000
	Arapahoe Crossing tax incentive	—	1,082,640
	Hampden Town Center IGA	—	798,030
	Heritage Eagle Bend tax incentive	—	35,638
	Aurora City Place tax incentive	—	1,956,682
	Pioneer Hills tax incentive	—	2,256,075
	Gander Mountain tax incentive	—	19,191
	Reinstatement of the AEDC budget	26,250	—
TABOR Reserve	Increase TABOR reserve to required amount	—	28,446
City Debt Service	GO debt service requirements	—	1,761,100
Surplus and Deficiency	SID-related salary costs	41,500	—
AURA Debt Service	Reimburse City for urban renewal related costs	250,000	—
ACLCL Debt Service	Facilities lease payments	—	6,291,015
City Capital Projects	Capital improvement projects	—	17,483,506
Fleet Management	Assist General Fund operations	250,000	—
	Proceeds from City vehicle sale	—	175,000
Total General Fund		6,011,235	39,619,200
City Capital Projects			
General Fund	Capital improvement projects	17,483,506	—
Enhanced E-911	Radio system expansion	—	1,250,000
Recreation Services	Art in Public Places fees	—	235,600
Designated Revenues	Aurora Mall tax incentive	—	446,583
	Merrick tax waiver	—	28,125
	Fund Fitzsimons redevelopment	—	2,483,650
	Capital improvement projects	473,750	—
Building Repair	Create Building Repair Fund	—	1,165,188
	Building repair and maintenance	—	2,108,800
Total City Capital Projects		17,957,256	7,717,946
Other Governmental Funds			
<i>Gifts & Grants</i>			
General Fund	Police unclaimed property	—	458,590
Designated Revenue	Emergency medical response	—	5,000
<i>Development Review</i>			
General Fund	Indirect/support costs	—	1,389,895
	Create Development Review Fund	1,220,944	—
<i>Community Maintenance</i>			
General Fund	E-470 loan repayment	—	2,455,000
Designated Revenue	Fund skills reimbursement	—	30,000
<i>Community Development</i>			
General Fund	HOAP loans & Home program match	308,600	—
<i>Enhanced E-911</i>			
City Capital Projects	Radio system expansion	1,250,000	—
ACLCL Debt Service	Communications equipment lease payments	—	1,697,178

(continued)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

10. INTERFUND TRANSACTIONS (continued)

2004 Interfund Transfers (continued)			
Reporting Fund Fund transfer from/to	Purpose	Transfer In	Transfer Out
Governmental Activities (continued)			
<i>Recreation Services</i>			
General Fund	Sports Park	\$ 1,106,300	\$ 1,140,000
	Recreation programs	3,873,946	—
Cultural Services	Create Cultural Services Fund	—	746,797
<i>Cultural Services</i>			
General Fund	Cultural services programs	963,732	—
Recreation Services	Create Cultural Services Fund	746,797	—
City Capital Projects	Art in Public Places fees	235,600	—
<i>Designated Revenues</i>			
General Fund	Visitors Promotion	257,355	—
	Sister Cities	1,000	—
	Arapahoe Crossing tax incentive	1,082,640	—
	Hampden Town Center IGA	798,030	—
	Heritage Eagle Bend tax incentive	35,638	—
	Aurora City Place tax incentive	1,956,682	—
	Pioneer Hills tax incentive	2,256,075	—
	Gander Mountain tax incentive	19,191	—
	Reinstatement of the AEDC budget	—	26,250
Gifts & Grants	Emergency medical response	5,000	—
Community Maintenance	Fund skills reimbursement	30,000	—
City Capital Projects	Aurora Mall tax incentive	446,583	—
	Merrick tax waiver	28,125	—
	Fund Fitzsimons redevelopment	2,483,650	—
	Capital improvement projects	—	473,750
AURA Debt Service	ACLCL future lease funding	600,000	—
ACLCL Debt Service	Building lease payments	—	1,115,000
<i>Policy Reserve</i>			
TABOR Reserve	Increase TABOR reserve to required amount	—	119,488
<i>TABOR Reserve</i>			
General Fund	Increase TABOR reserve to required amount	28,446	—
Policy Reserve	Increase TABOR reserve to required amount	119,488	—
<i>City Debt Service</i>			
General Fund	GO debt service requirements	1,761,100	—
<i>Surplus & Deficiency</i>			
General Fund	SID-related salary costs	—	41,500
<i>AURA Debt Service</i>			
General Fund	Reimburse City for urban renewal related costs	—	250,000
Designated Revenues	ACLCL future lease funding	—	600,000
<i>ACLCL Debt Service</i>			
General Fund	Facilities lease payments	6,291,015	—
Enhanced E-911	Communications equipment lease payments	1,697,178	—
Designated Revenues	Building lease payments	1,115,000	—
<i>Building Repair</i>			
City Capital Projects	Create Building Repair Fund	1,165,188	—
City Capital Projects	Building repair and maintenance	2,108,800	—
Total Other Governmental Funds		33,992,103	10,548,448
Internal Service Funds			
<i>Fleet Management</i>			
General Fund	Proceeds from City vehicle sale	175,000	—
	Assist General Fund operations	—	250,000
Total Internal Service Funds		175,000	250,000
Governmental Activities Adjustment			
<i>Governmental Activities</i>			
Total All Funds		\$ (58,135,594)	\$ (58,135,594)
		\$ —	\$ —

(concluded)

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2004

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, 2004, the City had various commitments for the acquisition and construction of projects.

Summary of Construction Commitments - Project Inception to December 31, 2004

Number of Projects	Type	Project Appropriations/ Committed Funds	Expended to December 31	Unexpended Balance
Governmental Activities				
City Capital Projects Fund				
3	Court Administration	\$ 739,130	\$ 689,843	\$ 49,287
3	Non-departmental	631,263	628,648	2,615
1	Finance	508,766	256,374	252,392
10	Information Technology	10,432,030	9,698,360	733,670
8	Internal Services	6,248,853	5,578,910	669,943
18	Library, Recreation and Cultural Services	23,329,573	21,632,464	1,697,109
11	Operations Group Management	15,654,069	14,378,465	1,275,604
42	Public Works	132,429,875	114,194,512	18,235,363
7	Police	7,456,800	6,872,584	584,216
16	Fire	11,604,494	11,070,674	533,820
42	Parks and Open Space	53,405,880	46,994,164	6,411,716
1	Neighborhood Services	1,000,000	993,387	6,613
2	Development Services	2,750,000	2,587,100	162,900
	Total City Capital Projects Fund	266,190,733	235,575,485	30,615,248
Other Governmental Funds				
<i>Gifts and Grants Fund</i>				
1	Public Works	14,470,399	2,135,096	12,335,303
9	Parks and Open Space	2,418,231	1,867,002	551,229
	Total Gifts and Grants Fund	16,888,630	4,002,098	12,886,532
<i>Community Development Fund</i>				
1	MLK Jr. Municipal Services Building	1,699,324	1,696,427	2,897
7	Community Development Admin	6,403,673	6,286,048	117,625
4	Public Service	778,488	810,936	(32,448)
6	Public Facility	2,039,690	1,867,961	171,729
2	Other	474,720	144,655	330,065
1	Relocation	25,000	—	25,000

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2004

11. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (continued)

A. Continuing Appropriations (continued)

Summary of Construction Commitments - Project Inception to December 31, 2004 (continued)

Number of Projects	Type	Project Appropriations/ Committed Funds	Expended to December 31	Unexpended Balance
Governmental Activities (continued)				
Other Governmental Funds (continued)				
<i>Community Development Fund (continued)</i>				
1	HOAP Loans	\$ 3,484,746	\$ 2,812,691	\$ 672,055
5	Single Family Rehabilitation	6,121,286	5,641,879	479,407
1	Multi-Family Rehabilitation	1,234,588	742,423	492,165
1	Commercial Rehabilitation	55,000	49,804	5,196
1	Commercial Renovation	3,916,020	3,072,612	843,408
1	AHC	757,706	386,463	371,243
1	Other HOME	490,000	—	490,000
Total Community Development Fund		27,480,241	23,511,899	3,968,342
<i>Enhanced E-911 Fund</i>				
2	Information Technology	5,501,659	4,696,463	805,196
<i>Conservation Trust Fund</i>				
15	Parks and Open Space	15,572,505	9,294,523	6,277,982
<i>Parks Development Fund</i>				
6	Parks and Open Space	1,668,339	377,313	1,291,026
<i>Community Maintenance Fund</i>				
1	Public Works	1,000,000	394,308	605,692
<i>Building Repair Fund</i>				
7	Internal Services	2,871,420	1,754,605	1,116,815
<i>ACLCL Capital Projects Fund</i>				
1	Information Technology	14,583,206	12,671,151	1,912,055
1	Operations Group Management	72,770,544	72,435,470	335,074
Total ACLCL Capital Projects Fund		87,353,750	85,106,621	2,247,129
Total other governmental funds		158,336,544	129,137,830	29,198,714
Total Governmental Activities		\$ 424,527,277	\$ 364,713,315	\$ 59,813,962

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2004

11. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (continued)

A. Continuing Appropriations (continued)

Summary of Construction Commitments - Project Inception to December 31, 2004 (continued)

Number of Projects	Type	Project Appropriations/ Committed Funds	Expended to December 31	Unexpended Balance
Business-type Activities				
Water Fund				
1	Central Maintenance Facility	\$ 37,688	\$ 37,688	\$ —
1	South Maintenance Facility	197,800	—	197,800
1	Utilities Customer Billing	604,959	585,859	19,100
1	Spinney Mountain Reservoir Storage	15,999,680	15,999,680	—
1	Water Acquisition	17,185,683	13,596,924	3,588,759
2	Wemlinger Plant Expansion	26,378,899	26,134,154	244,745
1	Water System Security	1,000,000	146,017	853,983
1	Eagle River Project	4,220,000	2,868,840	1,351,160
1	Front Range Airport Srea	415,484	415,484	—
5	Fitzsimons	6,847,714	4,441,232	2,406,482
1	Reuse Water / Sewer City	1,100,000	74,241	1,025,759
21	Others / Benefits Entire City	28,579,596	18,643,583	9,936,013
31	Mountain / Raw Water	50,796,621	34,601,482	16,195,139
8	E-470	4,778,323	736,434	4,041,889
5	Eastern Hills	1,460,813	130,811	1,330,002
8	Southeast Aurora Reservoir	8,354,903	263,798	8,091,105
10	Cherry Creek / Kings Pointe	6,293,558	3,337,234	2,956,324
1	3rd Raw Water Line	1,000,000	464,319	535,681
	Total Water Fund	<u>175,251,721</u>	<u>122,477,780</u>	<u>52,773,941</u>
Sewer Fund				
3	Central Maintenance Facility I	6,370,463	6,270,041	100,422
2	Fitzsimons	3,700,000	1,381,476	2,318,524
5	Reuse Water / Sewer City	32,466,669	25,217,810	7,248,859
25	Others / Benefits Entire Ccity	19,367,081	14,387,202	4,979,879
5	E-470	5,249,343	1,088,646	4,160,697
2	Eastern Hills	1,705,000	113,615	1,591,385
9	Southeast Aurora Reservoir	23,487,381	20,207,610	3,279,771
2	Cherry Creek / Kings Pointe	2,556,588	889,354	1,667,234
	Total Sewer Fund	<u>94,902,525</u>	<u>69,555,754</u>	<u>25,346,771</u>
Golf Fund				
10	Parks and Open Space	<u>11,987,332</u>	<u>11,887,368</u>	<u>99,964</u>
Total Business-type Activities		<u>\$ 282,141,578</u>	<u>\$ 203,920,902</u>	<u>\$ 78,220,676</u>

(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 (see footnote 4) 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 Incentives Agreements

The City enters into tax incentive agreements to encourage retail development within its borders. At December 31, 2004, the City had incentive agreements with the developers of the Arapahoe Crossings, Heritage at Eagle Bend, Aurora City Place, Aurora Mall, Smoky Hill Bridge and Gander Mountain retail centers.

Retail Development	Tax Incentive Payments Inception to December 31, 2004	Approximate Incentive Commitment
Arapahoe Crossings	\$ 6,081,232	\$ 6,690,000 (1)
Heritage at Eagle Bend	63,426	5,415,000 (1)
Aurora City Place	4,434,643	13,000,000 (2)
Aurora Mall	—	15,000,000 (3)
Smoky Hill Bridge	—	290,427 (4)
Gander Mountain	—	300,000 (3)
Pioneer Hills	5,780,597	5,780,597 (5)

- (1) Maximum payment
- (2) Present value of maximum payment
- (3) Maximum payment not including interest of 7%
- (4) Represents cumulative unreimbursed advances by the Developer to E-470 Public Highway Authority for construction of the Smoky Hill Bridge, not including interest of .33% per month. If advanced by the Developer to the Authority, the maximum City commitment is \$4,171,772 of the actual costs of the bridge improvements plus 59.7% of costs in excess of the \$4,171,772, not including interest of .33% per month.
- (5) Final payment paid to Developer in 2004.

11. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (continued)

C. Tax Incentives 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, 2004, the City has entered into such incentive agreements with Raytheon Company, Merrick and Company and General Motors Corporation.

Industrial Expansion	Tax Incentive Refunds Inception to December 31, 2004	Maximum Incentive Commitment
Raytheon Company	\$ 163,285	\$ 1,366,400
Merrick and Company	28,125	497,500
General Motors Corporation	—	365,625

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)

13. PENSION PLANS (continued)

Covered and Total payroll for 2004

Plan Name	Covered Payroll
GERP	\$ 73,308,883
Old Hire – Fire	1,950,143
Old Hire - Police	2,103,988
New Hire - Fire	17,070,095
New Hire - Police	35,753,097
ERP	3,985,606
EOEP	2,063,293
Total covered payroll	<u>136,235,105</u>
Total 2004 payroll	<u>\$ 150,550,248</u>

Contributions for 2004

Plan Name	Employees	City	Totals
GERP	\$ 3,940,988	\$ 3,927,864	7,868,852
Old Hire - Fire	-	-	-
Old Hire - Police	-	459,392	459,392
New Hire - Fire	1,707,016	1,707,016	3,414,032
New Hire - Police	3,575,310	3,575,310	7,150,620
ERP	398,561	398,561	797,122
EOEP	-	419,304	419,304
Totals	<u>\$ 9,621,875</u>	<u>\$ 10,487,447</u>	<u>\$ 20,109,322</u>

Contributions Required and Made in 2004 as a Percent of Current Year Covered Payroll

Plan Name	Employees	City	Totals
GERP	5.50%	5.50%	11.00%
Old Hire - Fire	-	-	-
Old Hire - Police	-	21.83%	21.83%
New Hire - Fire	10.00%	10.00%	20.00%
New Hire - Police	10.00%	10.00%	20.00%
ERP	10.00%	10.00%	20.00%
EOEP	-	20.32%	20.32%

EXHIBIT XV

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2004

13. PENSION PLANS (continued)

The City's Annual Pension Cost for 2004 and Related Information (unaudited)

	GERP	EOEP	Old Hire - Fire	Old Hire - Police
Annual required contribution (ARC)	\$ 5,115,536	\$ 419,304	\$ —	\$ 459,392
Interest on net pension asset (NPA)	(652,538)	—	(24,524)	(511)
Adjustment to ARC	543,372	—	25,213	525
Annual pension cost	5,006,370	419,304	689	459,406
Contribution made	3,927,864	419,304	—	459,392
Decrease in NPA	1,078,506	—	689	14
NPA - beginning of year	(7,933,468)	(91,277)	(306,552)	(6,385)
NPA - end of year	<u>\$ (6,854,962)</u>	<u>\$ (91,277)</u>	<u>\$ (305,863)</u>	<u>\$ (6,371)</u>
Actuarial valuation date	1/1/04	1/1/03	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%	7.0%	8.0%	8.0%
Projected salary increases	3.5 - 7.5%	n/a	4.5%	4.5%
Includes inflation at	4.0%	4.0%	4.0%	4.0%
Cost of living adjustment	4.0%	4.0%	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	2002	\$ 1,951,150	206.28%	\$ (8,018,333)
	2003	3,843,443	97.79%	(7,933,468)
	2004	5,006,370	78.46%	(6,854,962)
EOEP	2003	397,307	122.97%	(91,277)
	2004	419,304	100.00%	(91,277)
Old Hire - Fire	2002	784	—	(307,334)
	2003	782	—	(306,552)
	2004	689	—	(305,863)
Old Hire – Police	2002	(975)	—	85
	2003	452,922	101.43%	(6,385)
	2004	459,406	100.00%	(6,371)

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.

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

3) Funding Policies

City Code establishes contribution requirements for the employees and the employer. Actuarial studies are considered in establishing funding policies. However, contributions are not actuarially determined. As determined by the actuarial study, current contribution rates are considered sufficient to accumulate assets to pay all benefits when due. All 2004 contributions were for normal costs. No unfunded accrued actuarial liability existed at December 31, 2004.

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

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 employees 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 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 \$23.35 per month for each year of qualifying service prior to November 11, 1991, \$29.71 per month for service from November 11, 1991 through November 11, 1999 and \$58.37 for service after that date. The supplemental benefit is equal to \$202.58 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 \$202.58 per month subject to a cost of living adjustment.

EOEP	
STATEMENT OF FIDUCIARY NET ASSETS	
DECEMBER 31, 2004	
ASSETS	
<i>Current assets</i>	
Cash and cash equivalents	\$ 32,816
Investments	
Equity securities and funds	1,089,177
U.S. government and U.S. government agency obligations	912,868
Real estate funds	148,996
Receivables (net of allowance)	<u>52</u>
Total assets	2,183,909
LIABILITIES	
<i>Current Liabilities</i>	
Accounts payable and other current liabilities	<u>1,215</u>
Total liabilities	<u>1,215</u>
NET ASSETS	
Held in trust for pension benefits	<u>2,182,694</u>
Total net assets	<u>\$ 2,182,694</u>

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, 2004	
ADDITIONS	
<i>Contributions</i>	
City	\$ 419,304
Total contributions	<u>419,304</u>
<i>Investment activity</i>	
Investment income	187,304
Investment expense	<u>(4,426)</u>
Net investment income	<u>182,878</u>
Total additions	<u>602,182</u>
DEDUCTIONS	
Benefits	93,659
Administrative expenses	<u>12,705</u>
Total deductions	<u>106,364</u>
CHANGE IN NET ASSETS	495,818
NET ASSETS - January 1	<u>1,686,876</u>
NET ASSETS - December 31	<u>\$ 2,182,694</u>

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 2004 totaled \$531,473.

Future Minimum Payments on Operating Leases

Year	Minimum Lease Payments
2005	\$ 366,030
2006	297,068
2007	259,457
2008	229,650
2009	<u>123,295</u>
Total	<u>\$ 1,275,500</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 3.25% interest return over the life of the liabilities. The City reports and covers all claim settlements and judgments out of the Risk Management Internal Service Fund.

15. RISK MANAGEMENT (continued)

**Summary of the Accrued Claims Liability
December 31, 2004**

Self Insured Program	Case Reserves	IBNR	Total	Discounted
Worker's compensation	\$ 1,786,653	\$ 3,806,635	\$ 5,593,288	\$ 4,895,350
Multi-line liability	<u>1,837,002</u>	<u>1,694,884</u>	<u>3,531,886</u>	<u>3,307,891</u>
Totals	<u>\$ 3,623,655</u>	<u>\$ 5,501,519</u>	<u>\$ 9,125,174</u>	<u>\$ 8,203,241</u>

**Reconciliation of Claims Liability
December 31, 2004**

Year	Balance January 1	Current Year			Balance December 31
		Accrued Claims	Claim Payments	Recoveries	
2003	\$ 8,325,915	\$ 3,862,541	\$ (3,394,337)	\$ 387,086	\$ 9,181,205
2004	9,181,205	2,190,839	(3,954,415)	785,612	8,203,241

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.

The City has received a use tax refund claim for approximately \$4.0 million. The City has denied the claim. The denial is being contested and the City believes it will prevail.

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, 2004**

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	360,000
General obligation water bonds	9/1/65	1965	<u>285,000</u>
Total defeased debt outstanding			<u>\$ 5,965,000</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, 2004, 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 \$317,637,234.

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 2004, 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 \$6,587,427 as of December 31, 2004. 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, 2004

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>						
1/1/02	217,476,110	184,999,951	(32,476,159)	117.55%	61,208,881	(53.06)%
1/1/03	214,320,251	203,999,260	(10,320,991)	105.06%	64,293,970	(16.05)%
1/1/04	223,140,793	223,126,549	(14,244)	100.01%	71,415,709	(0.02)%
<u>EOEP</u>						
1/1/03	\$ 1,430,237	\$ 3,772,442	\$ 2,342,205	37.91%	\$ —	—

EXHIBIT XVII

CITY OF AURORA, COLORADO

GENERAL FUND

SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Taxes				
Property	\$ 21,396,823	\$ 21,396,823	\$ 21,222,403	\$ (174,420)
Sales	108,511,770	108,511,770	106,072,264	(2,439,506)
Use	28,212,213	28,212,213	26,883,841	(1,328,372)
Lodgers	3,450,436	3,450,436	3,124,781	(325,655)
Franchise	9,801,519	9,801,519	10,606,171	804,652
Other	9,530,815	9,530,815	9,095,097	(435,718)
Total taxes	180,903,576	180,903,576	177,004,557	(3,899,019)
Intergovernmental	10,650,812	10,650,812	10,424,987	(225,825)
Licenses and permits	2,994,878	2,994,878	3,512,683	517,805
Charges for services	6,152,370	6,146,270	5,734,820	(411,450)
Fines and forfeitures	4,732,230	4,732,230	4,492,855	(239,375)
Investment income	655,285	655,285	895,527	240,242
Other revenues	631,413	721,413	607,651	(113,762)
Proceeds from sales of assets	175,000	175,000	177,156	2,156
Transfers in	3,463,942	5,918,942	6,011,236	92,294
TOTAL SOURCES	210,359,506	212,898,406	208,861,472	(4,036,934)
USES				
<i>Municipal Court</i>				
Judicial	1,839,656	1,832,571	1,716,368	116,203
Court Administration	5,968,113	6,048,454	6,001,200	47,254
Public Defender	531,566	528,419	493,389	35,030
Total municipal court	8,339,335	8,409,444	8,210,957	198,487
<i>City Attorney</i>	4,400,565	4,425,616	4,259,378	166,238
<i>General Management Group</i>				
City Council	848,025	852,140	774,110	78,030
Boards and Commissions	102,420	102,939	72,749	30,190
Civil Service	501,411	505,272	442,895	62,377
General Management	1,446,271	1,456,629	1,371,973	84,656
Communications	1,154,745	1,186,828	996,722	190,106
Management Support	1,220,990	1,213,542	1,214,444	(902)
Development Services	1,219,354	1,217,504	1,198,701	18,803
Total general management group	6,493,216	6,534,854	6,071,594	463,260

	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
<i>Administrative Services Group</i>				
Human Resources	\$ 1,472,261	\$ 1,436,829	\$ 1,376,144	\$ 60,685
Finance	4,512,170	4,551,585	4,456,236	95,349
Information Technology	6,365,611	6,406,321	6,313,703	92,618
Internal Services	8,929,374	8,951,966	8,550,630	401,336
Total administrative services group	21,279,416	21,346,701	20,696,713	649,988
<i>Operations Group</i>				
Public Works	16,896,937	17,366,972	16,765,014	601,958
Parks and Open Space	12,453,496	12,578,836	12,555,848	22,988
Planning	1,518,778	1,535,184	1,436,375	98,809
Total operations group	30,869,211	31,480,992	30,757,237	723,755
<i>Community Services Group</i>				
Library, Recreation and Cultural Service	12,186,914	12,009,641	11,760,996	248,645
Police	58,860,991	59,946,013	59,823,244	122,769
Public Safety Communications	4,071,032	3,897,320	3,854,664	42,656
Fire	28,105,784	28,119,807	27,547,849	571,958
Neighborhood Services	4,158,155	4,197,012	4,089,393	107,619
Total community services group	107,382,876	108,169,793	107,076,146	1,093,647
<i>Non-departmental</i>	37,162,561	37,987,980	36,512,247	1,475,733
TOTAL USES	215,927,180	218,355,380	213,584,272	4,771,108
CHANGE IN FUNDS AVAILABLE	(5,567,674)	(5,456,974)	(4,722,800)	734,174
FUNDS AVAILABLE - January 1	6,863,912	6,863,912	12,723,791	5,859,879
FUNDS AVAILABLE - December 31	\$ 1,296,238	\$ 1,406,938	8,000,991	\$ 6,594,053
Less: Designations			(2,775,332)	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ 5,225,659	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 8,000,991	
Add: Sales, use and lodgers tax accrual			15,197,928	
Current year encumbrances			992,384	
Police/fire sick leave deferral			346,305	
Less: Deferred revenues			(90,000)	
Adjustment of investments to fair value			(21,307)	
FUND BALANCE - DECEMBER 31			\$ 24,426,301	

EXHIBIT XVIII

CITY OF AURORA, COLORADO

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2004**

GENERAL FUND BUDGETARY INFORMATION

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

Since expenditures may not legally exceed budgeted appropriations, appropriation amendments 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.



COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

**OTHER GOVERNMENTAL
FUNDS**

EXHIBIT A-1

CITY OF AURORA, COLORADO

OTHER GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2004

	Total Non-major Special Revenue	Total Non-major Debt Service	Total Non-major Capital Projects	Total Other Governmental
ASSETS				
Cash and cash equivalents	\$ 8,368,648	\$ 132,810	\$ 287,097	\$ 8,788,555
Investments	46,241,813	655,486	1,468,995	48,366,294
Receivables (net of allowance)	3,418,947	505,022	—	3,923,969
Due from other funds	600,000	—	—	600,000
Restricted assets	6,760,269	11,806,203	2,321,803	20,888,275
Notes receivable	9,194,922	—	—	9,194,922
Total assets	<u>\$ 74,584,599</u>	<u>\$ 13,099,521</u>	<u>\$ 4,077,895</u>	<u>\$ 91,762,015</u>
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>				
Accounts payable and other current liabilities	\$ 1,902,107	\$ —	\$ 217,649	\$ 2,119,756
Deferred revenues	11,064,256	505,022	—	11,569,278
Payable from restricted assets	668,222	7,105,137	64,343	7,837,702
Total liabilities	<u>13,634,585</u>	<u>7,610,159</u>	<u>281,992</u>	<u>21,526,736</u>
<i>Fund balances</i>				
<i>Reserved</i>				
Encumbrances	8,553,970	—	278,727	8,832,697
Construction	—	—	2,257,460	2,257,460
Police	840,769	—	—	840,769
Debt service	—	2,084,331	—	2,084,331
Arbitrage	—	1,954,560	—	1,954,560
Agreements	5,251,278	—	—	5,251,278
Urban renewal	—	662,175	—	662,175
<i>Unreserved</i>				
Designated	10,086,299	481,500	1,156,789	11,724,588
Undesignated	36,217,698	306,796	102,927	36,627,421
Total fund balances	<u>60,950,014</u>	<u>5,489,362</u>	<u>3,795,903</u>	<u>70,235,279</u>
Total liabilities and fund balances	<u>\$ 74,584,599</u>	<u>\$ 13,099,521</u>	<u>\$ 4,077,895</u>	<u>\$ 91,762,015</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, 2004**

	Total Non-major Special Revenue	Total Non-major Debt Service	Total Non-major Capital Projects	Total Other Governmental
REVENUES				
Taxes				
Sales	\$ —	\$ 564,041	\$ —	\$ 564,041
Property	—	6,810,929	—	6,810,929
Occupational privilege	—	22,335	—	22,335
Charges for services	13,186,531	—	—	13,186,531
Licenses and permits	7,462,213	—	—	7,462,213
Fines and forfeitures	702,178	—	—	702,178
Special assessments	—	47,795	—	47,795
Intergovernmental revenues	10,884,730	—	—	10,884,730
Surcharges	2,650,587	—	—	2,650,587
Miscellaneous revenues	3,322,246	—	—	3,322,246
Investment income	2,061,850	141,735	112,794	2,316,379
Total revenues	<u>40,270,335</u>	<u>7,586,835</u>	<u>112,794</u>	<u>47,969,964</u>
EXPENDITURES				
<i>Current</i>				
General government	6,361,517	375,507	1,566,801	8,303,825
Judicial	121,393	—	—	121,393
Police	2,717,445	—	187,803	2,905,248
Fire	238,376	—	—	238,376
Other public safety	932,608	6,736	—	939,344
Public works	394,308	—	—	394,308
Economic development	9,808,553	2,500	—	9,811,053
Community services	4,508,286	—	—	4,508,286
Culture and recreation	11,594,196	—	—	11,594,196
<i>Debt service</i>				
Principal	—	8,540,000	—	8,540,000
Interest	—	9,019,769	—	9,019,769
Capital outlay	2,518,890	—	3,494,166	6,013,056
Total expenditures	<u>39,195,572</u>	<u>17,944,512</u>	<u>5,248,770</u>	<u>62,388,854</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,074,763</u>	<u>(10,357,677)</u>	<u>(5,135,976)</u>	<u>(14,418,890)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	19,853,822	10,864,293	3,273,988	33,992,103
Transfers out	(9,656,948)	(891,500)	—	(10,548,448)
Proceeds from refunding bonds	—	187,611	—	187,611
Payment to refunded bond escrow agent	—	(14,975,000)	—	(14,975,000)
Proceeds from refunding debt issues	—	8,750,000	—	8,750,000
Total other financing sources	<u>10,196,874</u>	<u>3,935,404</u>	<u>3,273,988</u>	<u>17,406,266</u>
NET CHANGE IN FUND BALANCES	11,271,637	(6,422,273)	(1,861,988)	2,987,376
FUND BALANCES - January 1	<u>49,678,377</u>	<u>11,911,635</u>	<u>5,657,891</u>	<u>67,247,903</u>
FUND BALANCES - December 31	<u>\$ 60,950,014</u>	<u>\$ 5,489,362</u>	<u>\$ 3,795,903</u>	<u>\$ 70,235,279</u>

NON-MAJOR SPECIAL REVENUE FUNDS

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

Gifts and Grants Fund

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

Development Review Fund

The Development Review Fund accounts for revenues from development related fees for various plan reviews and permits / inspections. Expenditures are made to cover the costs of these activities.

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.

NON-MAJOR SPECIAL REVENUE FUNDS (Continued)

Parks Development Fund

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

Recreation Services Fund

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

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, 2004

	<u>Gifts and Grants</u>	<u>Development Review</u>	<u>Abatement</u>	<u>Community Maintenance</u>	<u>Community Development</u>
ASSETS					
Cash and cash equivalents	\$ 2,525,554	\$ 570,568	\$ 178,011	\$ 1,307	\$ 4,805
Investments	—	2,913,374	—	2,597	—
Receivables (net of allowance)	63,199	—	292,227	613,030	1,222,178
Due from other funds	—	—	—	—	—
Restricted assets	863,294	—	—	—	—
Notes receivable	650,952	—	—	—	8,543,970
Total assets	<u>\$ 4,102,999</u>	<u>\$ 3,483,942</u>	<u>\$ 470,238</u>	<u>\$ 616,934</u>	<u>\$ 9,770,953</u>
LIABILITIES AND FUND BALANCES					
<i>Liabilities</i>					
Accounts payable and other current liabilities	\$ 199,479	\$ 145,169	\$ 6,814	\$ —	\$ 1,089,000
Deferred revenues	2,067,936	—	76,861	—	8,681,953
Payable from restricted assets	22,525	—	—	—	—
Total liabilities	<u>2,289,940</u>	<u>145,169</u>	<u>83,675</u>	<u>—</u>	<u>9,770,953</u>
<i>Fund balances</i>					
<i>Reserved</i>					
Encumbrances	6,967,129	34,784	34,391	—	149,614
Police	840,769	—	—	—	—
Agreements	—	—	—	—	—
<i>Unreserved</i>					
Designated	—	1,119,721	76,260	614,212	—
Undesignated	(5,994,839)	2,184,268	275,912	2,722	(149,614)
Total fund balances	<u>1,813,059</u>	<u>3,338,773</u>	<u>386,563</u>	<u>616,934</u>	<u>—</u>
Total liabilities and fund balances	<u>\$ 4,102,999</u>	<u>\$ 3,483,942</u>	<u>\$ 470,238</u>	<u>\$ 616,934</u>	<u>\$ 9,770,953</u>

(continued)

EXHIBIT B-1**CITY OF AURORA, COLORADO****NON-MAJOR SPECIAL REVENUE FUNDS****COMBINING BALANCE SHEET****DECEMBER 31, 2004**

	<u>Enhanced E-911</u>	<u>Conservation Trust</u>	<u>Emergency Contingency</u>	<u>Parks Development</u>	<u>Recreation Services</u>
ASSETS					
Cash and cash equivalents	\$ 658,520	\$ 1,009,776	\$ 125,663	\$ 485,310	\$ 304,349
Investments	3,365,469	5,218,215	639,935	2,478,121	—
Receivables (net of allowance)	177,806	658,242	—	—	132,287
Due from other funds	—	—	—	—	—
Restricted assets	—	—	—	—	—
Notes receivable	—	—	—	—	—
Total assets	<u>\$ 4,201,795</u>	<u>\$ 6,886,233</u>	<u>\$ 765,598</u>	<u>\$ 2,963,431</u>	<u>\$ 436,636</u>
LIABILITIES AND FUND BALANCES					
<i>Liabilities</i>					
Accounts payable and other current liabilities	\$ 20,698	\$ 56,930	\$ —	\$ —	\$ 282,125
Deferred revenues	—	—	—	—	11,713
Payable from restricted assets	—	—	—	—	—
Total liabilities	<u>20,698</u>	<u>56,930</u>	<u>—</u>	<u>—</u>	<u>293,838</u>
<i>Fund balances</i>					
<i>Reserved</i>					
Encumbrances	77,319	552,067	—	611,822	79,269
Police	—	—	—	—	—
Agreements	—	—	—	—	—
<i>Unreserved</i>					
Designated	805,196	5,795,647	—	864,804	23,223
Undesignated	3,298,582	481,589	765,598	1,486,805	40,306
Total fund balances	<u>4,181,097</u>	<u>6,829,303</u>	<u>765,598</u>	<u>2,963,431</u>	<u>142,798</u>
Total liabilities and fund balances	<u>\$ 4,201,795</u>	<u>\$ 6,886,233</u>	<u>\$ 765,598</u>	<u>\$ 2,963,431</u>	<u>\$ 436,636</u>

Cultural Services	Designated Revenues	Policy Reserve	TABOR Reserve	AURA General	Total Non-major Special Revenue
\$ 1,143,915	\$ 1,277,817	\$ —	\$ —	\$ 83,053	\$ 8,368,648
—	6,484,695	18,165,754	6,548,757	424,896	46,241,813
4,638	107,113	109,557	38,670	—	3,418,947
—	600,000	—	—	—	600,000
—	5,896,975	—	—	—	6,760,269
—	—	—	—	—	9,194,922
<u>\$ 1,148,553</u>	<u>\$ 14,366,600</u>	<u>\$ 18,275,311</u>	<u>\$ 6,587,427</u>	<u>\$ 507,949</u>	<u>\$ 74,584,599</u>
\$ 41,508	\$ 60,384	\$ —	\$ —	\$ —	\$ 1,902,107
225,793	—	—	—	—	11,064,256
—	645,697	—	—	—	668,222
<u>267,301</u>	<u>706,081</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,634,585</u>
9,500	38,075	—	—	—	8,553,970
—	—	—	—	—	840,769
—	5,251,278	—	—	—	5,251,278
406,236	381,000	—	—	—	10,086,299
465,516	7,990,166	18,275,311	6,587,427	507,949	36,217,698
<u>881,252</u>	<u>13,660,519</u>	<u>18,275,311</u>	<u>6,587,427</u>	<u>507,949</u>	<u>60,950,014</u>
<u>\$ 1,148,553</u>	<u>\$ 14,366,600</u>	<u>\$ 18,275,311</u>	<u>\$ 6,587,427</u>	<u>\$ 507,949</u>	<u>\$ 74,584,599</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, 2004**

	Gifts and Grants	Development Review	Abatement	Community Maintenance	Community Development
REVENUES					
Charges for services	\$ 78,170	\$ 3,098,555	\$ 315,998	\$ 2,339,380	\$ 915,075
Licenses and permits	—	7,462,213	—	—	—
Fines and forfeitures	—	—	—	—	—
Intergovernmental revenues	4,244,744	—	—	—	3,901,085
Surcharges	—	—	—	—	—
Miscellaneous revenues	817,780	—	—	—	—
Investment income	130,275	8,889	6,302	1,156,862	—
Total revenues	<u>5,270,969</u>	<u>10,569,657</u>	<u>322,300</u>	<u>3,496,242</u>	<u>4,816,160</u>
EXPENDITURES					
<i>Current</i>					
General government	40,306	—	—	—	—
Judicial	10,727	—	—	—	—
Police	1,904,064	—	—	—	—
Fire	162,530	—	—	—	—
Other public safety	—	—	—	—	—
Public works	—	—	—	394,308	—
Economic development	536,458	7,061,933	—	—	1,096,471
Community services	270,937	—	237,760	—	3,841,038
Culture and recreation	530,883	—	—	—	73,665
Capital outlay	1,252,851	—	—	—	113,586
Total expenditures	<u>4,708,756</u>	<u>7,061,933</u>	<u>237,760</u>	<u>394,308</u>	<u>5,124,760</u>
Excess (deficiency) of revenues over (under) expenditures	562,213	3,507,724	84,540	3,101,934	(308,600)
OTHER FINANCING SOURCES (USES)					
Transfers in	—	1,220,944	—	—	308,600
Transfers out	(463,590)	(1,389,895)	—	(2,485,000)	—
Proceeds from sale of assets	—	—	—	—	—
Total other financing sources (uses)	<u>(463,590)</u>	<u>(168,951)</u>	<u>—</u>	<u>(2,485,000)</u>	<u>308,600</u>
NET CHANGE IN FUND BALANCES					
FUND BALANCES - January 1	1,714,436	—	302,023	—	—
FUND BALANCES - December 31	<u>\$ 1,813,059</u>	<u>\$ 3,338,773</u>	<u>\$ 386,563</u>	<u>\$ 616,934</u>	<u>\$ —</u>

Enhanced E-911	Conservation Trust	Emergency Contingency	Parks Development	Recreation Services	Cultural Services
\$ —	\$ —	\$ —	\$ 21,600	\$ 3,812,350	\$ 520,061
—	—	—	—	—	—
—	—	—	—	—	—
—	2,547,999	—	183,803	—	7,099
2,312,332	—	—	—	—	—
30,023	—	—	1,418,286	155,098	460,858
39,050	93,590	12,387	34,900	—	29,058
2,381,405	2,641,589	12,387	1,658,589	3,967,448	1,017,076
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
928,537	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	648,636	—	—	7,868,244	2,081,953
51,899	756,881	—	149,996	132,027	—
980,436	1,405,517	—	149,996	8,000,271	2,081,953
1,400,969	1,236,072	12,387	1,508,593	(4,032,823)	(1,064,877)
1,250,000	—	—	—	4,980,246	1,946,129
(1,697,178)	—	—	—	(1,886,797)	—
—	—	—	—	—	—
(447,178)	—	—	—	3,093,449	1,946,129
953,791	1,236,072	12,387	1,508,593	(939,374)	881,252
3,227,306	5,593,231	753,211	1,454,838	1,082,172	—
\$ 4,181,097	\$ 6,829,303	\$ 765,598	\$ 2,963,431	\$ 142,798	\$ 881,252

(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, 2004**

	Designated Revenues	Policy Reserve	TABOR Reserve	AURA General	Total Non-Major Special Revenue
REVENUES					
Charges for services	\$ 2,085,342	\$ —	\$ —	\$ —	\$ 13,186,531
Licenses and permits	—	—	—	—	7,462,213
Fines and forfeitures	702,178	—	—	—	702,178
Intergovernmental revenues	—	—	—	—	10,884,730
Surcharges	338,255	—	—	—	2,650,587
Miscellaneous revenues	440,201	—	—	—	3,322,246
Investment income	161,914	285,189	99,817	3,617	2,061,850
Total revenues	3,727,890	285,189	99,817	3,617	40,270,335
EXPENDITURES					
<i>Current</i>					
General government	6,321,211	—	—	—	6,361,517
Judicial	110,666	—	—	—	121,393
Police	813,381	—	—	—	2,717,445
Fire	75,846	—	—	—	238,376
Other public safety	4,071	—	—	—	932,608
Public works	—	—	—	—	394,308
Economic development	331,681	—	—	782,010	9,808,553
Community services	158,551	—	—	—	4,508,286
Culture and recreation	390,815	—	—	—	11,594,196
Capital outlay	61,650	—	—	—	2,518,890
Total expenditures	8,267,872	—	—	782,010	39,195,572
Excess (deficiency) of revenues over (under) expenditures	(4,539,982)	285,189	99,817	(778,393)	1,074,763
OTHER FINANCING SOURCES (USES)					
Transfers in	9,999,969	—	147,934	—	19,853,822
Transfers out	(1,615,000)	(119,488)	—	—	(9,656,948)
Proceeds from sale of assets	—	—	—	—	—
Total other financing sources (uses)	8,384,969	(119,488)	147,934	—	10,196,874
NET CHANGE IN FUND BALANCES					
	3,844,987	165,701	247,751	(778,393)	11,271,637
FUND BALANCES - January 1	9,815,532	18,109,610	6,339,676	1,286,342	49,678,377
FUND BALANCES - December 31	<u>\$ 13,660,519</u>	<u>\$ 18,275,311</u>	<u>\$ 6,587,427</u>	<u>\$ 507,949</u>	<u>\$ 60,950,014</u>

(concluded)

NON-MAJOR DEBT SERVICE FUNDS

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

City Debt Service Fund

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

Special Improvement District (SID) Debt Service Fund

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

Surplus and Deficiency Fund

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

Aurora Urban Renewal Authority (AURA) Debt Service Fund

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

Aurora Capital Leasing Corporation (ACLCL) Debt Service Fund

ACLCL 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 ACLCL. 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, 2004

	<u>City Debt Service</u>	<u>SID Debt Service</u>	<u>Surplus and Deficiency</u>	<u>AURA Debt Service</u>	<u>ACLCL Debt Service</u>	<u>Total Non-Major Debt Service</u>
ASSETS						
Cash and cash equivalents	\$ —	\$ 9,850	\$ 115,805	\$ 7,155	\$ —	\$ 132,810
Investments	—	44,049	581,640	29,797	—	655,486
Receivables (net of allowance)	—	245,213	259,809	—	—	505,022
Restricted assets	<u>7,541,668</u>	<u>—</u>	<u>—</u>	<u>1,874,090</u>	<u>2,390,445</u>	<u>11,806,203</u>
Total assets	<u>\$ 7,541,668</u>	<u>\$ 299,112</u>	<u>\$ 957,254</u>	<u>\$ 1,911,042</u>	<u>\$ 2,390,445</u>	<u>\$ 13,099,521</u>
LIABILITIES AND FUND BALANCES						
<i>Liabilities</i>						
Deferred revenues	\$ —	\$ 245,213	\$ 259,809	\$ —	\$ —	\$ 505,022
Payable from restricted assets	<u>6,243,047</u>	<u>—</u>	<u>—</u>	<u>853,915</u>	<u>8,175</u>	<u>7,105,137</u>
Total liabilities	<u>6,243,047</u>	<u>245,213</u>	<u>259,809</u>	<u>853,915</u>	<u>8,175</u>	<u>7,610,159</u>
<i>Fund balances</i>						
<i>Reserved</i>						
Debt service	795,061	—	—	358,000	931,270	2,084,331
Arbitrage	503,560	—	—	—	1,451,000	1,954,560
Urban renewal	—	—	—	662,175	—	662,175
<i>Unreserved</i>						
Designated	—	—	481,500	—	—	481,500
Undesignated	<u>—</u>	<u>53,899</u>	<u>215,945</u>	<u>36,952</u>	<u>—</u>	<u>306,796</u>
Total fund balances	<u>1,298,621</u>	<u>53,899</u>	<u>697,445</u>	<u>1,057,127</u>	<u>2,382,270</u>	<u>5,489,362</u>
Total liabilities and fund balances	<u>\$ 7,541,668</u>	<u>\$ 299,112</u>	<u>\$ 957,254</u>	<u>\$ 1,911,042</u>	<u>\$ 2,390,445</u>	<u>\$ 13,099,521</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, 2004**

	<u>City Debt Service</u>	<u>SID Debt Service</u>	<u>Surplus and Deficiency</u>	<u>AURA Debt Service</u>	<u>ACLCL Debt Service</u>	<u>Total Non-major Debt Service</u>
REVENUES						
<i>Taxes</i>						
Sales	\$ —	\$ —	\$ —	\$ 564,041	\$ —	\$ 564,041
Property	6,303,577	—	—	507,352	—	6,810,929
Occupational privilege	—	—	—	22,335	—	22,335
Total taxes	<u>6,303,577</u>	<u>—</u>	<u>—</u>	<u>1,093,728</u>	<u>—</u>	<u>7,397,305</u>
Special assessments	—	35,911	11,884	—	—	47,795
Investment income	79,660	13,809	21,984	13,012	13,270	141,735
Total revenues	<u>6,383,237</u>	<u>49,720</u>	<u>33,868</u>	<u>1,106,740</u>	<u>13,270</u>	<u>7,586,835</u>
EXPENDITURES						
<i>Current</i>						
General government	181,653	—	—	—	193,854	375,507
Other public safety	6,736	—	—	—	—	6,736
Economic development	—	—	—	2,500	—	2,500
<i>Debt service</i>						
Principal	4,780,000	—	—	300,000	3,460,000	8,540,000
Interest and fiscal charges	3,137,551	—	—	94,695	5,787,523	9,019,769
Total expenditures	<u>8,105,940</u>	<u>—</u>	<u>—</u>	<u>397,195</u>	<u>9,441,377</u>	<u>17,944,512</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,722,703)</u>	<u>49,720</u>	<u>33,868</u>	<u>709,545</u>	<u>(9,428,107)</u>	<u>(10,357,677)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,761,100	—	—	—	9,103,193	10,864,293
Transfers out	—	—	(41,500)	(850,000)	—	(891,500)
Premium on refunding bonds	—	—	—	—	187,611	187,611
Payment to refunded bond escrow agent	—	—	—	—	(14,975,000)	(14,975,000)
Proceeds from refunding debt issues	—	—	—	—	8,750,000	8,750,000
Total other financing sources (uses)	<u>1,761,100</u>	<u>—</u>	<u>(41,500)</u>	<u>(850,000)</u>	<u>3,065,804</u>	<u>3,935,404</u>
NET CHANGE IN FUND BALANCES	38,397	49,720	(7,632)	(140,455)	(6,362,303)	(6,422,273)
FUND BALANCES - January 1	<u>1,260,224</u>	<u>4,179</u>	<u>705,077</u>	<u>1,197,582</u>	<u>8,744,573</u>	<u>11,911,635</u>
FUND BALANCES - December 31	<u>\$ 1,298,621</u>	<u>\$ 53,899</u>	<u>\$ 697,445</u>	<u>\$ 1,057,127</u>	<u>\$ 2,382,270</u>	<u>\$ 5,489,362</u>

NON-MAJOR CAPITAL PROJECTS FUNDS

Building Repair Fund

The Building Repair Fund provides centralized repairs for City-owned facilities. Revenues are from operating transfers from other funds.

Aurora Capital Leasing Corporation (ACLCL) Capital Projects Fund

The ACLCL Capital Projects Fund accounts for financial resources used by ACLCL 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 ACLCL.

EXHIBIT D-1**CITY OF AURORA, COLORADO****NON-MAJOR CAPITAL PROJECTS****COMBINING BALANCE SHEET****DECEMBER 31, 2004**

	Building Repair	ACLIC Capital Projects	Total Non-major Capital Projects
ASSETS			
Cash and cash equivalents	\$ 287,097	\$ —	\$ 287,097
Investments	1,468,995	—	1,468,995
Restricted assets	—	2,321,803	2,321,803
Total assets	<u>\$ 1,756,092</u>	<u>\$ 2,321,803</u>	<u>\$ 4,077,895</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities</i>			
Accounts payable and other current liabilities	\$ 217,649	\$ —	\$ 217,649
Payable from restricted assets	—	64,343	64,343
Total liabilities	<u>217,649</u>	<u>64,343</u>	<u>281,992</u>
<i>Fund balances</i>			
<i>Reserved</i>			
Encumbrances	278,727	—	278,727
Construction	—	2,257,460	2,257,460
<i>Unreserved</i>			
Designated	1,156,789	—	1,156,789
Undesignated	102,927	—	102,927
Total fund balances	<u>1,538,443</u>	<u>2,257,460</u>	<u>3,795,903</u>
Total liabilities and fund balances	<u>\$ 1,756,092</u>	<u>\$ 2,321,803</u>	<u>\$ 4,077,895</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, 2004**

	Building Repair	ACLIC Capital Projects	Total Non-major Capital Projects
REVENUES			
Investment income	\$ 19,059	\$ 93,735	\$ 112,794
EXPENDITURES			
<i>Current</i>			
General government	1,566,801	—	1,566,801
Police	187,803	—	187,803
Capital outlay	—	3,494,166	3,494,166
Total expenditures	1,754,604	3,494,166	5,248,770
Deficiency of revenues under expenditures	(1,735,545)	(3,400,431)	(5,135,976)
OTHER FINANCING SOURCES			
Transfers in	3,273,988	—	3,273,988
Total other financing sources	3,273,988	—	3,273,988
NET CHANGE IN FUND BALANCES	1,538,443	(3,400,431)	(1,861,988)
FUND BALANCES - January 1	—	5,657,891	5,657,891
FUND BALANCES - December 31	\$ 1,538,443	\$ 2,257,460	\$ 3,795,903

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, 2004**

	Fleet Management	Print Shop	Risk Management	Total Internal Service
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 46,797	\$ 51,948	\$ 2,143,741	\$ 2,242,486
Investments	235,765	264,269	10,974,692	11,474,726
Receivables (net of allowance)	—	1,838	75,917	77,755
Inventories	387,039	27,422	—	414,461
Total current assets	<u>669,601</u>	<u>345,477</u>	<u>13,194,350</u>	<u>14,209,428</u>
<i>Capital assets, (net of accumulated depreciation)</i>				
Infrastructure	488,403	—	—	488,403
Machinery and equipment	49,269	130,112	—	179,381
Total capital assets	<u>537,672</u>	<u>130,112</u>	<u>—</u>	<u>667,784</u>
Total assets	<u>1,207,273</u>	<u>475,589</u>	<u>13,194,350</u>	<u>14,877,212</u>
LIABILITIES				
<i>Current liabilities</i>				
Accounts payable and other current liabilities	222,603	44,031	69,237	335,871
Current portion long-term liabilities	4,597	47,208	3,957,219	4,009,024
Total current liabilities	<u>227,200</u>	<u>91,239</u>	<u>4,026,456</u>	<u>4,344,895</u>
<i>Noncurrent liabilities</i>				
Due beyond 1 year	242,388	72,366	4,326,473	4,641,227
Total noncurrent liabilities	<u>242,388</u>	<u>72,366</u>	<u>4,326,473</u>	<u>4,641,227</u>
Total liabilities	<u>469,588</u>	<u>163,605</u>	<u>8,352,929</u>	<u>8,986,122</u>
NET ASSETS				
Invested in capital assets net of related debt	537,672	37,736	—	575,408
Unrestricted	200,013	274,248	4,841,421	5,315,682
Total net assets	<u>\$ 737,685</u>	<u>\$ 311,984</u>	<u>\$ 4,841,421</u>	<u>\$ 5,891,090</u>



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, 2004**

	<u>Fleet Management</u>	<u>Print Shop</u>	<u>Risk Management</u>	<u>Total Internal Service</u>
OPERATING REVENUES				
Charges for services	\$ 5,206,580	\$ 1,006,915	\$ 5,430,589	\$ 11,644,084
OPERATING EXPENSES				
Cost of sales and service	5,400,255	891,102	2,379,318	8,670,675
Claims losses	—	—	2,976,451	2,976,451
Administrative expenses	40,235	19,353	38,470	98,058
Depreciation	43,275	51,282	—	94,557
Total operating expenses	<u>5,483,765</u>	<u>961,737</u>	<u>5,394,239</u>	<u>11,839,741</u>
Operating income (loss)	<u>(277,185)</u>	<u>45,178</u>	<u>36,350</u>	<u>(195,657)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	2,219	3,102	192,009	197,330
Miscellaneous non-operating revenues	10,824	—	787,987	798,811
Interest expense	—	(4,135)	—	(4,135)
Net nonoperating revenues	<u>13,043</u>	<u>(1,033)</u>	<u>979,996</u>	<u>992,006</u>
Income (loss) before transfers	(264,142)	44,145	1,016,346	796,349
Transfers in	175,000	—	—	175,000
Transfers out	<u>(250,000)</u>	<u>—</u>	<u>—</u>	<u>(250,000)</u>
CHANGE IN NET ASSETS	(339,142)	44,145	1,016,346	721,349
TOTAL NET ASSETS - January 1	<u>1,076,827</u>	<u>267,839</u>	<u>3,825,075</u>	<u>5,169,741</u>
TOTAL NET ASSETS - December 31	<u>\$ 737,685</u>	<u>\$ 311,984</u>	<u>\$ 4,841,421</u>	<u>\$ 5,891,090</u>

EXHIBIT E-3

CITY OF AURORA, COLORADO

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2004

	Fleet Management	Print Shop	Risk Management	Total Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Cash received from:</i>				
Customers and others	\$ 23,421	\$ 2,492	\$ 787,987	\$ 813,900
Interfund services provided and used	5,197,280	1,004,385	5,430,589	11,632,254
<i>Cash payments to:</i>				
Employees	(1,996,178)	(245,675)	(549,002)	(2,790,855)
Suppliers of goods and services	(3,411,413)	(658,101)	(5,810,694)	(9,880,208)
Net cash provided by (used in) operating activities	(186,890)	103,101	(141,120)	(224,909)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash transfers in	175,000	—	—	175,000
Cash transfers out	(250,000)	—	—	(250,000)
Net cash used in noncapital financing activities	(75,000)	—	—	(75,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
<i>Payments for:</i>				
Capital assets	(19,985)	—	—	(19,985)
Principal on capital debt	—	(34,542)	—	(34,542)
Interest on capital debt	—	(4,581)	—	(4,581)
Net cash used in capital and related financing activities	(19,985)	(39,123)	—	(59,108)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in equity in pool investments	—	(24,598)	—	(24,598)
Decrease in equity in pool investments	308,670	—	1,654,789	1,963,459
Interest received	8,236	6,132	367,516	381,884
Net cash provided by (used in) investing activities	316,906	(18,466)	2,022,305	2,320,745

	Fleet Management	Print Shop	Risk Management	Total Internal Service
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,031	45,512	1,881,185	1,961,728
TOTAL CASH AND CASH EQUIVALENTS, January 1	<u>11,766</u>	<u>6,436</u>	<u>262,556</u>	<u>280,758</u>
TOTAL CASH AND CASH EQUIVALENTS, December 31	<u>\$ 46,797</u>	<u>\$ 51,948</u>	<u>\$ 2,143,741</u>	<u>\$ 2,242,486</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	<u>\$ (277,185)</u>	<u>\$ 45,178</u>	<u>\$ 36,350</u>	<u>\$ (195,657)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	43,275	51,282	—	94,557
Miscellaneous nonoperating revenues	10,824	—	787,987	798,811
<i>Changes in operating assets and liabilities</i>				
Receivables	3,297	(38)	—	3,259
Inventories	(73,573)	5,659	—	(67,914)
Accounts payable other current liabilities	<u>106,472</u>	<u>1,020</u>	<u>(965,457)</u>	<u>(857,965)</u>
Total adjustments	<u>90,295</u>	<u>57,923</u>	<u>(177,470)</u>	<u>(29,252)</u>
Net cash provided by (used in) operations	<u>\$ (186,890)</u>	<u>\$ 103,101</u>	<u>\$ (141,120)</u>	<u>\$ (224,909)</u>
NONCASH INVESTING, CAPITAL AND AND FINANCING ACTIVITIES				
Decrease in fair value of investments	\$ (6,017)	\$ (3,031)	\$ (153,466)	\$ (162,514)



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, 2004**

	<u>GERP</u>	<u>EOEP</u>	<u>Total Pension Trust</u>
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ 4,699,956	\$ 32,816	\$ 4,732,772
Investments			
Equity securities and funds	134,905,811	1,089,177	135,994,988
U.S. government and U.S. government agency obligations	8,313,500	912,868	9,226,368
Corporate bonds and funds	78,788,508	—	78,788,508
Real estate funds	22,442,582	148,996	22,591,578
Alternative investments	896,862	—	896,862
Receivables (net of allowance)	1,003,971	52	1,004,023
	<u>251,051,190</u>	<u>2,183,909</u>	<u>253,235,099</u>
Total assets			
	251,051,190	2,183,909	253,235,099
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable and other current liabilities	441,592	1,215	442,807
	<u>441,592</u>	<u>1,215</u>	<u>442,807</u>
Total liabilities			
	441,592	1,215	442,807
NET ASSETS			
Held in trust for pension benefits	250,609,598	2,182,694	252,792,292
	<u>250,609,598</u>	<u>2,182,694</u>	<u>252,792,292</u>
Total net assets	<u>\$ 250,609,598</u>	<u>\$ 2,182,694</u>	<u>\$ 252,792,292</u>

EXHIBIT F-2**CITY OF AURORA, COLORADO****PENSION TRUST FUNDS****COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>GERP</u>	<u>EOEP</u>	<u>Total Pension Trust</u>
ADDITIONS			
<i>Contributions</i>			
City	\$ 3,927,864	\$ 419,304	\$ 4,347,168
Plan members	3,940,988	—	3,940,988
Total contributions	<u>7,868,852</u>	<u>419,304</u>	<u>8,288,156</u>
<i>Investment activity</i>			
Investment income	23,432,501	187,304	23,619,805
Investment expense	<u>(914,230)</u>	<u>(4,426)</u>	<u>(918,656)</u>
Net investment income	<u>22,518,271</u>	<u>182,878</u>	<u>22,701,149</u>
Other income	<u>54,770</u>	<u>—</u>	<u>54,770</u>
Total additions	<u>30,441,893</u>	<u>602,182</u>	<u>31,044,075</u>
DEDUCTIONS			
Benefits	7,224,231	93,659	7,317,890
Administrative expenses	<u>406,002</u>	<u>12,705</u>	<u>418,707</u>
Total deductions	<u>7,630,233</u>	<u>106,364</u>	<u>7,736,597</u>
CHANGE IN NET ASSETS	22,811,660	495,818	23,307,478
NET ASSETS - January 1	<u>227,797,938</u>	<u>1,686,876</u>	<u>229,484,814</u>
NET ASSETS - December 31	<u>\$ 250,609,598</u>	<u>\$ 2,182,694</u>	<u>\$ 252,792,292</u>

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, 2004**

	Payroll Clearing Fund			
	Balance January 1	Additions	Deductions	Balance December 31
ASSETS				
Cash and cash equivalents	\$ 6,781,894	\$ 179,126,847	\$ (184,113,140)	\$ 1,795,601
Total assets	<u>\$ 6,781,894</u>	<u>\$ 179,126,847</u>	<u>\$ (184,113,140)</u>	<u>\$ 1,795,601</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 6,781,894	\$ 367,793,645	\$ (372,779,938)	\$ 1,795,601
Total liabilities	<u>\$ 6,781,894</u>	<u>\$ 367,793,645</u>	<u>\$ (372,779,938)</u>	<u>\$ 1,795,601</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, 2004

SOURCES	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
Taxes				
Property	\$ 21,396,823	\$ 21,396,823	\$ 21,222,403	\$ (174,420)
Sales	108,511,770	108,511,770	106,072,264	(2,439,506)
Use	28,212,213	28,212,213	26,883,841	(1,328,372)
Lodgers	3,450,436	3,450,436	3,124,781	(325,655)
Franchise	9,801,519	9,801,519	10,606,171	804,652
Other	9,530,815	9,530,815	9,095,097	(435,718)
Total taxes	180,903,576	180,903,576	177,004,557	(3,899,019)
Intergovernmental	10,650,812	10,650,812	10,424,987	(225,825)
Licenses and permits	2,994,878	2,994,878	3,512,683	517,805
Charges for services	6,152,370	6,146,270	5,734,820	(411,450)
Fines and forfeitures	4,732,230	4,732,230	4,492,855	(239,375)
Investment income	655,285	655,285	895,527	240,242
Other revenues	631,413	721,413	607,651	(113,762)
Proceeds from sales of assets	175,000	175,000	177,156	2,156
Transfers in	3,463,942	5,918,942	6,011,236	92,294
TOTAL SOURCES	210,359,506	212,898,406	208,861,472	(4,036,934)
USES				
<i>Municipal Court</i>				
Judicial	1,839,656	1,832,571	1,716,368	116,203
Court Administration	5,968,113	6,048,454	6,001,200	47,254
Public Defender	531,566	528,419	493,389	35,030
Total municipal court	8,339,335	8,409,444	8,210,957	198,487
<i>City Attorney</i>	4,400,565	4,425,616	4,259,378	166,238
<i>General Management Group</i>				
City Council	848,025	852,140	774,110	78,030
Boards and Commissions	102,420	102,939	72,749	30,190
Civil Service	501,411	505,272	442,895	62,377
General Management	1,446,271	1,456,629	1,371,973	84,656
Communications	1,154,745	1,186,828	996,722	190,106
Management Support	1,220,990	1,213,542	1,214,444	(902)
Development Services	1,219,354	1,217,504	1,198,701	18,803
Total general management group	6,493,216	6,534,854	6,071,594	463,260
<i>Administrative Services Group</i>				
Human Resources	1,472,261	1,436,829	1,376,144	60,685
Finance	4,512,170	4,551,585	4,456,236	95,349
Information Technology	6,365,611	6,406,321	6,313,703	92,618
Internal Services	8,929,374	8,951,966	8,550,630	401,336
Total administrative services group	21,279,416	21,346,701	20,696,713	649,988

	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
<i>Operations Group</i>				
Public Works	\$ 16,896,937	\$ 17,366,972	\$ 16,765,014	\$ 601,958
Parks and Open Space	12,453,496	12,578,836	12,555,848	22,988
Planning	1,518,778	1,535,184	1,436,375	98,809
Total operations group	<u>30,869,211</u>	<u>31,480,992</u>	<u>30,757,237</u>	<u>723,755</u>
<i>Community Services Group</i>				
Library, Recreation and Cultural Services	12,186,914	12,009,641	11,760,996	248,645
Police	58,860,991	59,946,013	59,823,244	122,769
Public Safety Communications	4,071,032	3,897,320	3,854,664	42,656
Fire	28,105,784	28,119,807	27,547,849	571,958
Neighborhood Services	4,158,155	4,197,012	4,089,393	107,619
Total community services group	<u>107,382,876</u>	<u>108,169,793</u>	<u>107,076,146</u>	<u>1,093,647</u>
<i>Non-departmental</i>	<u>37,162,561</u>	<u>37,987,980</u>	<u>36,512,247</u>	<u>1,475,733</u>
TOTAL USES	<u>215,927,180</u>	<u>218,355,380</u>	<u>213,584,272</u>	<u>4,771,108</u>
CHANGE IN FUNDS AVAILABLE	(5,567,674)	(5,456,974)	(4,722,800)	734,174
FUNDS AVAILABLE - January 1	<u>6,863,912</u>	<u>6,863,912</u>	<u>12,723,791</u>	<u>5,859,879</u>
FUNDS AVAILABLE - December 31	<u>\$ 1,296,238</u>	<u>\$ 1,406,938</u>	8,000,991	<u>\$ 6,594,053</u>
Less: Reservations			—	
Designations			<u>(2,775,332)</u>	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 5,225,659</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 8,000,991	
Add: Adjustment of investments to fair value			(21,307)	
Sales, use and lodgers tax accrual			15,197,928	
Current year encumbrances			992,384	
Police/fire sick leave deferral			346,305	
Less: Deferred revenues			<u>(90,000)</u>	
FUND BALANCE - DECEMBER 31			<u>\$ 24,426,301</u>	

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, 2004

	Gifts and Grants			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Intergovernmental revenues	\$ 1,051,900	\$ 3,839,564	\$ 5,821,948	\$ 1,982,384
Licenses and permits	—	—	—	—
Charges for services	—	—	30,868	30,868
Fines and forfeitures	—	—	50,898	50,898
Investment income	3,450	3,450	399,762	396,312
Miscellaneous revenues	3,071,100	2,997,131	536,985	(2,460,146)
Transfers in	—	—	—	—
TOTAL SOURCES	4,126,450	6,840,145	6,840,461	316
USES				
<i>Operating Costs</i>				
Municipal Court	15,500	15,500	10,727	4,773
General Management Group	204,500	477,878	75,756	402,122
Administrative Services Group	—	—	—	—
Operations Group	1,020,000	1,020,000	34,376	985,624
Community Services Group	4,079,678	4,924,770	3,777,685	1,147,085
Non-Departmental	2,523	54,386	40,306	14,080
<i>Continuing Appropriations</i>				
Operations Group	—	2,129,614	2,129,614	—
TOTAL USES	5,322,201	8,622,148	6,068,464	2,553,684
CHANGE IN FUNDS AVAILABLE	(1,195,751)	(1,782,003)	771,997	2,554,000
FUNDS AVAILABLE - January 1	2,463,108	2,463,108	2,646,951	183,843
FUNDS AVAILABLE - December 31	<u>\$ 1,267,357</u>	<u>\$ 681,105</u>	3,418,948	<u>\$ 2,737,843</u>
Less: Reservations			(3,418,948)	
Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ —</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 3,418,948	
Add: Current year operating encumbrances			2,271	
Capital projects carryforward			12,886,532	
Seizure funds			840,769	
Adjust investments to fair value			—	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			<u>(15,335,461)</u>	
FUND BALANCE - December 31			<u>\$ 1,813,059</u>	

Development Review				Abatement			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
6,194,699	6,194,699	7,462,213	—	—	—	—	—
3,085,566	3,085,566	3,098,555	12,989	180,000	207,000	315,998	108,998
—	—	—	—	—	—	—	—
—	—	15,946	15,946	7,000	7,000	6,302	(698)
—	—	—	—	—	—	—	—
—	—	1,220,944	1,220,944	—	—	—	—
<u>9,280,265</u>	<u>9,280,265</u>	<u>11,797,658</u>	<u>1,249,879</u>	<u>187,000</u>	<u>214,000</u>	<u>322,300</u>	<u>108,300</u>
—	—	—	—	—	—	—	—
5,562,535	5,711,439	5,348,295	363,144	—	—	—	—
—	—	—	—	—	—	—	—
3,463,651	3,522,789	3,138,317	384,472	80,000	80,000	50,397	29,603
—	—	—	—	182,273	210,234	205,855	4,379
75,243	27,828	—	27,828	487	13	—	13
—	—	—	—	—	—	—	—
<u>9,101,429</u>	<u>9,262,056</u>	<u>8,486,612</u>	<u>775,444</u>	<u>262,760</u>	<u>290,247</u>	<u>256,252</u>	<u>33,995</u>
178,836	18,209	3,311,046	2,025,323	(75,760)	(76,247)	66,048	142,295
—	—	—	—	239,649	239,649	286,124	46,475
<u>\$ 178,836</u>	<u>\$ 18,209</u>	<u>3,311,046</u>	<u>\$ 2,025,323</u>	<u>\$ 163,889</u>	<u>\$ 163,402</u>	<u>352,172</u>	<u>\$ 188,770</u>
		—				—	
		<u>(1,119,721)</u>				<u>(76,260)</u>	
		<u>\$ 2,191,325</u>				<u>\$ 275,912</u>	
		\$ 3,311,046				\$ 352,172	
		34,784				34,391	
		—				—	
		(7,057)				—	
		—				—	
		—				—	
		<u>\$ 3,338,773</u>				<u>\$ 386,563</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, 2004

	Community Maintenance			
	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Intergovernmental revenues	\$ —	\$ —	\$ —	\$ —
Licenses and permits	—	—	—	—
Charges for services	—	—	—	—
Fines and forfeitures	—	—	—	—
Investment income	—	—	1,156,862	1,156,862
Miscellaneous revenues	—	—	2,339,380	2,339,380
Transfers in	—	—	—	—
TOTAL SOURCES	—	—	3,496,242	3,496,242
USES				
<i>Operating Costs</i>				
Municipal Court	—	—	—	—
General Management Group	—	—	—	—
Administrative Services Group	—	—	—	—
Operations Group	—	—	—	—
Community Services Group	—	—	—	—
Non-Departmental	—	2,485,000	2,485,000	—
<i>Continuing Appropriations</i>				
Operations Group	—	1,000,000	1,000,000	—
TOTAL USES	—	3,485,000	3,485,000	—
CHANGE IN FUNDS AVAILABLE	—	(3,485,000)	11,242	3,496,242
FUNDS AVAILABLE - January 1	—	—	—	—
FUNDS AVAILABLE - December 31	<u>\$ —</u>	<u>\$ (3,485,000)</u>	11,242	<u>\$ 3,496,242</u>
Less: Reservations			—	
Designations			<u>(15,105)</u>	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ (3,863)</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 11,242	
Add: Current year operating encumbrances			605,692	
Capital projects carryforward			—	
Seizure funds			—	
Adjust investments to fair value			—	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			<u>—</u>	
FUND BALANCE - December 31			<u>\$ 616,934</u>	

Community Development				Enhanced E-911			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ 4,379,514	\$ 4,379,514	\$ 4,506,069	\$ 126,555	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	2,385,856	2,385,856	2,312,332	(73,524)
—	—	—	—	—	—	—	—
—	—	—	—	60,000	60,000	77,470	17,470
650,000	650,000	837,147	187,147	—	—	30,023	30,023
308,600	308,600	308,600	—	1,710,000	1,710,000	1,250,000	(460,000)
<u>5,338,114</u>	<u>5,338,114</u>	<u>5,651,816</u>	<u>313,702</u>	<u>4,155,856</u>	<u>4,155,856</u>	<u>3,669,825</u>	<u>(486,031)</u>
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	1,272,377	1,272,377	993,864	278,513
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
17,016	34,032	—	34,032	—	—	—	—
<u>4,202,074</u>	<u>4,247,074</u>	<u>4,247,074</u>	<u>—</u>	<u>1,710,000</u>	<u>1,710,000</u>	<u>1,710,000</u>	<u>—</u>
<u>4,219,090</u>	<u>4,281,106</u>	<u>4,247,074</u>	<u>34,032</u>	<u>2,982,377</u>	<u>2,982,377</u>	<u>2,703,864</u>	<u>278,513</u>
1,119,024	1,057,008	1,404,742	347,734	1,173,479	1,173,479	965,961	(207,518)
<u>517,243</u>	<u>517,243</u>	<u>1,270,687</u>	<u>753,444</u>	<u>2,457,610</u>	<u>2,457,610</u>	<u>2,340,775</u>	<u>(116,835)</u>
<u>\$ 1,636,267</u>	<u>\$ 1,574,251</u>	<u>2,675,429</u>	<u>\$ 1,101,178</u>	<u>\$ 3,631,089</u>	<u>\$ 3,631,089</u>	<u>3,306,736</u>	<u>\$ (324,353)</u>
		—				—	
		—				—	
		<u>\$ 2,675,429</u>				<u>\$ 3,306,736</u>	
		\$ 2,675,429				\$ 3,306,736	
		3,968,341				77,319	
		—				805,196	
		—				—	
		—				(8,154)	
		—				—	
		<u>(6,643,770)</u>				<u>—</u>	
		<u>\$ —</u>				<u>\$ 4,181,097</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, 2004

	Conservation Trust			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Intergovernmental revenues	\$ 2,500,000	\$ 2,500,000	\$ 2,547,999	\$ 47,999
Licenses and permits	—	—	—	—
Charges for services	—	—	—	—
Fines and forfeitures	—	—	—	—
Investment income	145,000	145,000	155,321	10,321
Miscellaneous revenues	—	—	—	—
Transfers in	—	—	—	—
TOTAL SOURCES	<u>2,645,000</u>	<u>2,645,000</u>	<u>2,703,320</u>	<u>58,320</u>
USES				
<i>Operating Costs</i>				
Municipal Court	—	—	—	—
General Management Group	—	—	—	—
Administrative Services Group	—	—	—	—
Operations Group	534,954	542,495	471,608	70,887
Community Services Group	32,600	32,600	—	32,600
Non-Departmental	4,211	881	—	881
<i>Continuing Appropriations</i>				
Operations Group	<u>3,281,750</u>	<u>3,281,750</u>	<u>3,281,750</u>	<u>—</u>
TOTAL USES	<u>3,853,515</u>	<u>3,857,726</u>	<u>3,753,358</u>	<u>104,368</u>
CHANGE IN FUNDS AVAILABLE	(1,208,515)	(1,212,726)	(1,050,038)	162,688
FUNDS AVAILABLE - January 1	<u>1,475,377</u>	<u>1,475,377</u>	<u>1,613,996</u>	<u>138,619</u>
FUNDS AVAILABLE - December 31	<u>\$ 266,862</u>	<u>\$ 262,651</u>	563,958	<u>\$ 301,307</u>
Less: Reservations			—	
Designations			<u>(69,732)</u>	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 494,226</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 563,958	
Add: Current year operating encumbrances			—	
Capital projects carryforward			6,277,982	
Seizure funds			—	
Adjust investments to fair value			(12,637)	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			<u>—</u>	
FUND BALANCE - December 31			<u>\$ 6,829,303</u>	

Emergency Contingency				Parks Development			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ —	\$ —	\$ —	\$ —	\$ 175,000	\$ 175,000	\$ 183,803	\$ 8,803
—	—	—	—	—	—	—	—
—	—	—	—	—	—	21,600	21,600
—	—	—	—	—	—	—	—
24,300	24,300	21,245	(3,055)	31,000	31,000	55,011	24,011
—	—	—	—	200,000	200,000	1,418,286	1,218,286
—	—	—	—	—	—	—	—
<u>24,300</u>	<u>24,300</u>	<u>21,245</u>	<u>(3,055)</u>	<u>406,000</u>	<u>406,000</u>	<u>1,678,700</u>	<u>1,272,700</u>
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	496,600	594,235	594,235	—
—	—	—	—	496,600	594,235	594,235	—
24,300	24,300	21,245	(3,055)	(90,600)	(188,235)	1,084,465	1,272,700
<u>747,419</u>	<u>747,419</u>	<u>745,900</u>	<u>(1,519)</u>	<u>602,260</u>	<u>602,260</u>	<u>593,938</u>	<u>(8,322)</u>
<u>\$ 771,719</u>	<u>\$ 771,719</u>	<u>767,145</u>	<u>\$ (4,574)</u>	<u>\$ 511,660</u>	<u>\$ 414,025</u>	<u>1,678,403</u>	<u>\$ 1,264,378</u>
		—				—	
		—				(185,600)	
		<u>\$ 767,145</u>				<u>\$ 1,492,803</u>	
		\$ 767,145				\$ 1,678,403	
		—				—	
		—				1,291,026	
		—				—	
		(1,547)				(5,998)	
		—				—	
		—				—	
		<u>\$ 765,598</u>				<u>\$ 2,963,431</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, 2004

	Recreation Services			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Intergovernmental revenues	\$ —	\$ —	\$ (230,928)	\$ (230,928)
Licenses and permits	—	—	—	—
Charges for services	4,592,082	4,102,282	3,812,350	(289,932)
Fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous revenues	282,700	282,700	155,098	(127,602)
Transfers in	5,391,486	5,080,492	4,980,246	(100,246)
TOTAL SOURCES	10,266,268	9,465,474	8,716,766	(748,708)
USES				
<i>Operating Costs</i>				
Municipal Court	—	—	—	—
General Management Group	—	—	—	—
Administrative Services Group	—	—	—	—
Operations Group	—	—	—	—
Community Services Group	10,134,623	10,049,491	9,914,703	134,788
Non-Departmental	120,445	20,226	—	20,226
<i>Continuing Appropriations</i>				
Operations Group	—	—	—	—
TOTAL USES	10,255,068	10,069,717	9,914,703	155,014
CHANGE IN FUNDS AVAILABLE	11,200	(604,243)	(1,197,937)	(593,694)
FUNDS AVAILABLE - January 1	171,735	171,735	1,261,466	1,089,731
FUNDS AVAILABLE - December 31	<u>\$ 182,935</u>	<u>\$ (432,508)</u>	63,529	<u>\$ 496,037</u>
Less: Reservations			—	
Designations			<u>(23,223)</u>	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 40,306</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 63,529	
Add: Current year operating encumbrances			79,269	
Capital projects carryforward			—	
Seizure funds			—	
Adjust investments to fair value			—	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			<u>—</u>	
FUND BALANCE - December 31			<u>\$ 142,798</u>	

Cultural Services				Designated Revenues			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ —	\$ —	\$ 649,081	\$ 649,081	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	495,900	520,061	24,161	1,290,900	1,290,900	2,423,597	1,132,697
—	—	—	—	727,000	727,000	702,178	(24,822)
—	—	29,058	29,058	21,800	21,800	294,175	272,375
—	255,000	161,887	(93,113)	3,803,257	4,103,257	440,201	(3,663,056)
—	953,048	1,946,129	993,081	9,254,271	8,584,271	9,999,970	1,415,699
—	1,703,948	3,306,216	1,602,268	15,097,228	14,727,228	13,860,121	(867,107)
—	—	—	—	161,887	163,892	110,666	53,226
—	—	—	—	3,142,231	4,514,631	478,006	4,036,625
—	—	—	—	30,000	50,000	40,398	9,602
—	—	—	—	—	220,030	35,003	185,027
—	2,409,718	2,091,453	318,265	2,128,727	1,853,431	1,329,329	524,102
—	—	—	—	9,299,325	10,015,168	7,903,049	2,112,119
—	—	—	—	—	—	—	—
—	2,409,718	2,091,453	318,265	14,762,170	16,817,152	9,896,451	6,920,701
—	(705,770)	1,214,763	1,920,533	335,058	(2,089,924)	3,963,670	6,053,594
—	—	—	—	6,586,222	6,586,222	9,687,445	3,101,223
<u>\$ —</u>	<u>\$ (705,770)</u>	<u>1,214,763</u>	<u>\$ 1,920,533</u>	<u>\$ 6,921,280</u>	<u>\$ 4,496,298</u>	<u>13,651,115</u>	<u>\$ 9,154,817</u>
		—				(5,264,396)	
		<u>(406,236)</u>				<u>(381,000)</u>	
		<u>\$ 808,527</u>				<u>\$ 8,005,719</u>	
		\$ 1,214,763				\$ 13,651,115	
		9,500				38,075	
		—				—	
		—				(28,671)	
		—				—	
		<u>(343,011)</u>				<u>—</u>	
		<u>\$ 881,252</u>				<u>\$ 13,660,519</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, 2004

	Policy Reserve			
	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Intergovernmental revenues	\$ —	\$ —	\$ —	\$ —
Licenses and permits	—	—	—	—
Charges for services	—	—	—	—
Fines and forfeitures	—	—	—	—
Investment income	600,800	600,800	507,496	(93,304)
Miscellaneous revenues	—	—	—	—
Transfers in	—	—	—	—
TOTAL SOURCES	600,800	600,800	507,496	(93,304)
USES				
<i>Operating Costs</i>				
Municipal Court	—	—	—	—
General Management Group	—	—	—	—
Administrative Services Group	—	—	—	—
Operations Group	—	—	—	—
Community Services Group	—	—	—	—
Non-Departmental	—	119,488	119,488	—
<i>Continuing Appropriations</i>				
Operations Group	—	—	—	—
TOTAL USES	—	119,488	119,488	—
CHANGE IN FUNDS AVAILABLE	600,800	481,312	388,008	(93,304)
FUNDS AVAILABLE - January 1	17,961,737	17,961,737	17,931,317	(30,420)
FUNDS AVAILABLE - December 31	<u>\$ 18,562,537</u>	<u>\$ 18,443,049</u>	18,319,325	<u>\$ (123,724)</u>
Less: Reservations			—	
Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 18,319,325</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 18,319,325	
Add: Current year operating encumbrances			—	
Capital projects carryforward			—	
Seizure funds			—	
Adjust investments to fair value			(44,014)	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			—	
FUND BALANCE - December 31			<u>\$ 18,275,311</u>	

Tabor Reserve			
Budgets		Budgetary	Variance
Original	Final	Actual	with Final
\$ —	\$ —	\$ —	\$ —
—	—	—	—
—	—	—	—
—	—	—	—
207,500	207,500	178,089	(29,411)
28,446	147,934	147,934	—
—	—	—	—
<u>235,946</u>	<u>355,434</u>	<u>326,023</u>	<u>(29,411)</u>

—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
235,946	355,434	326,023	(29,411)
6,287,587	6,287,587	6,277,268	(10,319)
<u>\$ 6,523,533</u>	<u>\$ 6,643,021</u>	6,603,291	<u>\$ (39,730)</u>

—
—
\$ 6,603,291

\$ 6,603,291

—
—
(15,864)
—
\$ 6,587,427

(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, 2004

	City Debt Service			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Property taxes	\$ 6,255,821	\$ 6,255,821	\$ 6,303,577	\$ 47,756
Special assessment taxes	—	—	—	—
Investment income	21,500	21,500	89,131	67,631
Transfers in	1,761,100	1,761,100	1,761,100	—
TOTAL SOURCES	8,038,421	8,038,421	8,153,808	115,387
USES				
<i>Operating Costs</i>				
Administrative Services Group	—	—	—	—
Non-Departmental	8,030,989	8,030,989	7,973,012	57,977
TOTAL USES	8,030,989	8,030,989	7,973,012	57,977
CHANGE IN FUNDS AVAILABLE	7,432	7,432	180,796	173,364
FUNDS AVAILABLE - January 1	618,086	618,086	615,957	(2,129)
FUNDS AVAILABLE - December 31	\$ 625,518	\$ 625,518	796,753	\$ 171,235
Less: Reservations			(796,753)	
Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ —	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 796,753	
Add: Assets not available for appropriation			503,560	
Less: Adjust investments to fair value			(1,692)	
FUND BALANCE - December 31			\$ 1,298,621	

SID Debt Service				Surplus and Deficiency			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	49,931	49,931	—	—	11,883	11,883
—	—	1,754	1,754	37,000	37,000	30,001	(6,999)
—	—	—	—	—	—	—	—
—	—	51,685	51,685	37,000	37,000	41,884	4,884
—	—	—	—	41,500	41,500	41,500	—
—	—	—	—	—	—	—	—
—	—	—	—	41,500	41,500	41,500	—
—	—	51,685	51,685	(4,500)	(4,500)	384	4,884
—	—	2,315	2,315	646,681	646,681	698,469	51,788
<u>\$ —</u>	<u>\$ —</u>	54,000	<u>\$ 54,000</u>	<u>\$ 642,181</u>	<u>\$ 642,181</u>	698,853	<u>\$ 56,672</u>
		—				—	
		—				(481,500)	
		<u>\$ 54,000</u>				<u>\$ 217,353</u>	
		\$ 54,000				\$ 698,853	
		—				—	
		(101)				(1,408)	
		<u>\$ 53,899</u>				<u>\$ 697,445</u>	

EXHIBIT H-1

CITY OF AURORA, COLORADO

CITY CAPITAL PROJECTS FUND

SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Intergovernmental revenues	\$ 7,623,720	\$ 7,623,720	\$ 13,053,165	\$ 5,429,445
Charges for services	—	—	—	—
Investment income	1,622,500	1,710,861	1,650,766	(60,095)
Miscellaneous revenues	—	680,158	1,274,475	594,317
Transfers in	18,189,383	18,189,383	17,957,256	(232,127)
TOTAL SOURCES	27,435,603	28,204,122	33,935,662	5,731,540
USES				
<i>Operating Costs</i>				
Administrative Services Group	1,710,000	1,250,000	1,250,000	—
Non-Departmental	3,412,400	2,944,400	2,783,336	161,064
Internal Services	—	1,165,188	1,165,188	—
<i>Continuing Appropriations</i>				
Municipal Court	—	60,000	60,000	—
Administrative Services Group	1,220,000	315,080	315,080	—
Operations Group	25,082,000	25,636,755	25,636,755	—
Community Services Group	2,168,000	2,822,295	2,822,295	—
Non-Departmental	200,000	200,000	200,000	—
TOTAL USES	33,792,400	34,393,718	34,232,654	161,064
CHANGE IN FUNDS AVAILABLE	(6,356,797)	(6,189,596)	(296,992)	5,892,604
FUNDS AVAILABLE - January 1	17,751,380	17,751,380	17,128,493	(622,887)
FUNDS AVAILABLE - December 31	<u>\$ 11,394,583</u>	<u>\$ 11,561,784</u>	16,831,501	<u>\$ 5,269,717</u>
Less: Reservations			(1,204,866)	
Designations			<u>(12,750,157)</u>	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 2,876,478</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 16,831,501	
Add: Capital projects carryforward			30,615,249	
Assets not available for appropriations			1,253,060	
Less: Deferred revenue - Federal grants			(6,842,487)	
Adjust investments to fair value			<u>(73,342)</u>	
FUND BALANCE - December 31			<u>\$ 41,783,981</u>	

EXHIBIT H-1

CITY OF AURORA, COLORADO

BUILDING REPAIR

SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Intergovernmental revenues	\$ —	\$ —	\$ —	\$ —
Charges for services	110,500	110,500	—	(110,500)
Investment income	32,000	32,000	22,616	(9,384)
Miscellaneous revenues	—	—	—	—
Transfers in	1,858,800	2,108,800	3,273,988	1,165,188
TOTAL SOURCES	2,001,300	2,251,300	3,296,604	1,045,304
USES				
<i>Operating Costs</i>				
Administrative Services Group	—	—	—	—
Non-Departmental	—	—	—	—
Internal Services	—	—	—	—
<i>Continuing Appropriations</i>				
Municipal Court	—	—	—	—
Administrative Services Group	1,790,000	2,871,420	2,871,420	—
Operations Group	—	—	—	—
Community Services Group	—	—	—	—
Non-Departmental	—	—	—	—
TOTAL USES	1,790,000	2,871,420	2,871,420	—
CHANGE IN FUNDS AVAILABLE	211,300	(620,120)	425,184	1,045,304
FUNDS AVAILABLE - January 1	—	—	—	—
FUNDS AVAILABLE - December 31	\$ 211,300	\$ (620,120)	425,184	\$ 1,045,304
Less: Reservations			—	
Designations			(318,700)	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ 106,484	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 425,184	
Add: Capital projects carryforward			1,116,815	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			—	
Adjust investments to fair value			(3,556)	
FUND BALANCE - December 31			\$ 1,538,443	

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, 2004

	Water			
	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Charges for services	\$ 48,303,125	\$ 48,303,125	\$ 50,865,583	\$ 2,562,458
Licenses and permits	—	—	59,130	59,130
Investment income	2,716,974	2,716,974	3,288,854	571,880
Miscellaneous revenues	24,565,346	24,565,346	34,804,277	10,238,931
Proceeds from sale of assets	55,182	55,182	53,331	(1,851)
Proceeds from long-term borrowings	—	—	40,000,000	40,000,000
Transfers in	—	—	—	—
Funds from restricted assets	—	—	—	—
TOTAL SOURCES	<u>75,640,627</u>	<u>75,640,627</u>	<u>129,071,175</u>	<u>53,430,548</u>
USES				
<i>Operating Costs</i>				
Operations Group	56,110,681	57,297,642	51,322,644	5,974,998
Non-Departmental	114,014	38,562	—	38,562
<i>Continuing Appropriations</i>				
Operations Group	<u>44,983,988</u>	<u>30,214,974</u>	<u>30,214,974</u>	<u>—</u>
TOTAL USES	<u>101,208,683</u>	<u>87,551,178</u>	<u>81,537,618</u>	<u>6,013,560</u>
CHANGE IN FUNDS AVAILABLE	(25,568,056)	(11,910,551)	47,533,557	59,444,108
FUNDS AVAILABLE - January 1	<u>83,275,315</u>	<u>83,275,315</u>	<u>29,607,321</u>	<u>(53,667,994)</u>
FUNDS AVAILABLE - December 31	<u>\$ 57,707,259</u>	<u>\$ 71,364,764</u>	77,140,878	<u>\$ 5,776,114</u>
Less: Designations			<u>—</u>	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 77,140,878</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 77,140,878	
Add: Current year operating encumbrances			931,888	
Carryforward of continuing appropriations			52,773,941	
Deferred charges			1,126,719	
Assets not available for appropriation			6,232,850	
Long-term interfund receivables			—	
Equity in joint venture			2,608,428	
Capital assets net of depreciation			580,734,051	
Inventories			—	
Less: Current portion of long-term debt			(13,424,899)	
Long-term debt			(164,754,119)	
Adjust investments to fair value			<u>(203,607)</u>	
NET ASSETS - December 31			<u>\$ 543,166,130</u>	

Sewer				Golf			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ 26,485,642	\$ 26,485,642	\$ 26,327,715	\$ (157,927)	\$ 9,448,000	\$ 9,448,000	\$ 8,266,180	\$ (1,181,820)
—	—	—	—	—	—	—	—
980,083	980,083	1,030,664	50,581	120,000	120,000	89,110	(30,890)
8,367,812	8,367,812	7,178,142	(1,189,670)	327,756	327,756	415,629	87,873
39,000	39,000	11,156	(27,844)	—	—	1,125,000	1,125,000
37,000,000	37,000,000	—	(37,000,000)	—	—	—	—
—	—	256,000	256,000	(1,000)	(1,000)	—	1,000
—	—	—	—	—	—	(115,415)	(115,415)
<u>72,872,537</u>	<u>72,872,537</u>	<u>34,803,677</u>	<u>(38,068,860)</u>	<u>9,894,756</u>	<u>9,894,756</u>	<u>9,780,504</u>	<u>(114,252)</u>
25,595,125	25,775,330	24,583,106	1,192,224	9,809,510	10,001,903	9,033,834	968,069
69,462	9,582	—	9,582	35,503	7,476	—	7,476
<u>27,130,000</u>	<u>17,826,739</u>	<u>17,826,739</u>	<u>—</u>	<u>237,756</u>	<u>(72,591)</u>	<u>(72,591)</u>	<u>—</u>
<u>52,794,587</u>	<u>43,611,651</u>	<u>42,409,845</u>	<u>1,201,806</u>	<u>10,082,769</u>	<u>9,936,788</u>	<u>8,961,243</u>	<u>975,545</u>
20,077,950	29,260,886	(7,606,168)	(36,867,054)	(188,013)	(42,032)	819,261	861,293
<u>11,137,037</u>	<u>11,137,037</u>	<u>14,587,403</u>	<u>3,450,366</u>	<u>251,393</u>	<u>251,393</u>	<u>54,926</u>	<u>(196,467)</u>
<u>\$ 31,214,987</u>	<u>\$ 40,397,923</u>	6,981,235	<u>\$ (33,416,688)</u>	<u>\$ 63,380</u>	<u>\$ 209,361</u>	874,187	<u>\$ 664,826</u>
		—				(354,407)	
		<u>\$ 6,981,235</u>				<u>\$ 519,780</u>	
		\$ 6,981,235				\$ 874,187	
		155,054				9,222	
		25,346,772				99,965	
		50,663				80,753	
		5,449,838				1,380,814	
		5,376,000				225,451	
		—				—	
		251,337,847				33,899,596	
		—				281,171	
		(2,146,025)				(964,509)	
		(15,524,274)				(11,369,479)	
		<u>(73,951)</u>				<u>(7,631)</u>	
		<u>\$ 276,953,159</u>				<u>\$ 24,509,540</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, 2004

	Fleet			
	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Charges for services	\$ 5,204,150	\$ 5,204,150	\$ 5,206,580	\$ 2,430
Investment income	12,000	12,000	8,236	(3,764)
Miscellaneous revenues	5,000	5,000	10,824	5,824
Transfers in	175,000	175,000	175,000	—
TOTAL SOURCES	5,396,150	5,396,150	5,400,640	4,490
USES				
<i>Operating Costs</i>				
Administrative Services Group	5,745,107	5,788,723	5,776,441	12,282
Non-Departmental	24,044	4,472	—	4,472
TOTAL USES	5,769,151	5,793,195	5,776,441	16,754
CHANGE IN FUNDS AVAILABLE	(373,001)	(397,045)	(375,801)	21,244
FUNDS AVAILABLE - January 1	504,682	504,682	423,004	(81,678)
FUNDS AVAILABLE - December 31	<u>\$ 131,681</u>	<u>\$ 107,637</u>	47,203	<u>\$ (60,434)</u>
Less: Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 47,203</u>	
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
FUNDS AVAILABLE - December 31			\$ 47,203	
Add: Capital assets net of depreciation			537,672	
Inventories			387,039	
Current year operating encumbrances			13,326	
Less: Current portion of long-term debt			(4,597)	
Long-term debt			(242,388)	
Adjust investments to fair value			<u>(570)</u>	
NET ASSETS - December 31			<u>\$ 737,685</u>	

Print				Risk			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ 1,036,280	\$ 1,036,280	\$ 1,006,915	\$ (29,365)	\$ 5,483,656	\$ 5,483,656	\$ 5,430,589	\$ (53,067)
12,300	12,300	6,133	(6,167)	371,000	371,000	345,475	(25,525)
—	—	—	—	25,000	395,000	787,987	392,987
—	—	—	—	—	—	—	—
<u>1,048,580</u>	<u>1,048,580</u>	<u>1,013,048</u>	<u>(35,532)</u>	<u>5,879,656</u>	<u>6,249,656</u>	<u>6,564,051</u>	<u>314,395</u>
1,077,550	1,083,584	952,554	131,030	6,134,948	6,515,587	5,396,138	1,119,449
4,445	2,856	—	2,856	7,109	3,579	—	3,579
<u>1,081,995</u>	<u>1,086,440</u>	<u>952,554</u>	<u>133,886</u>	<u>6,142,057</u>	<u>6,519,166</u>	<u>5,396,138</u>	<u>1,123,028</u>
(33,415)	(37,860)	60,494	98,354	(262,401)	(269,510)	1,167,913	1,437,423
<u>128,415</u>	<u>128,415</u>	<u>214,165</u>	<u>85,750</u>	<u>4,302,469</u>	<u>4,302,469</u>	<u>3,751,506</u>	<u>(550,963)</u>
<u>\$ 95,000</u>	<u>\$ 90,555</u>	274,659	<u>\$ 184,104</u>	<u>\$ 4,040,068</u>	<u>\$ 4,032,959</u>	4,919,419	<u>\$ 886,460</u>
		<u>(175,506)</u>				<u>(1,170,441)</u>	
		<u>\$ 99,153</u>				<u>\$ 3,748,978</u>	
		\$ 274,659				\$ 4,919,419	
		130,112				—	
		27,422				—	
		—				29,046	
		(47,209)				(2,804)	
		(72,366)				(77,647)	
		<u>(634)</u>				<u>(26,593)</u>	
		<u>\$ 311,984</u>				<u>\$ 4,841,421</u>	





OTHER SCHEDULES

OTHER SCHEDULES (unaudited)

Schedule of Indebtedness – All Funds

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

Schedule of Debt Service Requirements – Governmental Activities

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

Schedule of Debt Service Requirements – Business-type Activities

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

Schedule of Conduit Debt Outstanding

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

Schedule of Debt Ratings

This schedule lists the debt rating on applicable outstanding debt.

Schedule of Pooled Investments

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

Local Highway Finance Report

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

Schedule of Insurance Coverage

This schedule provides a summary of City insurance policies.

EXHIBIT I-1

CITY OF AURORA, COLORADO

SCHEDULE OF INDEBTEDNESS - ALL FUNDS (unaudited)
DECEMBER 31, 2004

	Interest Rates	Dates		Debt		
		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	2005 - 2012	\$ 10,000,000	\$ 6,595,000	\$ 700,000
Libraries, parks, public safety	4.60 - 5.00%	12/01/00	2005 - 2015	50,100,000	40,140,000	2,815,000
Public safety refunding	2.00 - 3.00%	10/01/03	2005 - 2009	2,530,000	2,135,000	410,000
Unamortized bond discount				—	(4,967)	—
Unamortized bond premium				—	13,042	—
Total supported by dedicated property tax				62,630,000	48,878,075	3,925,000
Supported by Water Fund revenues						
General obligation refunding	4.85 - 4.90%	12/01/96	2005 - 2006	2,615,000	2,435,000	1,185,000
General obligation refunding	2.00 - 4.00%	10/01/03	2005 - 2014	62,775,000	56,720,000	6,335,000
Unamortized bond discounts				—	(192,032)	—
Unamortized bond premium				—	888,318	—
Total supported by Water Fund revenues				65,390,000	59,851,286	7,520,000
REVENUE BONDS						
Supported by General Fund revenues						
Sports Park	4.875 - 5.125%	07/01/99	2005 - 2014	17,470,000	13,825,000	1,095,000
Supported by Water Fund revenues						
Governmental agency	4.75 - 4.875%	05/01/99	2005 - 2014	14,999,899	10,690,446	933,804
First-Lien Water Revenue	2.00 - 5.00%	10/15/03	2005 - 2021	55,860,000	55,860,000	2,525,000
Second-Lien Water Revenue	Auction rate	04/22/04	2005 - 2033	40,000,000	40,000,000	—
Unamortized bond discounts				—	(452,981)	—
Unamortized bond premium				—	3,180,226	—
Total supported by Water Fund revenues				110,859,899	109,277,691	3,458,804
Supported by Sewer Fund revenues						
Governmental agency	5.00 - 5.125%	07/01/99	2005 - 2014	24,124,366	17,094,820	1,496,336
Unamortized bond discounts				—	(99,351)	—
Unamortized bond premium				—	72,053	—
Total supported by Sewer Fund revenues				24,124,366	17,067,522	1,496,336
Supported by Golf Fund revenues						
Golf Course Enterprise System	5.70 - 6.20%	11/01/95	2005 - 2015	7,395,000	5,175,000	350,000
Unamortized bond discount				—	(60,547)	—
Total supported by Golf Fund revenues				7,395,000	5,114,453	350,000
NOTES						
Supported by Water Fund revenues						
Water Rights No. R/B-I-One	5.00%	11/19/99	2005 - 2009	253,987	126,994	25,399
Water Rights No. R/B-I-Two	5.00%	11/19/99	2005 - 2009	249,125	124,562	24,912
Water Rights Rocky Ford II	5.00%	various 2004	2005 - 2019	8,280,091	7,388,450	—
Total supported by Water Fund revenues				8,783,203	7,640,006	50,311
Supported by Golf Fund revenues						
Series 2004 Golf Revenue Note	4.54%	5/18/04	2005 - 2009	1,125,000	1,023,519	209,924
INCLUDABLE ENTITIES						
AURA tax increment revenue refunding bonds	5.60 - 5.80%	05/15/96	2005 - 2007	3,580,000	1,365,000	320,000
ACLCL certificates of participation	5.00 - 6.00%	08/01/00	2005 - 2030	76,375,000	75,320,000	565,000
ACLCL certificates of participation	3.00 - 4.375%	05/01/02	2005 - 2013	15,380,000	13,675,000	1,495,000
ACLCL certificates of participation - refunding	3.00 - 3.25%	10/15/04	2005 - 2009	8,750,000	8,750,000	1,465,000
Unamortized bond discount				—	(29,181)	—
Unamortized bond premium				—	211,333	—
Total supported by includable entities				104,085,000	99,292,152	3,845,000
TOTAL INDEBTEDNESS				\$ 401,862,468	\$ 361,969,704	\$ 21,950,375

EXHIBIT I-2

CITY OF AURORA, COLORADO

SCHEDULE OF DEBT SERVICE REQUIREMENTS (unaudited)
 GOVERNMENTAL ACTIVITIES
 DECEMBER 31, 2004

Year	General Obligation Bonds Supported by General Fund Revenues		Revenue Bonds Supported by General Fund Revenues		Tax Increment Revenue Refunding Bonds Supported by AURA Revenues		Capitalized Leases Supported by General Fund Revenues		Capitalized Leases Supported by Print Shop Revenues		Certificates of Participation Supported by ACLC Revenues		Total Principal and Interest Requirements to Maturity
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2005	3,925,000	2,248,875	1,095,000	665,527	320,000	78,195	178,370	27,305	35,892	3,231	3,525,000	5,045,429	17,147,824
2006	4,105,000	2,079,685	1,150,000	610,805	335,000	60,275	184,055	21,620	37,295	1,829	3,660,000	4,889,585	17,135,149
2007	4,295,000	1,902,380	1,205,000	552,649	710,000	41,180	189,921	15,754	19,190	371	3,795,000	4,755,273	17,481,718
2008	4,500,000	1,714,500	1,270,000	490,774	—	—	195,974	9,700	—	—	3,640,000	4,617,623	16,438,571
2009	4,715,000	1,516,783	1,335,000	425,649	—	—	156,535	3,453	—	—	4,650,000	4,480,623	17,283,043
2010	4,480,000	1,307,933	1,400,000	357,274	—	—	—	—	—	—	3,375,000	4,305,698	15,225,905
2011	4,705,000	1,101,853	1,475,000	285,399	—	—	—	—	—	—	3,530,000	4,149,538	15,246,790
2012	4,940,000	882,610	1,550,000	209,774	—	—	—	—	—	—	3,695,000	3,984,129	15,261,513
2013	4,185,000	647,480	1,630,000	129,459	—	—	—	—	—	—	3,875,000	3,806,229	14,273,168
2014	4,400,000	446,600	1,715,000	43,947	—	—	—	—	—	—	2,320,000	3,653,935	12,579,482
2010-2014	22,710,000	4,386,476	7,770,000	1,025,853	—	—	—	—	—	—	16,795,000	19,899,529	72,586,858
2015	4,620,000	231,000	—	—	—	—	—	—	—	—	2,440,000	3,530,975	10,821,975
2016	—	—	—	—	—	—	—	—	—	—	2,585,000	3,390,675	5,975,675
2017	—	—	—	—	—	—	—	—	—	—	2,730,000	3,242,038	5,972,038
2018	—	—	—	—	—	—	—	—	—	—	2,890,000	3,085,063	5,975,063
2019	—	—	—	—	—	—	—	—	—	—	3,055,000	2,918,888	5,973,888
2015-2019	4,620,000	231,000	—	—	—	—	—	—	—	—	13,700,000	16,167,639	34,718,639
2020	—	—	—	—	—	—	—	—	—	—	3,230,000	2,743,225	5,973,225
2021	—	—	—	—	—	—	—	—	—	—	3,415,000	2,557,500	5,972,500
2022	—	—	—	—	—	—	—	—	—	—	3,620,000	2,352,600	5,972,600
2023	—	—	—	—	—	—	—	—	—	—	3,835,000	2,135,400	5,970,400
2024	—	—	—	—	—	—	—	—	—	—	4,070,000	1,905,300	5,975,300
2020-2024	—	—	—	—	—	—	—	—	—	—	18,170,000	11,694,025	29,864,025
2025	—	—	—	—	—	—	—	—	—	—	4,310,000	1,661,100	5,971,100
2026	—	—	—	—	—	—	—	—	—	—	4,570,000	1,402,500	5,972,500
2027	—	—	—	—	—	—	—	—	—	—	4,820,000	1,151,150	5,971,150
2028	—	—	—	—	—	—	—	—	—	—	5,085,000	886,050	5,971,050
2029	—	—	—	—	—	—	—	—	—	—	5,365,000	606,375	5,971,375
2025-2029	—	—	—	—	—	—	—	—	—	—	24,150,000	5,707,175	29,857,175
2030	—	—	—	—	—	—	—	—	—	—	5,660,000	311,300	5,971,300
2030-2034	—	—	—	—	—	—	—	—	—	—	5,660,000	311,300	5,971,300
Totals	\$ 48,870,000	\$ 14,079,699	\$ 13,825,000	\$ 3,771,257	\$ 1,365,000	\$ 179,650	\$ 904,855	\$ 77,832	\$ 92,377	\$ 5,431	\$ 97,745,000	\$ 77,568,201	\$ 258,484,302

EXHIBIT I-3

CITY OF AURORA, COLORADO

SCHEDULE OF DEBT SERVICE REQUIREMENTS (unaudited)
 BUSINESS-TYPE ACTIVITIES
 DECEMBER 31, 2004

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	
2005	\$ 7,520,000	\$ 1,936,586	\$ 3,458,804	\$ 3,634,269	\$ 50,311	\$ 12,578	\$ 1,496,336	\$ 683,337	\$ 350,000	\$ 310,577	\$ 209,924	\$ 44,112	\$ 124,977	\$ 13,113	\$ 19,844,924
2006	7,725,000	1,752,413	3,530,638	3,555,844	941,952	379,485	1,539,396	640,368	370,000	290,628	219,564	34,474	103,349	7,803	21,090,914
2007	6,635,000	1,545,475	3,607,104	3,482,429	941,952	332,387	1,577,072	603,312	390,000	269,167	229,645	24,392	73,887	4,066	19,715,888
2008	6,840,000	1,363,013	3,708,938	3,380,028	941,952	285,289	1,620,132	563,517	410,000	246,157	240,187	13,847	45,623	1,497	19,660,180
2009	5,905,000	1,157,816	3,810,404	3,274,026	941,952	218,192	1,663,192	520,756	435,000	222,583	124,199	2,819	—	—	18,275,939
2010	6,120,000	965,900	3,962,238	3,122,911	587,494	191,094	1,711,634	467,201	460,000	197,570	—	—	—	—	17,786,042
2011	6,365,000	736,400	4,124,804	2,955,645	587,494	161,720	1,770,842	412,087	485,000	171,120	—	—	—	—	17,770,112
2012	6,640,000	481,800	4,307,372	2,781,455	587,494	132,345	1,819,284	361,234	520,000	141,050	—	—	—	—	17,772,034
2013	2,640,000	216,200	4,537,138	2,553,567	587,494	102,970	1,873,110	301,086	550,000	108,810	—	—	—	—	13,470,375
2014	2,765,000	110,600	4,793,006	2,300,267	587,494	73,595	2,023,822	156,817	585,000	74,710	—	—	—	—	13,470,311
2010-2014	24,530,000	2,510,900	21,724,558	13,713,845	2,937,470	661,724	9,198,692	1,698,425	2,600,000	693,260	—	—	—	—	80,268,874
2015	—	—	3,680,000	2,035,500	176,883	44,221	—	—	620,000	38,440	—	—	—	—	6,595,044
2016	—	—	3,860,000	1,851,500	176,883	35,377	—	—	—	—	—	—	—	—	5,923,760
2017	—	—	4,050,000	1,658,500	176,883	26,532	—	—	—	—	—	—	—	—	5,911,915
2018	—	—	4,260,000	1,456,000	176,883	17,688	—	—	—	—	—	—	—	—	5,910,571
2019	—	—	4,470,000	1,243,000	176,885	8,846	—	—	—	—	—	—	—	—	5,898,731
2015-2019	—	—	20,320,000	8,244,500	884,417	132,664	—	—	620,000	38,440	—	—	—	—	30,240,021
2020	—	—	4,685,000	1,019,500	—	—	—	—	—	—	—	—	—	—	5,704,500
2021	—	—	4,980,000	785,250	—	—	—	—	—	—	—	—	—	—	5,765,250
2022	—	—	5,225,000	642,688	—	—	—	—	—	—	—	—	—	—	5,867,688
2023	—	—	5,450,000	551,250	—	—	—	—	—	—	—	—	—	—	6,001,250
2024	—	—	2,150,000	455,875	—	—	—	—	—	—	—	—	—	—	2,605,875
2020-2024	—	—	22,490,000	3,454,563	—	—	—	—	—	—	—	—	—	—	25,944,563
2025	—	—	2,225,000	418,250	—	—	—	—	—	—	—	—	—	—	2,643,250
2026	—	—	2,300,000	379,313	—	—	—	—	—	—	—	—	—	—	2,679,313
2027	—	—	2,425,000	339,063	—	—	—	—	—	—	—	—	—	—	2,764,063
2028	—	—	2,525,000	296,625	—	—	—	—	—	—	—	—	—	—	2,821,625
2029	—	—	2,650,000	252,438	—	—	—	—	—	—	—	—	—	—	2,902,438
2025-2029	—	—	12,125,000	1,685,689	—	—	—	—	—	—	—	—	—	—	13,810,689
2030	—	—	2,750,000	206,063	—	—	—	—	—	—	—	—	—	—	2,956,063
2031	—	—	2,875,000	157,938	—	—	—	—	—	—	—	—	—	—	3,032,938
2032	—	—	3,000,000	107,625	—	—	—	—	—	—	—	—	—	—	3,107,625
2033	—	—	3,150,000	55,125	—	—	—	—	—	—	—	—	—	—	3,205,125
2030-2033	—	—	11,775,000	526,751	—	—	—	—	—	—	—	—	—	—	12,301,751
Totals	\$ 59,155,000	\$ 10,266,203	\$ 106,550,446	\$ 44,951,944	\$ 7,640,006	\$ 2,022,319	\$ 17,094,820	\$ 4,709,715	\$ 5,175,000	\$ 2,070,812	\$ 1,023,519	\$ 119,644	\$ 347,836	\$ 26,479	\$ 261,153,743

EXHIBIT I-4

CITY OF AURORA, COLORADO

SCHEDULE OF CONDUIT DEBT OUTSTANDING (unaudited)
 DECEMBER 31, 2004

Issue Type*	Description	Issue Date	Funding Source	Outstanding December 31 2004	Trustee
EDB	Refunding Revenue Bonds (Community College of Aurora), 2004	09/01/04	lease payment	\$ 8,840,000	JP Morgan Chase
HRB	Hospital Revenue Bonds (The Children's Hospital Assoc. Project), Series 2004A	01/22/04	operating revenues	68,750,000	US Bank
HRB	Hospital Revenue Bonds (The Children's Hospital Assoc. Project), Series 2004B	01/22/04	operating revenues	68,750,000	US Bank
HRB	Hospital Revenue Bonds (The Children's Hospital Assoc. Project), Series 2004C	01/22/04	operating revenues	68,750,000	US Bank
HRB	Hospital Revenue Bonds (The Children's Hospital Assoc. Project), Series 2004D	01/22/04	operating revenues	68,750,000	US Bank
IDB	(TE Properties) Commercial Office Products, 1984	11/15/84	loan payment	2,390,000	US Bank
MF	Dayton 98 Series A	04/21/98	rental payment	8,180,000	US Bank
MF	Dayton 98 Series B	04/21/98	rental payment	970,000	US Bank
MF	Dayton 98 Series C	04/21/98	rental payment	410,000	US Bank
MF	Dayton 98 Series D	04/21/98	mortgage payment	550,000	US Bank
MF	Aurora Meadows Apartment Project Revenue Refunding 1996	08/01/96	mortgage payment	13,400,000	Wells Fargo Minnesota
MF	Multi-Family Housing Revenue Refunding 2001, Laredo Apartments Project	06/26/01	mortgage payment	1,220,000	US Bank
SF	Revenue Bonds, 1981 Series A (private placement)	11/13/81	mortgage payment	2,625,000	US Bank
SF	Revenue Bonds, Series 1984 A (defeased and non-defeased escrow)	09/01/84	mortgage payment	2,872,234	BNY
SF	Revenue Bonds, Series 1993 A	11/01/93	mortgage payment	1,180,000	Zions Bank
Total conduit debt outstanding				<u>\$ 317,637,234</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, 2004

Debt Issue	Rating Agency	Rating
City of Aurora, Colorado General Obligation Bonds, Series 2000 and 2003 ⁽³⁾	Moody's Investors Service Standard and Poor's	Aa2 AA
City of Aurora, Colorado General Obligation Bonds, Series 1998 ⁽¹⁾	Moody's Investors Service Standard and Poor's	Aaa AAA
City of Aurora, Colorado General Obligation Water Refunding Bonds, Series 1996 ⁽³⁾	Moody's Investors Service Standard and Poor's	Aa2 AA
City of Aurora, Colorado General Obligation Water Refunding Bonds, Series 2003 ⁽²⁾	Moody's Investors Service Standard and Poor's	Aa2/Aaa AA/AAA
City of Aurora, Colorado General Fund Bonds, Series 1999 ⁽¹⁾	Moody's Investors Service Standard and Poor's	Aaa AAA
City of Aurora, Colorado First-Lien Water Improvement Revenue Bonds, Series 2003A ⁽¹⁾ Second-Lien Water Improvement Revenue Bonds, Series 2004A ⁽¹⁾	Moody's Investors Service Fitch Ratings	Aaa AAA
City of Aurora, Colorado Aurora Capital Leasing Corporation Refunding Certificates of Participation, Series 2004	Moody's Investors Service Standard and Poor's	Aa3 AA-
City of Aurora, Colorado Aurora Capital Leasing Corporation Certificates of Participation, Series 2000 ⁽¹⁾	Moody's Investors Service Standard and Poor's	Aaa AAA
City of Aurora, Colorado Aurora Capital Leasing Corporation Certificates of Participation, Series 2002	Moody's Investors Service Standard and Poor's	A1 AA-
Aurora Urban Renewal Authority Tax Increment Financing Revenue Refunding Bonds, Series 1996	Standard and Poor's	A
City of Aurora, Colorado Golf Course Enterprise System Revenue Bonds, Series 1995	Moody's Investors Service	Baa1

⁽¹⁾ Reflects the credit-enhanced rating

⁽²⁾ Series 2003 Bonds maturing in years 2005-2008, 2012 and 2013 are not insured and carry the underlying rating; Series 2003 Bonds maturing in years 2009, 2010, 2011 and 2014 are insured and carry the credit-enhanced rating

⁽³⁾ Represents the underlying rating of the City

EXHIBIT I-6

CITY OF AURORA, COLORADO

SCHEDULE OF POOLED INVESTMENTS (unaudited)
DECEMBER 31, 2004

Investment Description	Coupon Rate	Maturity Date	Original Cost	Carrying/ Fair Value	Par Value	Moody's Rating	S & P Rating
U.S. GOVERNMENT AND AGENCY SECURITIES							
Federal Farm Credit Bank	2.700	11/24/06	\$ 3,980,280	\$ 3,958,800	\$ 4,000,000	Aaa	AAA
	3.500	11/26/07	3,995,000	3,996,400	4,000,000	Aaa	AAA
Federal Home Loan Bank	4.125	01/14/05	1,994,760	2,000,800	2,000,000	Aaa	AAA
	4.125	01/14/05	3,004,710	3,001,200	3,000,000	Aaa	AAA
	4.000	02/15/05	2,991,960	3,005,100	3,000,000	Aaa	AAA
	4.125	05/13/05	2,985,060	3,017,100	3,000,000	Aaa	AAA
	3.010	11/28/06	5,000,000	4,979,000	5,000,000	Aaa	AAA
	2.520	01/05/07	2,447,875	2,464,250	2,500,000	Aaa	AAA
	2.750	03/23/07	3,000,000	2,946,600	3,000,000	Aaa	AAA
	2.125	04/23/07	5,000,000	4,949,500	5,000,000	Aaa	AAA
	3.125	08/15/07	4,988,650	4,965,500	5,000,000	Aaa	AAA
	3.500	09/14/07	4,993,750	4,995,500	5,000,000	Aaa	AAA
	3.375	10/05/07	4,985,000	4,988,500	5,000,000	Aaa	AAA
	3.500	11/15/07	4,993,075	5,001,000	5,000,000	Aaa	AAA
	3.850	12/28/07	4,999,000	5,016,500	5,000,000	Aaa	AAA
Federal Home Loan Mtg. Corp.	Discount	01/28/05	5,463,618	5,491,200	5,500,000	Aaa	AAA
	3.330	09/28/07	2,995,800	2,992,800	3,000,000	Aaa	AAA
Federal National Mortgage Assn.	3.875	03/15/05	2,985,840	3,007,800	3,000,000	Aaa	AAA
	2.410	08/04/06	3,494,750	3,459,400	3,500,000	Aaa	AAA
	2.750	08/11/06	3,976,250	3,974,000	4,000,000	Aaa	AAA
	2.550	08/17/06	5,003,450	4,951,000	5,000,000	Aaa	AAA
	3.000	12/15/06	2,538,047	2,549,490	2,550,000	Aaa	AAA
	3.100	03/14/07	3,999,600	3,982,000	4,000,000	Aaa	AAA
	2.750	09/07/07	5,997,000	5,994,600	6,000,000	Aaa	AAA
Total U.S. Government and agency securities			<u>95,813,474</u>	<u>95,688,040</u>	<u>96,050,000</u>		
CERTIFICATES OF DEPOSIT							
Citywide Banks	1.750	06/24/05	2,000,000	2,000,000	2,000,000		
Citywide Banks	2.250	02/01/06	2,700,000	2,700,000	2,700,000		
Community Banks	2.070	02/01/05	1,000,000	1,000,000	1,000,000		
First Bk Aurora	2.180	04/01/06	2,250,000	2,250,000	2,250,000		
Weststar Bank	2.960	04/11/05	2,000,000	2,000,000	2,000,000		
Total Certificates of Deposit			<u>9,950,000</u>	<u>9,950,000</u>	<u>9,950,000</u>		
COMMERCIAL PAPER							
AIG/AGFC	N/A	01/05/05	1,987,992	1,999,009	2,000,000	P1	A-1
AIG/AGFC	N/A	01/12/05	1,987,350	1,998,266	2,000,000	P1	A-1
CIT Group	N/A	02/09/05	2,483,425	2,492,719	2,500,000	P1	A-1
CIT Group	N/A	02/11/05	4,965,549	4,985,438	5,000,000	P1	A-1
CIT Group	N/A	03/16/05	4,464,815	4,477,312	4,500,000	P1	A-1
Citigroup	N/A	04/06/05	6,447,783	6,453,879	6,500,000	P1	A1+
GECC	N/A	04/01/05	2,978,220	2,981,400	3,000,000	P1	A1+
LaSalle Bank Co	N/A	03/02/05	5,957,200	5,975,800	6,000,000	P1	A-1
LaSalle Bank Corp	N/A	02/01/05	5,962,365	5,988,350	6,000,000	P1	A-1
Prudential Fdg	N/A	01/18/05	2,980,200	2,996,096	3,000,000	P1	A-1
Total Commercial Paper			<u>40,214,899</u>	<u>40,348,269</u>	<u>40,500,000</u>		

<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	\$ 2,791,260	\$ 2,700,000	A1	AA
AIG/ILF	5.120	06/01/05	2,001,280	2,018,200	2,000,000	A1	AA-
AIG/ILF	5.120	06/01/05	822,823	812,325	805,000	A1	AA-
AIG/ILF	3.125	05/03/07	3,923,720	3,951,200	4,000,000	A1	AA-
Allstate	7.125	09/26/05	3,279,000	3,084,600	3,000,000	Aa2	AA+
Allstate	5.250	02/01/07	2,716,902	2,646,016	2,560,000	Aa2	AA+
Bank One	5.500	03/26/07	3,203,250	3,125,700	3,000,000	Aa2	A+
Berkshire-Hathawa	3.400	07/02/07	5,004,850	4,988,000	5,000,000	Aaa	AAA
Citigroup	6.250	12/01/05	1,057,410	1,025,600	1,000,000	Aa1	AA-
Citigroup	5.000	03/06/07	5,187,750	5,160,500	5,000,000	Aa1	AA-
GECC	2.240	08/19/05	2,992,500	2,987,700	3,000,000	Aaa	AAA
GECC	2.850	01/30/06	2,018,680	1,994,800	2,000,000	Aaa	AAA
GECC	2.750	09/25/06	2,983,530	2,970,600	3,000,000	Aaa	AAA
Jackson Natl Life	5.250	03/15/07	1,178,888	1,169,438	1,125,000	A1	AA
Mass Mtl	3.250	06/15/07	4,937,650	4,956,500	5,000,000	Aa1	AAA
Merck	2.500	03/30/07	2,493,875	2,440,250	2,500,000	Aa3	AA-
Merrill Lynch	7.080	10/03/05	1,298,616	1,190,218	1,156,000	Aa3	A+
Merrill Lynch	2.940	01/30/06	3,000,000	2,990,100	3,000,000	Aa3	A+
Merrill Lynch	2.470	03/10/06	2,306,062	2,279,164	2,295,000	Aa3	A+
Merrill Lynch	5.360	02/01/07	2,556,608	2,533,207	2,440,000	Aa3	A+
Merrill Lynch	3.000	04/30/07	2,937,600	2,964,600	3,000,000	Aa3	A+
Nationwide	2.750	05/15/07	2,923,500	2,938,200	3,000,000	Aa3	AA-
Nationwide	2.750	05/15/07	4,843,100	4,897,000	5,000,000	Aa3	AA-
Natl City Corp	2.500	04/17/06	1,994,780	1,981,600	2,000,000	Aa3	A+
Natl City Corp	2.500	04/17/06	2,744,500	2,724,700	2,750,000	Aa3	A+
Paccar Financial	2.500	08/01/06	1,000,000	984,700	1,000,000	A1	AA-
Pfizer	2.500	03/15/07	998,960	979,500	1,000,000	Aaa	AAA
Sun Trust Bank	2.500	11/01/06	3,477,250	3,443,650	3,500,000	Aa2	AA-
TIAA	5.000	03/01/07	4,556,825	4,506,688	4,375,000	Aaa	AAA
TIAA	4.125	11/15/07	2,112,309	2,101,353	2,075,000	Aaa	AAA
US Bank	2.850	11/15/06	3,997,120	3,966,000	4,000,000	Aa2	AA-
US Bank	2.850	11/15/06	2,254,400	2,216,002	2,235,000	Aa2	AA-
US Bank	2.870	02/01/07	3,940,000	3,965,200	4,000,000	Aa2	AA-
US Bank	3.700	08/01/07	1,897,758	1,903,420	1,900,000	Aa2	AA-
Wachovia Bank	4.850	07/30/07	5,160,800	5,184,500	5,000,000	Aa2	A+
Wal-Mart	4.375	07/12/07	5,132,050	5,116,000	5,000,000	Aa2	AA
Wells Fargo	7.000	11/01/05	2,230,530	2,058,075	1,996,000	Aa1	AA
Wells Fargo	5.900	05/21/06	3,242,689	3,109,200	3,000,000	Aa1	AA-
Wells Fargo	5.125	02/15/07	4,254,000	4,137,600	4,000,000	Aa1	AA-
Wells Fargo	5.250	12/01/07	1,050,400	1,044,700	1,000,000	Aa1	AA-
Total Corporate Notes			<u>116,620,322</u>	<u>115,338,066</u>	<u>114,412,000</u>		
COLOTRUST	2.06	01/01/05	<u>29,900,000</u>	<u>29,950,309</u>	<u>29,950,309</u>	Aaa	AAA
TOTAL POOLED INVESTMENTS			<u>\$ 292,498,695</u>	<u>\$ 291,274,684</u>	<u>\$ 290,862,309</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, 2004**

Financial 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 :	December 2004
This Information From The Records Of (example - City of _ or County of _ City of Aurora, Colorado	Prepared By:	Todd Moses
	Phone:	(303) 739-7800

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)	6,072,843
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	17,059,124
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,958,298
2. General fund appropriations		b. Snow and ice removal	1,580,082
3. Other local imposts (from page 2)	16,797,616	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	3,538,380
5. Transfers from toll facilities		4. General administration & miscellaneous	1,973,947
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	5,004,677
a. Bonds - Original Issues		6. Total (1 through 5)	33,648,971
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	332,520
7. Total (1 through 6)	16,797,616	b. Redemption	670,000
B. Private Contributions	9,879,046	c. Total (a. + b.)	1,002,520
C. Receipts from State government (from page 2)	7,974,829	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	34,651,491	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	1,002,520
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	34,651,491

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	7,265,000		670,000	6,595,000
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
		34,651,491	34,651,491		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2004

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	1,025,935	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	7,266,818	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	4,592,716	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses	2,704,313	f. Charges for Services	
5. Other	1,207,834	g. Other Misc. Receipts	
6. Total (1. through 5.)	15,771,681	h. Other	
c. Total (a. + b.)	16,797,616	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	7,974,829	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		d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	7,974,829	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		53,550	53,550
b. Engineering Costs	637,459	938,728	1,576,187
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements	46,670	439,451	486,121
(3). System Preservation			0
(4). System Enhancement & Operation	2,430	3,954,555	3,956,985
(5). Total Construction (1) + (2) + (3) + (4)	49,100	4,394,006	4,443,106
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	686,559	5,386,284	6,072,843
			(Carry forward to page 1)

Notes and Comments:

EXHIBIT I-8

CITY OF AURORA, COLORADO

SCHEDULE OF INSURANCE COVERAGES (unaudited)
 DECEMBER 31, 2004

Coverage	Carrier	Coverage Term	Limit of Coverage	Deductible or Retention
Property	The Travelers Indemnity Company	January 1, 2005 - January 1, 2006	\$475,000,000 blanket limit	\$100,000 per occurrence
Boiler and Machinery	Travelers Casualty and Surety Company of America	January 1, 2005 - January 1, 2006	\$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: \$2,000,000 Destruction, computer fraud: \$1,000,000	\$50,000 per occurrence
Workers' Compensation Specific Excess	Midwest Employers Casualty Company	January 1, 2005 - January 1, 2006	Statutory	\$350,000 per occurrence
Workers' Compensation Bond	Travelers Casualty and Surety Company of America	January 1, 2005 - January 1, 2006	\$5,878,000	N/A
Primary Liability	Princeton Excess & Surplus Lines Insurance Company	January 1, 2005 - January 1, 2006	\$10,000,000	\$250,000 per occurrence
Exhibition Floater	Fireman's Fund	January 1, 2005 - January 1, 2006	\$350,000	\$1,000 per occurrence



DEBT CONTINUING DISCLOSURES

EXHIBIT J-1**CITY OF AURORA, COLORADO****SUMMARY OF CONTINUING DISCLOSURES BY ISSUE (unaudited)
DECEMBER 31, 2004**

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

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

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
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, 2004**

**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 REVENUE BONDS, SERIES 1995

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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
REVENUES					
Taxes	\$ 161,167,947	\$ 167,908,642	\$ 170,711,350	\$ 172,943,411	\$ 177,735,020
Charges for services	4,733,638	5,494,548	7,828,923	8,128,459	5,734,870
License and permits	6,005,710	7,140,457	9,394,758	8,902,351	3,512,683
Fines and forfeits	3,438,155	3,976,993	4,117,733	4,547,241	4,492,855
Intergovernmental	10,534,892	10,574,570	10,577,025	10,468,042	10,334,987
Miscellaneous	1,538,179	307,393	494,292	1,304,765	607,601
Investment earnings	4,395,780	4,360,951	2,968,227	1,591,078	1,109,806
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>
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
<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
Capital outlay	5,687,250	6,357,497	4,558,741	1,626,719	2,676,117
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>
Excess of revenues over expenditures	41,080,914	37,035,970	40,066,165	34,190,759	28,314,911
Net other financing uses (2)	<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>
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)
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>
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>

- (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:**

	2000		2001		2002		2003		2004	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
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
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
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
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
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
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
Other revenues	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
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>
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	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
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>
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)
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>
FUNDS AVAILABLE - December 31	41,009,506	<u>\$ 23,988,337</u>	39,314,296	<u>\$ 35,027,110</u>	46,357,156	<u>\$ 52,485,537</u>	36,932,376	<u>\$ 27,028,352</u>	32,923,607	<u>\$ 38,822,952</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)	
Council designations	(5,396,000)		(4,440,000)		(11,118,668)		(5,791,519)		(2,775,332)	
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>	
Reconciliation to GAAP fund balance										
Funds available - December 31	41,009,506		39,314,296		46,357,156		36,932,376		32,923,607	
Current year encumbrances	2,955,812		1,496,980		1,164,157		1,593,938		992,384	
Sales, use and lodgers tax accrual	14,748,915		13,133,827		13,707,404		14,467,465		15,197,928	
Police/fire sick leave deferral	—		—		—		—		346,305	
Adjust investments to fair value	164,774		972,304		1,214,622		390,121		(81,185)	
Deferred revenues-grant awards	—		—		—		—		(90,000)	
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>	

(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)
2000	\$ 158,845,000
2001	145,095,000
2002	131,295,000
2003	121,020,000
2004	108,025,000

(1) Figure represents gross general obligation debt including self-supporting General Obligation Water Bonds.

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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
REVENUES					
<i>Taxes</i>					
Sales	\$ 642,217	\$ 691,419	\$ 685,410	\$ 623,922	\$ 564,041
Property	630,583	662,337	610,456	486,559	507,352
Occupational privilege	—	—	—	14,686	22,335
Total taxes	<u>1,272,800</u>	<u>1,353,756</u>	<u>1,295,866</u>	<u>1,125,167</u>	<u>1,093,728</u>
Investment income	107,977	49,139	22,578	10,894	13,012
Total revenues	<u>1,380,777</u>	<u>1,402,895</u>	<u>1,318,444</u>	<u>1,136,061</u>	<u>1,106,740</u>
EXPENDITURES					
<i>Current</i>					
Economic development	1,250	4,775	7,324	2,500	2,500
<i>Debt Service</i>					
Principal	250,000	260,000	270,000	285,000	300,000
Interest	<u>144,260</u>	<u>137,642</u>	<u>124,252</u>	<u>109,942</u>	<u>94,695</u>
Total expenditures	<u>395,510</u>	<u>402,417</u>	<u>401,576</u>	<u>397,442</u>	<u>397,195</u>
Excess of revenues over expenditures	985,267	1,000,478	916,868	738,619	709,545
OTHER FINANCING USES					
Transfers out	<u>(1,600,000)</u>	<u>(600,000)</u>	<u>(867,400)</u>	<u>(1,050,000)</u>	<u>(850,000)</u>
Total other financing uses	<u>(1,600,000)</u>	<u>(600,000)</u>	<u>(867,400)</u>	<u>(1,050,000)</u>	<u>(850,000)</u>
CHANGE IN FUND BALANCE	(614,733)	400,478	49,468	(311,381)	(140,455)
FUND BALANCE - January 1	<u>1,673,750</u>	<u>1,059,017</u>	<u>1,459,495</u>	<u>1,508,963</u>	<u>1,197,582</u>
FUND BALANCE - December 31	<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>

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)
2000	\$ 642,217
2001	691,419
2002	685,410
2003	623,922
2004	564,041

- (1) The base year sales tax in the City Center Urban Renewal Project Area was zero.
All sales taxes collected in the project area are treated as Sales Tax Increment Revenues.

Incremental Assessed Valuation of Taxable Property

Collection Year	Incremental Assessed Valuation	Property Tax Increment
2000	\$ 8,090,420	\$ 646,878
2001	8,728,579	662,337
2002	8,168,440	626,683
2003	6,685,640	504,297
2004	5,813,860	431,022

(continued)

EXHIBIT J-6

CITY OF AURORA, COLORADO

AURORA URBAN RENEWAL AUTHORITY

CITY CENTER URBAN RENEWAL PROJECT AREA REVENUE STATISTICS (unaudited)

DECEMBER 31, 2004

**Mill Levies and Overlapping Taxing Entities
Tax Year/Collection Year**

Overlapping Entities	1999/2000	2000/01	2001/02	2002/03	2003/04
City of Aurora	11.796	10.594	12.193	11.409	11.161
Arapahoe County	13.706	14.013	14.028	14.594	15.140
Adams-Arapahoe School District 28J	53.799	53.686	49.978	49.825	47.964
Urban Drainage and Flood Control	0.657	0.667	0.521	0.602	0.598
	<u>79.958</u>	<u>78.960</u>	<u>76.720</u>	<u>76.430</u>	<u>74.863</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
Colorado Pregnancy Centers, Inc.	Nursing Care Facility	1,500
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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
OPERATING REVENUES					
<i>Charges for services</i>					
Customers	\$ 35,424,375	\$ 36,679,763	\$ 39,572,229	\$ 40,503,938	\$ 50,527,062
Fire protection	345,164	354,277	365,107	384,297	397,651
Total operating revenues	<u>35,769,539</u>	<u>37,034,040</u>	<u>39,937,336</u>	<u>40,888,235</u>	<u>50,924,713</u>
OPERATING EXPENSES					
Cost of sales and services	15,907,405	21,212,186	20,899,356	27,317,673	33,998,912
Administrative expenses	800,353	752,815	1,062,065	1,376,473	1,215,720
Depreciation	4,926,964	4,988,693	7,704,258	6,662,885	7,081,010
Total operating expenses	<u>21,634,722</u>	<u>26,953,694</u>	<u>29,665,679</u>	<u>35,357,031</u>	<u>42,295,642</u>
Operating income	<u>14,134,817</u>	<u>10,080,346</u>	<u>10,271,657</u>	<u>5,531,204</u>	<u>8,629,071</u>
NON-OPERATING REVENUES					
(EXPENSES)					
Investment income	3,254,077	4,931,884	4,083,444	1,869,029	2,198,891
Intergovernmental revenue	—	807,405	—	—	—
Miscellaneous revenue	212,369	38,900	36,954	198,638	77,764
Interest expense	(3,957,674)	(3,681,945)	(3,847,047)	(4,226,163)	(4,573,056)
Amortization expense	(867,668)	(718,646)	(561,349)	(1,022,047)	(28,366)
Gain (loss)-disposal capital assets	35,800	(5,176,352) (1)	22,148	(425,383)	51,317
Gain (loss)-joint venture	(82,606)	(64,430)	(58,565)	(39,052)	(34,478)
Net non-operating expenses	<u>(1,405,702)</u>	<u>(3,863,184)</u>	<u>(324,415)</u>	<u>(3,644,978)</u>	<u>(2,307,928)</u>
NET INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	12,729,115	6,217,162	9,947,242	1,886,226	6,321,143
Capital contributions	19,338,177	34,214,004	35,104,621	32,656,102	45,349,567
Transfers in	—	—	2,529,927	—	—
Transfers out	—	—	(2,541,372)	—	—
INCREASE IN NET ASSETS	32,067,292	40,431,166	45,040,418	34,542,328	51,670,710
NET ASSETS - January 1	<u>339,414,216</u>	<u>371,481,508</u>	<u>411,912,674</u>	<u>456,953,092</u>	<u>491,495,420</u>
NET ASSETS - December 31	<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>

(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
2000	63,409	1,056	18,991	51.9	\$ 33,888,457
2001	64,845	1,073	18,341	50.2	34,655,966
2002	65,933	1,102	16,790	46.0	36,986,939
2003	67,953	1,151	13,090	35.9	37,652,070
2004	70,709	1,217	13,400	36.7	47,440,932

(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)
2000	44,693	5,000	76,688	94,861
2001	68,452	5,000	84,281	84,032
2002	21,923	—	64,172	41,783
2003	74,079	9,242	56,266	68,838
2004	83,183	14,664	61,211	87,557

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

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

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

(continued)

EXHIBIT J-8

CITY OF AURORA, COLORADO

WATER FUND

WATER SYSTEM STATISTICS (unaudited)

DECEMBER 31, 2004

The Enterprise classifies its System customers as business, residential and other. A breakdown of the usage and revenues for 2004 is as follows:

2004 Water Usage and Revenues by Classification

Classification	Percent of Consumption	Percent of Billed
Business	17%	18%
Residential	68%	68%
Other (1)	<u>15%</u>	<u>14%</u>
	<u>100%</u>	<u>100%</u>

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

Customers by Class (2)

	2002	2003	2004
Apartments	1,484	1,539	1,610
Commercial	2,514	2,553	2,579
Residential	56,888	57,538	58,452
Townhouse	3,189	3,396	3,626
Irrigation	711	691	823
Total	<u>64,786</u>	<u>65,717</u>	<u>67,090</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, 2004

The following table sets forth the ten largest consumers of the Water System, which, in aggregate, accounted for 11.3% of the total billed metered water sales in 2004.

Ten Largest Treated Water Customers of Water System

Customer	Consumption (1)	Billed Revenues
City of Aurora	346,640	\$1,377,420
Buckley Air Force Base	232,490	776,293
Heather Gardens HOA	225,115	747,795
Aurora Public Schools	179,845	633,794
Cherry Creek School District	129,469	432,092
ERP Operating, LP	129,437	423,347
Mountain View Apartment	83,055	283,274
Aurora Meadows Apartments	70,062	223,911
Holiday Inn-Denver SE	68,010	222,282
United Dominion Realty Trust	65,950	223,040
	<u>1,530,073</u>	<u>\$5,343,248</u>

(1) In thousand gallons.

(continued)

EXHIBIT J-8

CITY OF AURORA, COLORADO

WATER FUND

WATER SYSTEM STATISTICS (unaudited)

FOR THE YEARS ENDED DECEMBER 31:

Monthly Service Charge (1)

	2002	2003	2004
Meter Size			
5/8" & 3/4"	\$ 2.87	\$ 3.30	\$ 3.79
1"	3.94	4.53	5.20
1 1/4"	3.94	4.53	5.20
1 1/2"	6.32	7.26	8.34
2"	9.18	10.55	12.13
3"	18.19	20.91	24.04
4"	49.03	56.38	64.83
6"	96.48	110.95	127.59
8"	120.22	138.25	158.98

Base Use Rates per 1,000 Gallons (1)

	2002	2003	2004
Type of Account			
Single Family Detached	\$ 2.04	\$ 2.34	\$ 2.69
Single Family Attached	2.04	2.34	2.69
Multi-Family	2.04	2.34	2.69
Commercial	2.04	2.34	2.69
Irrigation	2.45	2.81	3.23

Water Service Connection Fee

	2002	2003	2004
Type and Size of Connection			
Single Family Detached			
5/8" & 3/4"	\$ 6,846	\$ 10,711	\$ 10,925
1"	13,958	21,422	21,850
Single Family Attached	5,759	7,605	7,757
Multi-Family	4,252	6,319	6,445
Commercial			
5/8" & 3/4"	6,846	10,711	10,925
1"	13,958	18,551	18,922
1 1/2"	31,437	42,748	43,603
2"	55,833	75,920	77,438
3"	125,534	170,699	174,113
4"	223,330	303,679	309,753
6"	502,742	683,521	697,191
8"	893,783	1,215,335	1,239,642

(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
2000	13,234,435	526,785	13,761,220
2001	22,936,681	1,234,391	24,171,072
2002	17,927,280	704,621	18,631,901
2003	22,718,429	1,106,648	23,825,077
2004	33,386,310	1,340,203	34,726,513

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

	2000	2001	2002	2003	2004
Average Daily Treatment	53.1	52.3	48.4	37.2	38.2
Average Daily Consumption	51.9	50.3	45.9	35.9	36.6
Peak Day Treatment	115.4	118.8	94.2	76.2	74.3
Peak Day Consumption	111.5	109.1	86.8	71.4	73.0

(concluded)

EXHIBIT J-9

CITY OF AURORA, COLORADO

WATER FUND

SUBSEQUENT YEAR BUDGET SUMMARY (unaudited)

DECEMBER 31, 2004

**Water Fund Adopted Budget
2005**

Funds Available - January 1	\$ 73,774,839
Sources	
Proceeds from borrowings	66,965,000
Charges for Services	71,658,964
Investment Income	2,414,938
Development Fees	22,513,657
Annexation Fees	4,012,513
Other Revenues	674,757
Proceeds - Sale of Fixed Assets	24,990
Total Sources	168,264,819
Uses	
Personal Services	13,765,297
Supplies and Services	27,649,920
Interfund Charges	1,036,813
Debt Related	18,280,538
Capital Related	1,942,950
Contingency	285,000
Capital Projects	69,299,332
Total Uses	132,259,850
Funds Available - December 31	\$ 109,779,808

EXHIBIT J-10

CITY OF AURORA, COLORADO

WATER FUND

MAXIMUM ANNUAL DEBT SERVICE COVERAGE (unaudited)

FOR THE YEARS ENDED DECEMBER 31:

	2002	2003	2004
Net Pledged Revenue			
Charges for Services	\$39,937,336	\$40,888,235	\$50,919,297
Development Fee (1)	18,209,578	22,932,846	33,647,868
Other Non-Operating Revenue (2)	3,722,649	3,262,024	3,372,033
(Less) Operations and Maintenance	(29,665,679)	(35,357,030)	(42,295,642)
Depreciation	7,704,258	6,662,885	7,081,010
Total	<u>\$39,908,142</u>	<u>\$38,388,960</u>	<u>\$52,724,566</u>
Maximum Annual Debt Service			
First-Lien Revenue Obligations (3)	\$6,393,273	\$6,393,273	\$6,393,273
Combined First-Lien Revenue Obligations and Second-Lien Revenue Obligations (4)	8,042,162	8,042,162	8,042,162
All Obligations Secured by Net Pledged Revenue (5)	9,325,696	9,325,696	9,325,696
All Obligations Payable From System Revenues (6)	18,803,109	18,803,109	18,803,109
Coverage			
First-Lien Revenue Obligations	6.24	6.00	8.25
Combined First-Lien Revenue Obligations and Second-Lien Revenue Obligations	4.96	4.77	6.56
All Obligations Secured by Net Pledged Revenues	4.28	4.12	5.65
All Obligations Payable from Systems Revenues	2.12	2.04	2.80

-
- (1) Includes tap, main extension, and front footage fees and drought water replacement surcharge. Does not include annexation 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 1999 A (CWR&PDA) and the City's First Lien Water Improvement Revenue Bonds Series 2003 A.
 - (4) Includes Second Lien Water Improvement Revenue Bonds Series 2004 A, CWR&PDA and First-Lien Water Improvement Revenue Bonds. Maximum annual debt service occurs in 2014.
 - (5) Includes water rights notes payable, Second Lien Water Improvement Revenue Bonds Series 2004 A, CWR&PDA and First-Lien Water Improvement Revenue Bonds. Maximum annual debt service occurs in 2006.
 - (6) Includes 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. Also includes water rights notes payable, Second Lien Water Improvement Revenue Bonds Series 2004 A, CWR&PDA and First-Lien Water Improvement Revenue Bonds. Maximum annual debt service occurs in 2006.

EXHIBIT J-11

CITY OF AURORA, COLORADO

WATER FUND

DEBT SUPPORTED BY WATER FUND REVENUES (unaudited)

DECEMBER 31, 2004

	<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	\$ 55,860,000
CWRPDA Drinking Water Revenue Bonds, Series 1999A	05/01/99	14,999,899	4.75% - 4.875%	08/01/14	10,690,446
Total First-Lien Water Revenue Obligations:					<u>\$ 66,550,446</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	\$ 7,388,450
R/B-I-One & R/B-I-Two Water Rights Notes	11/19/99	503,112	5.00%	11/19/09	251,556
Total Subordinate-Lien Water Revenue Obligations:					<u>\$ 7,640,006</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	\$ 56,720,000
G.O. Water Refunding Bonds, Series 1996	12/01/96	2,615,000	4.85% - 4.90%	11/01/06	2,435,000
Total General Obligation Water Refunding Bonds:					<u>\$ 59,155,000</u>
Total					<u>\$ 173,345,452</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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
OPERATING REVENUES					
Charges for services	\$ 21,648,210	\$ 22,606,204	\$ 24,252,421	\$ 25,580,371	\$ 26,327,715
Total operating revenues	<u>21,648,210</u>	<u>22,606,204</u>	<u>24,252,421</u>	<u>25,580,371</u>	<u>26,327,715</u>
OPERATING EXPENSES					
Cost of sales and services	16,451,340	17,197,409	18,445,740	20,538,865	21,186,499
Administrative expenses	656,938	617,061	572,889	437,459	620,376
Depreciation	<u>2,925,103</u>	<u>3,001,034</u>	<u>3,276,174</u>	<u>3,550,451</u>	<u>4,211,508</u>
Total operating expenses	<u>20,033,381</u>	<u>20,815,504</u>	<u>22,294,803</u>	<u>24,526,775</u>	<u>26,018,383</u>
Operating income	<u>1,614,829</u>	<u>1,790,700</u>	<u>1,957,618</u>	<u>1,053,596</u>	<u>309,332</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	2,902,336	2,902,973	1,868,038	936,271	735,528
Miscellaneous revenue	36,714	45,475	5,160	6,956	84,538
Interest expense	(363,187)	78,517	—	(180,069)	(175,542)
Amortization expense	(92,205)	(28,836)	(20,241)	(8,206)	(8,206)
Gain (loss)-disposal capital assets	<u>(37,254)</u>	<u>7,657</u>	<u>(352,331)</u>	<u>(168,428)</u>	<u>45,728</u>
Net non-operating revenues (expenses)	<u>2,446,404</u>	<u>3,005,786</u>	<u>1,500,626</u>	<u>586,524</u>	<u>682,046</u>
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFER					
	4,061,233	4,796,486	3,458,244	1,640,120	991,378
Capital contributions	12,298,908	18,687,969	18,222,827	19,050,164	21,860,597
Transfers in	—	—	1,059,955	—	—
Transfers out	<u>—</u>	<u>—</u>	<u>(1,050,948)</u>	<u>—</u>	<u>—</u>
INCREASE IN NET ASSETS	16,360,141	23,484,455	21,690,078	20,690,284	22,851,975
NET ASSETS - January 1	<u>171,876,226</u>	<u>188,236,367</u>	<u>211,720,822</u>	<u>233,410,900</u>	<u>254,101,184</u>
NET ASSETS - December 31	<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>

EXHIBIT J-13

CITY OF AURORA, COLORADO

SEWER FUND

SEWER SYSTEM STATISTICS (unaudited)

DECEMBER 31, 2004

The Sewer System classifies its customers as business and residential.
A breakdown of the usage and revenues for 2004 is as follows:

2004 Sewer Usage and Revenues by Classification

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

The following table sets forth the ten largest customers of the Sewer System, which, in aggregate, accounted for 4.6% of total billed Sewer revenues in 2004.

Ten Largest Customers of the Sewer System

Customer	Billed Revenues
Heather Gardens HOA	\$127,623
ERP Operating, LP	112,236
Buckley Air Force Base	111,115
Aurora Public Schools	86,594
The Medical Center of Aurora	58,251
AOF/Riverfalls Afford Housing	56,783
Mountain View Apartments	56,200
United Dominion Reality Trust	56,139
Holiday Inn-Denver SE	48,643
Hickory Ridge Apartments	<u>46,518</u>
	<u><u>\$760,102</u></u>

(continued)

EXHIBIT J-13

CITY OF AURORA, COLORADO

SEWER FUND

SEWER SYSTEM STATISTICS (unaudited)

DECEMBER 31, 2004

Monthly Service Charge

Meter Size	Monthly Service Charge
5/8" and 3/4"	\$1.79
1" & 1 1/4"	4.48
1 1/2"	8.96
2"	14.33
3"	31.37
4"	89.66
6"	179.34
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	\$1,711	\$1,385	\$1,334	\$ —
5/8	—	—	—	—
3/4	—	—	—	3,250
1	—	—	—	7,698
1 1/2	—	—	—	18,816
2	—	—	—	34,211
3	—	—	—	71,843
4	—	—	—	130,001
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, 2004

Sewer Tap and Development Fee Revenues

Year	Tap Fee Revenue	Development Fee Revenue	Total Tap and Development Fees
2000	\$ 2,144,958	\$ 1,068,949	\$ 3,213,907
2001	4,256,124	2,073,019	6,329,143
2002	3,743,531	1,093,053	4,836,584
2003	4,293,005	1,244,680	5,537,686
2004	5,095,675	1,997,929	7,093,604

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 \$1,073 per acre storm drainage development fee at the time building permits are issued. The storm drainage fee is \$3.83 per month for single family detached and individually metered single family attached dwellings. The storm drainage fee is \$3.83 per month plus \$3.03 per month for each additional unit for multifamily and master metered single family attached dwelling. For commercial and industrial building, the storm drainage fee is \$3.83 per month for the first 2,500 square feet of gross floor space plus \$3.03 for each additional 2,500 square feet of gross floor space or portion thereof.

(concluded)

EXHIBIT J-14

CITY OF AURORA, COLORADO

SEWER FUND

SUBSEQUENT YEAR BUDGET SUMMARY (unaudited)

DECEMBER 31, 2004

Sewer Fund Adopted Budget
2005

Funds Available - January 1	<u>\$ 9,576,302</u>
Sources of funds	
Revenues	<u>80,906,435</u>
Total sources	80,906,435
Uses of funds	
Operating expenditures	25,832,188
Debt related	2,183,900
Capital projects	<u>29,319,774</u>
Total uses	<u>57,335,862</u>
Change in funds available	23,570,573
Funds Available - December 31	33,146,875
Principal receivable - loan to Golf	<u>256,000</u>
Adjusted funds available - December December 31	<u><u>\$ 33,402,875</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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
OPERATING REVENUES					
Charges for services	\$ 7,498,871	\$ 8,642,850	\$ 9,174,718	\$ 8,205,072	\$ 8,266,180
Total operating revenues	<u>7,498,871</u>	<u>8,642,850</u>	<u>9,174,718</u>	<u>8,205,072</u>	<u>8,266,180</u>
OPERATING EXPENSES					
Cost of sales and services	6,849,643	6,423,757	6,477,046	6,441,702	6,557,854
Administrative expenses	869,758	977,998	791,437	760,487	823,768
Depreciation	1,014,582	1,044,843	995,763	936,666	957,928
Total operating expenses	<u>8,733,983</u>	<u>8,446,598</u>	<u>8,264,246</u>	<u>8,138,855</u>	<u>8,339,550</u>
Operating income (loss)	<u>(1,235,112)</u>	<u>196,252</u>	<u>910,472</u>	<u>66,217</u>	<u>(73,370)</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	248,319	180,636	161,467	69,095	54,160
Miscellaneous revenue	25,509	21,234	17,184	276,457	38,989
Interest expense	(341,914)	(781,896)	(685,294)	(592,380)	(546,951)
Amortization expense	(12,943)	(12,944)	(12,943)	(12,942)	(12,943)
Gain (loss)-disposal capital assets	—	(69)	5,277	(62,436)	—
Net non-operating expenses	<u>(81,029)</u>	<u>(593,039)</u>	<u>(514,309)</u>	<u>(322,206)</u>	<u>(466,745)</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS					
	(1,316,141)	(396,787)	396,163	(255,989)	(540,115)
Capital contributions	775,532	995,840	241,160	159,630	356,156
Transfers in	—	22,555	—	—	—
Transfers out	<u>(72,940)</u>	<u>(40,000)</u>	<u>—</u>	<u>(9,970)</u>	<u>—</u>
INCREASE (DECREASE) IN NET ASSETS	(613,549)	581,608	637,323	(106,329)	(183,959)
TOTAL NET ASSETS - January 1	<u>24,194,446</u>	<u>23,580,897</u>	<u>24,162,505</u>	<u>24,799,828</u>	<u>24,693,499</u>
TOTAL NET ASSETS - December 31	<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>

EXHIBIT J-16

CITY OF AURORA, COLORADO

GOLF FUND

GOLF COURSE ENTERPRISE SYSTEM STATISTICS (unaudited)

DECEMBER 31, 2004

Course	Golf Course System Usage				
	2000	2001	2002	2003	2004
Meadow Hills	60,994	56,818	59,328	54,207	53,639
Aurora Hills	55,258	55,205	60,162	56,657	51,149
Springhill	50,250	48,237	45,240	42,072	44,630
Centre Hills	38,620	38,956	34,470	30,111	30,530
Saddle Rock	43,980	40,479	39,168	34,933	38,091
Fitzsimons	47,893	45,365	46,368	45,012	38,863
Murphy Creek	16,957	37,272	35,276	29,449	34,691

	2004 Green Fee Rates						
	Meadow Hills	Aurora Hills	Spring-Hill	Centre Hills (1)	Saddle Rock	Fitzsimons (2), (3)	Murphy Creek
18-Hole Resident - Weekday	\$23.00	\$19.00	\$17.00	\$11.25	\$30.00	\$18.00	\$28.00
18-Hole Resident - Weekend	27.00	21.00	18.00	12.50	40.00	20.00	38.00
18-Hole Non-Resident - Weekday	25.00	21.00	19.00	13.50	32.00	20.00	30.00
18-Hole Non-Resident - Weekend	27.00	23.00	21.00	16.50	40.00	22.00	38.00
18-Hole Resident Junior	11.00	10.00	9.00	7.00	16.00	10.00	15.00
18-Hole Resident Senior	14.00	12.00	11.00	8.00	20.00	12.00	18.00
9-Hole Resident - Weekday	11.50	9.50	9.00	6.25	15.00	9.50	14.00
9-Hole Resident - Weekend	13.50	10.50	10.00	7.00	20.00	10.50	19.00
9-Hole Non-Resident - Weekday	13.50	11.50	10.50	7.50	16.00	11.50	15.00
9-Hole Non-Resident - Weekend	15.50	13.50	12.50	9.00	20.00	13.50	19.00
9-Hole Resident Junior	6.25	5.50	5.00	4.00	8.00	5.50	7.50
9-Hole Resident Senior	7.50	6.50	6.00	4.50	10.00	6.50	9.00

(1) The Centre Hills Golf Course is a 9-hole course. The 18-hole fee is the total cost to play the 9-hole course twice on the same day

(2) Fitzsimons Golf Course continuing annual members \$450/year and \$2.50/9 holes.

(3) 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.



STATISTICAL SECTION

Revenues and Expenditures

Taxes and Assessments

Debt

Economic and Demographic

REVENUES AND EXPENDITURES STATISTICS

Exhibit i
Exhibit ii

GOVERNMENTAL EXPENDITURES BY FUNCTION

These tables present general information on recurring governmental expenditures during the last ten years. The tables include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. They do not include expenditures of the leasing corporation ACLC. The expenditures are categorized as General Government, Judicial, Police, Fire, Other Public Safety, Public Works, Economic Development, Community Services, Culture and Recreation, Debt Service and Capital Outlay.

Exhibit iii
Exhibit iv

GOVERNMENTAL REVENUES BY SOURCE

These tables present general information on recurring governmental revenues during the last ten years. The tables include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. They do not include revenues of the leasing corporation ACLC. Major governmental revenue sources are: taxes, licenses and permits, intergovernmental revenues, charges for services, fines and forfeitures and miscellaneous revenues such as interest income on investments and special assessments.

Exhibit v
Exhibit vi

GOVERNMENTAL TAX REVENUES BY SOURCE

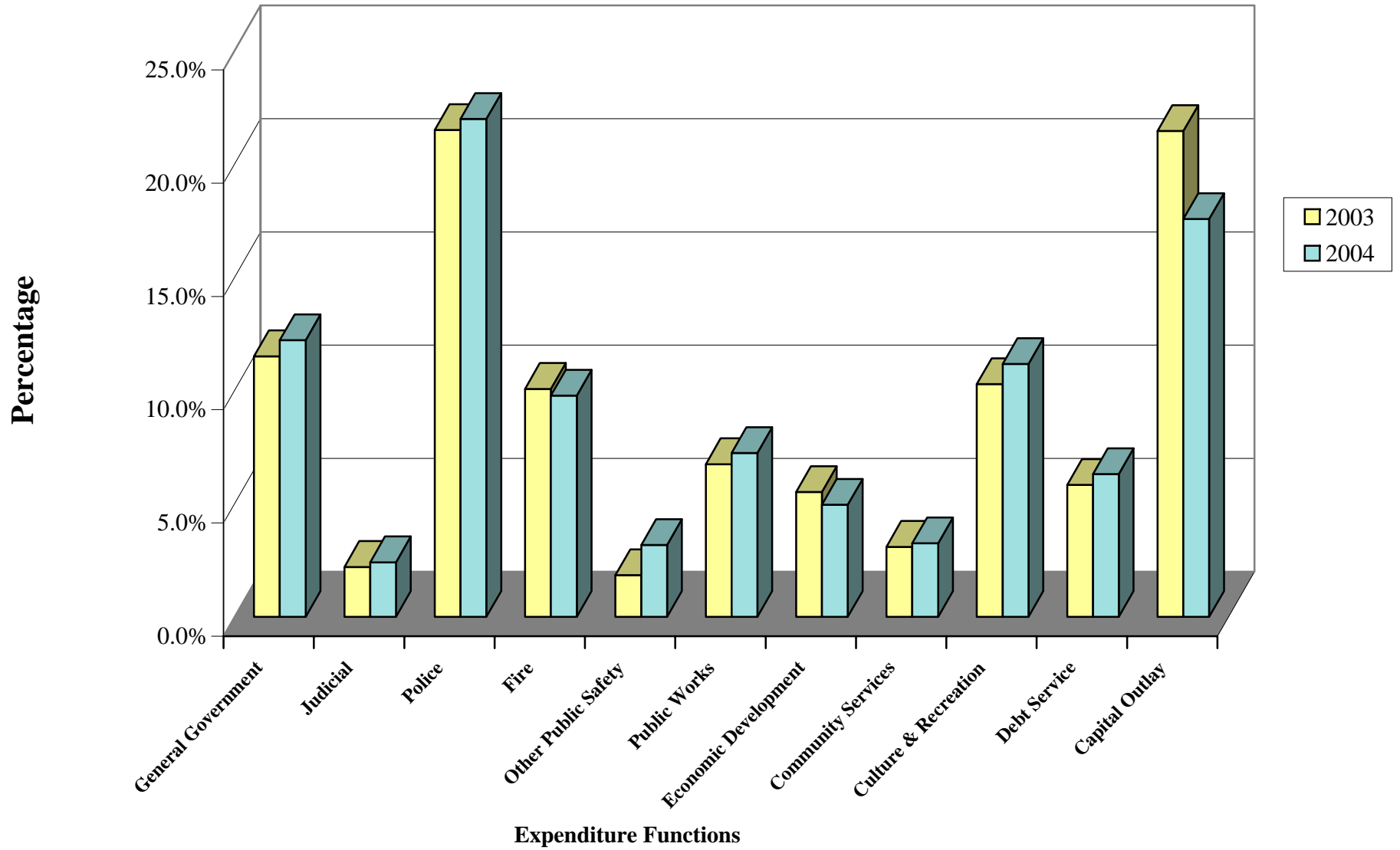
These tables present detailed information on the tax revenues portion of governmental revenues. They include tax revenues of the General Fund and Debt Service Funds. Tax revenues are derived primarily from property taxes, sales and use tax, lodgers tax, and other taxes including specific ownership, franchise, and occupational privilege tax.



Exhibit i

City of Aurora, Colorado
GOVERNMENTAL EXPENDITURES BY FUNCTION
AS A PERCENTAGE OF TOTAL EXPENDITURES

For the Years Ended December 31, 2003 and 2004



Notes: See Exhibit ii

City of Aurora, Colorado

Exhibit ii

GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Years

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

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

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

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

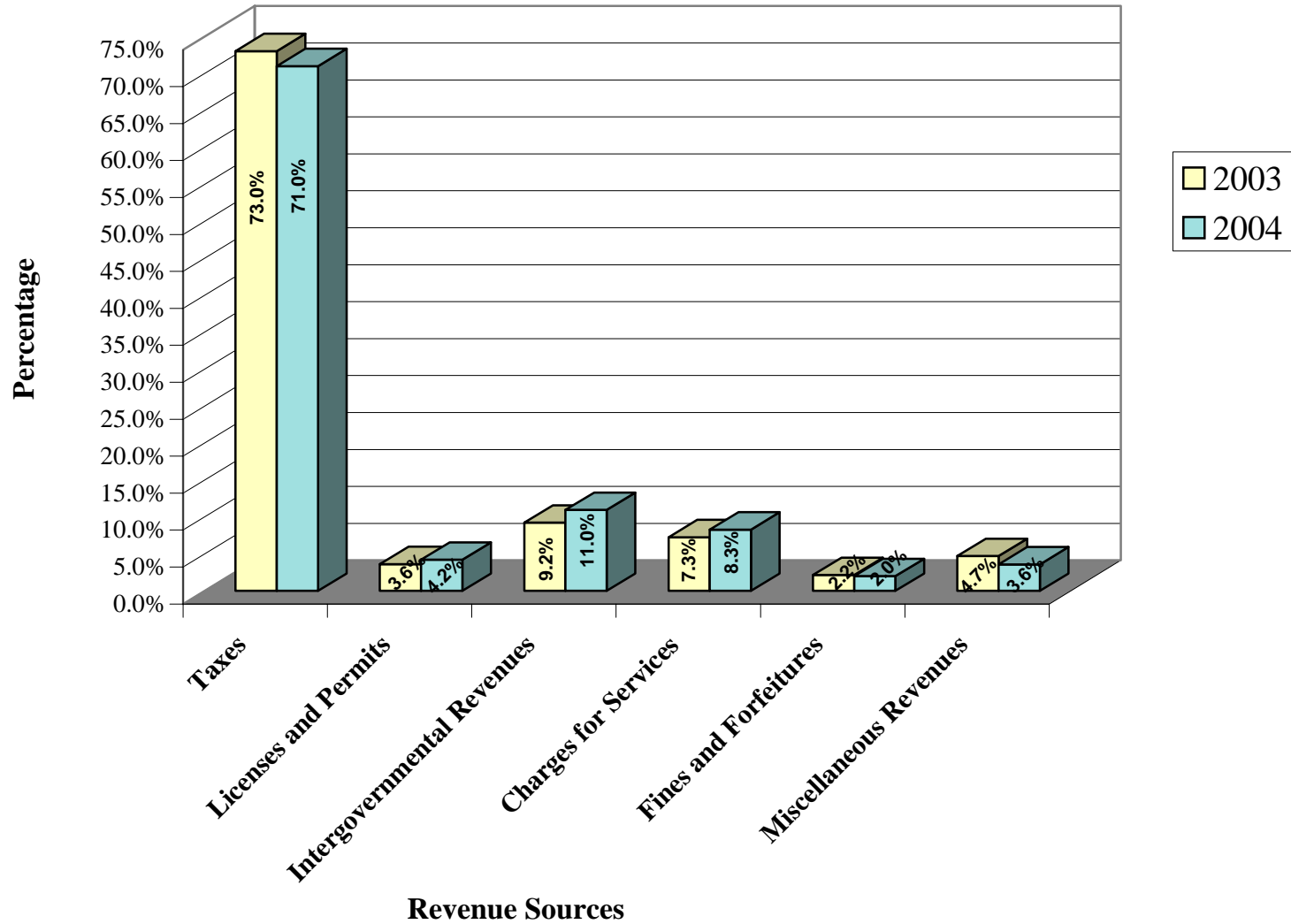
(b) Prior periods adjusted to include expenditures of the ACLC. Debt Service expenditures for the years 2000, 2001 and 2002, do not include the Certificates of Participation issued by ACLC in 2000, as debt service for this issuance was funded from capitalized interest, not the General Fund.

Exhibit iii

City of Aurora, Colorado

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

For the Years Ended December 31, 2003 and 2004



Notes: See Exhibit iv

City of Aurora, Colorado

Exhibit iv

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
1995	\$ 112,905,695	73.5%	\$ 3,068,356	2.0%	\$ 16,154,790	10.5%	\$ 10,129,848	6.6%	\$ 2,590,510	1.7%	\$ 8,760,446	5.7%	\$ 153,609,645
1996	120,507,184	73.8%	3,656,516	2.2%	16,995,934	10.4%	9,679,998	5.9%	2,660,058	1.6%	9,897,200	6.1%	163,396,890
1997	127,629,403	71.8%	4,093,884	2.3%	23,172,683	13.0%	10,325,247	5.8%	3,068,732	1.7%	9,353,996	5.3%	177,643,945
1998	138,512,632	74.1%	4,703,725	2.5%	19,619,408	10.5%	11,438,078	6.1%	3,883,813	2.1%	8,847,460	4.7%	187,005,116
1999	148,878,651	73.1%	5,373,101	2.6%	21,439,172	10.5%	11,702,854	5.7%	4,038,670	2.0%	12,302,894	6.0%	203,735,342
2000	163,952,246	74.5%	6,005,710	2.7%	21,110,332	9.6%	10,662,570	4.8%	4,099,854	1.9%	14,238,307	6.5%	220,069,019
2001	175,353,161	73.3%	7,140,457	3.0%	22,258,953	9.3%	12,670,536	5.3%	4,742,280	2.0%	17,007,361	7.1%	239,172,748
2002	178,173,126	71.0%	9,394,758	3.7%	24,455,505	9.8%	17,146,211	6.8%	4,858,918	1.9%	16,780,257	6.7%	250,808,775
2003	180,250,803	73.0%	8,902,351	3.6%	22,780,958	9.2%	17,902,700	7.3%	5,312,628	2.2%	11,631,252	4.7%	246,780,692
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%	9,321,678	3.6%	260,782,929

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

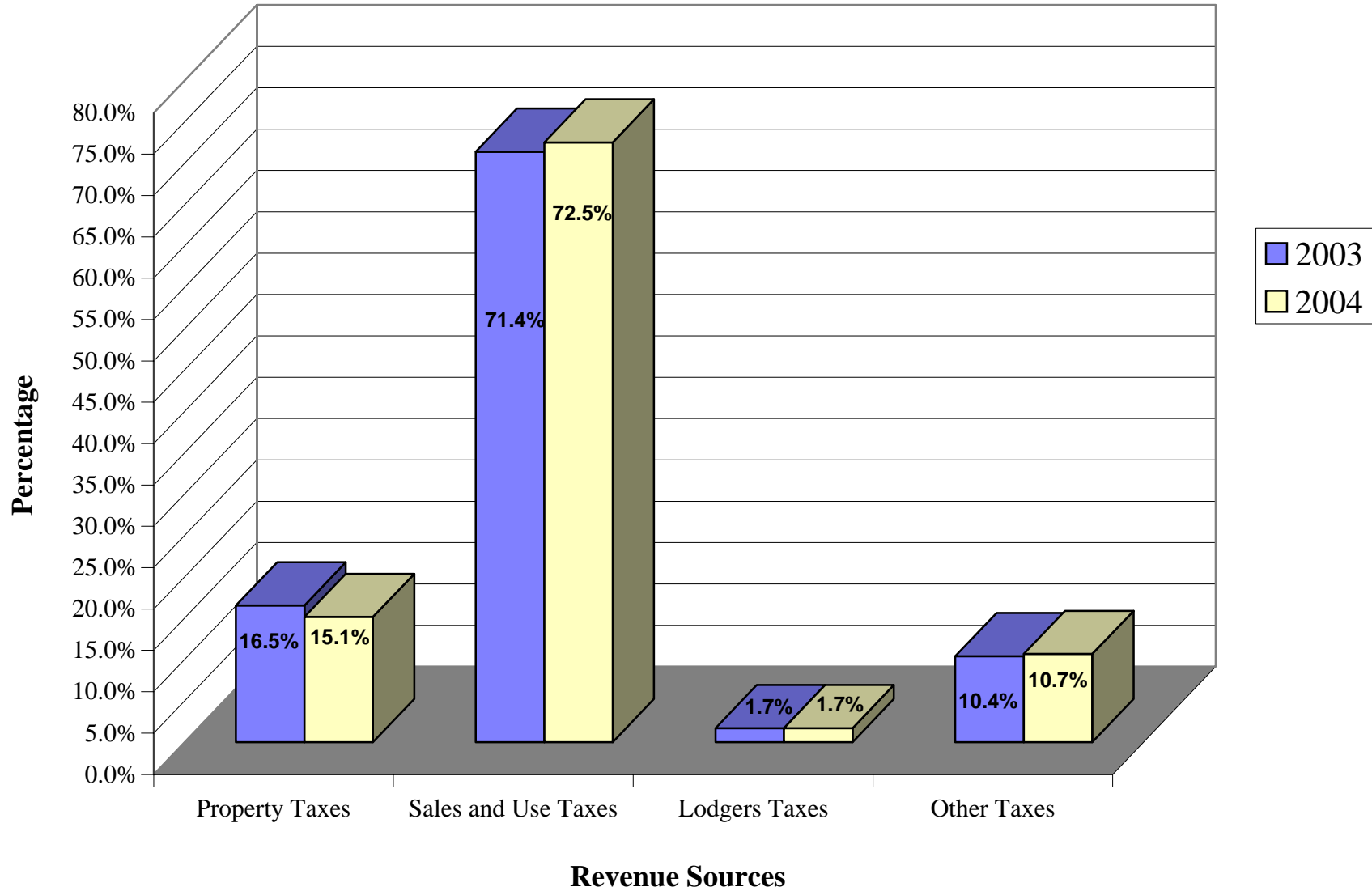
- (a) Tax revenues are derived primarily from sales and use taxes, property taxes and gross receipts business taxes.
- (b) Intergovernmental revenues are primarily State shared revenues and governmental grants.
- (c) Includes surcharge revenues.
- (d) Includes special assessments, miscellaneous revenues and investment income.

City of Aurora, Colorado

Exhibit v

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

For the Years Ended December 31, 2003 and 2004



Notes: See Exhibit vi

City of Aurora, Colorado

Exhibit vi

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
1995	\$ 14,118,212	13.3%	\$ 84,538,538	79.7%	\$ 1,878,901	1.8%	\$ 5,496,748	5.2%	\$ 106,032,399
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	15.2%	131,175,237	74.8%	3,231,779	1.8%	17,033,255	9.7%	175,353,161
2003	29,799,273	16.5%	128,674,426	71.4%	3,044,341	1.7%	18,732,763	10.4%	180,250,803
2004	28,033,332	15.1%	134,245,043	72.5%	3,130,347	1.7%	19,723,603	10.7%	185,132,325

Notes: This schedule includes the General and Debt Service Funds tax revenues. Tax revenues recorded in the Special Revenue Funds are included in 1995 only.

(a) From 1998 through 2000 and for 2002, property tax revenues were collected in excess of the limits imposed under the Taxpayer Bill of Rights (TABOR) Amendment. Taxpayers were given a "temporary tax credit" for these excess collections in the form of a reduction in the following year tax levy which reduced the amount they were required to pay. Amounts collected in excess of the limit are recognized as deferred revenue in the year collected and as revenue in the following year.

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

(b) This category includes Specific Ownership, Franchise and Occupational Privilege taxes.



TAXES AND ASSESSMENT STATISTICS

Exhibit vii

PROPERTY TAX LEVIES AND COLLECTIONS

This table presents comparative data regarding the City's property tax revenues. Data presented includes the total property tax levy, current and delinquent tax collections/refunds, TABOR excess collections and tax credit and tax collections related to the City's tax increment financing district. Property tax levies and collections are reported in the General Fund and the Debt Service Funds.

Exhibit viii

SPECIAL ASSESSMENT COLLECTIONS

This table presents information pertaining to the levy and collection of special assessments. These assessments are levied on properties that benefit from construction projects financed by special improvement districts. Special assessment levies and collections are reported in the Debt Service Funds.

Exhibit ix

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Property taxes are levied based on the assessed value of the property. The assessed value is a percentage of the estimated actual value. Assessed and estimated actual value data is obtained from Certifications of Valuation provided by Adams County, Arapahoe County and Douglas County. Colorado statutes provide counties with procedures for the valuation of property for assessment purposes.

Exhibit x

PROPERTY TAX RATES - DIRECT AND PRIMARY OVERLAPPING GOVERNMENTS

This table shows a combined presentation of the City's property tax rates together with the property tax rates of primary overlapping entities. The primary overlapping entities of the City are: Adams County, Arapahoe County, Aurora School District 28J and the Cherry Creek School District. This table provides an overall view of the total property tax rates applicable to property taxpayers.

Exhibit vii

City of Aurora, Colorado

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

Assessment/ Levy Year	Collection/ Budget Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Collections/ (Refunds) (b)	Total Tax Collections	Collections as % of Current Tax Levy	TABOR (c)		Tax Increment Collections	Total Property Tax Revenues
								Excess Collections	Tax Credit		
1994	1995	\$ 14,015,390	\$ 13,939,300	99.46%	\$ (82,642)	\$ 13,856,658	98.87%	\$ -	\$ -	\$ 178,912	\$ 14,035,570
1995	1996	15,085,751	15,033,843	99.66%	8,236	15,042,079	99.71%	-	-	169,455	15,211,534
1996	1997	15,462,063	15,429,441	99.79%	(1,516)	15,427,925	99.78%	-	-	187,664	15,615,589
1997	1998	17,974,286	17,862,322	99.38%	(3,337)	17,858,985	99.36%	(1,663,744)	-	182,844	16,378,085
1998	1999	17,726,529	17,575,493	99.15%	(79,042)	17,496,451	98.70%	(1,235,123)	1,649,456	314,666	18,225,450
1999	2000	22,170,875	22,041,571	99.42%	(11,747)	22,029,824	99.36%	(4,385,448)	1,154,154	630,583	19,429,113
2000	2001	21,016,790	20,528,208	97.68%	(186,875)	20,341,333	96.79%	-	4,134,476	662,337	25,138,146
2001	2002	28,340,445	28,112,473	99.20%	(195,833)	27,916,640	98.50%	(2,012,800)	218,559	610,456	26,732,855
2002	2003	27,738,843	27,468,922	99.03%	(164,695)	27,304,227	98.43%	- (d)	2,008,487	486,559	29,799,273
2003	2004	27,736,975	27,577,434	99.42%	(51,454)	27,525,980	99.24%	-	-	507,352	28,033,332

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
1995	\$ 4,414,682	\$ 178,070	\$ (935,144)	\$ 3,657,608
1996	3,657,608	-	(710,199)	2,947,409
1997	2,947,409	-	(706,627)	2,240,782
1998	2,240,782	(8,602)	(667,665)	1,564,515
1999	1,564,515	-	(473,694)	1,090,821
2000	1,090,821	(27,056)	(433,235)	630,530
2001	630,530	(5,118)	(318,617)	306,794
2002	306,794	-	(192,493)	114,301
2003	114,301	702,801	(264,003)	553,099
2004	553,099	(24,663)	(47,795)	480,641

(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		
1995	1996	\$ 170,913,640	\$ 1,087,671,790	\$ 2,360	\$ 1,258,587,790	\$ 8,548,525,681	\$ 1,264,636,142	14.7%
1996	1997	178,329,990	1,111,893,870	2,360	1,290,226,220	8,573,889,782	25,364,101	15.0%
1997	1998	215,086,006	1,292,289,910	2,360	1,507,378,276	10,179,360,569	1,605,470,787	14.8%
1998	1999	237,253,350	1,306,561,110	2,480	1,543,816,940	10,420,035,339	240,674,770	14.8%
1999	2000	292,819,650	1,594,238,220	2,480	1,887,060,350	12,500,191,290	2,080,155,951	15.1%
2000	2001	316,583,610	1,673,391,071	2,480	1,989,977,161	12,917,885,512	417,694,222	15.4%
2001	2002	382,141,380	1,947,164,470	2,600	2,329,308,450	16,840,511,419	3,922,625,907	13.8%
2002	2003	391,969,270	2,039,310,460	32,610	2,431,312,340	17,631,037,265	790,525,846	13.8%
2003	2004	415,203,720	2,069,917,070	48,550	2,485,169,340	20,375,486,637	2,744,449,372	12.2%
2004	2005	447,208,260	2,127,672,860	80,810	2,574,961,930	21,018,710,901	643,224,264	12.3%

Notes: Data obtained from Certifications of Valuation provided by Adams, Arapahoe and Douglas counties. Colorado statutes provide procedures for the valuation of property for assessment purposes. The "Assessment/Levy Year" is the calendar year in which the property value is assessed. It is also the year in which the associated tax is levied. The tax revenue for a "Collection/Budget Year" is based on the assessment and tax levy made in the prior year. Tax revenue collections occur in the budget year.

The County Assessor bases the assessed values on property values as of June 30 of the year prior to the assessment year. Thus the assessed values for the taxes associated with budget year 2004 are based on the 2003 assessment, which itself is based on property values as of June 30, 2002.

The assessed valuation percentage is established each year and was as follows: Residential: 1995 and 1996 - 10.36%; 1997 through 2000 - 9.74%; 2001 and 2002 - 9.15%; and 2003 and 2004 - 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: \$1,756,060 - 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 and \$4,720,910 - 2004.

City of Aurora, Colorado

Exhibit x

PROPERTY TAX RATES - DIRECT AND PRIMARY OVERLAPPING GOVERNMENTS

(Per \$1,000 of Assessed Valuation)

Last Ten Years

Assessment/ Levy Year	Collection/ Budget Year	City of Aurora	Counties		Schools		(1) Total Tax Rate - City of Aurora and:		
			Adams	Arapahoe	Aurora 28J	Cherry Creek	Adams County and Aurora Schools 28J	Arapahoe County and Aurora Schools 28J	Arapahoe County and Cherry Creek Schools
1995	1996	12.003	26.779	16.973	68.172	66.217	106.954	97.148	95.193
1996	1997	12.000	26.779	16.973	67.595	63.770	106.374	96.568	92.743
1997	1998	11.940	26.528	15.960	61.203	57.444	99.671	89.103	85.344
1998	1999	11.507	26.168	15.549	60.935	61.059	98.610	87.991	88.115
1999	2000	11.796	25.273	13.706	53.799	53.093	90.868	79.301	78.595
2000	2001	10.594	25.681	14.013	53.686	52.397	89.961	78.293	77.004
2001	2002	12.193	23.541	14.028	49.978	46.889	85.712	76.199	73.110
2002	2003	11.409	26.370	14.594	49.825	47.331	87.604	75.828	73.334
2003	2004	11.161	26.779	14.140	47.964	49.654	85.904	73.265	74.955
2004	2005	11.079	26.903	15.450	47.003	51.132	84.985	73.532	77.661

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.

(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, 2004

Assessed valuation:			
Arapahoe County		2,127,672,860	
Adams County		447,208,260	(a)
Douglas County		80,810	
Total		\$ 2,574,961,930	
Debt limit - Three (3) percent of assessed valuation			\$ 77,248,858
Amount of debt outstanding: (a)			
Total bonded debt	\$ 250,670,266		
Other debt	108,645,234		
Total		\$ 359,315,500	
Less:			
Fund balance in debt service funds	\$ 1,298,621		
Other deductions allowed by law:			
General obligation bonds exempt from limit	42,275,000	(b)	
General obligation water bonds	59,155,000		
Capitalized lease obligations	1,345,068		
Certificates of participation	97,745,000		
Revenue note	1,023,519		
Water rights and other contracts payable	8,531,647		
Revenue bonds:			
General fund	13,825,000		
Sewer	17,094,820		
Water	106,550,446		
Golf	5,175,000		
Total deductions		354,019,121	
Total amount of debt applicable to debt limit			5,296,379
Legal Debt Margin			\$ 71,952,479 (c)

(a) Computation does not include assessed valuation of tax increment financing district or related debt outstanding.

(b) These bonds are exempt from the general obligation debt limit by voter approval and per Section 11-19-1 of the City Charter.

(c) Article X, Section 20(4)(b) of the Colorado Constitution requires the City to receive voter approval in advance for the creation of any multiple fiscal year direct or indirect debt or other financial obligation, regardless of whether or not the City is at its legal debt margin. 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.

City of Aurora

Exhibit xii

DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT

December 31, 2004

<u>Jurisdiction</u>	<u>Debt Outstanding (a)</u>	<u>Percent Applicable to City of Aurora</u>	<u>Amount Applicable to City of Aurora</u>
<i>Direct:</i>			
City of Aurora (b)	\$ 48,870,000	100.00%	\$ 48,870,000
<i>Overlapping:</i>			
Adams-Arapahoe School District 28J	166,139,308	98.16%	163,079,441
Cherry Creek School District	384,684,107	29.02%	111,636,057
Other (c)	838,423,460	28.01%	234,854,492
Total overlapping debt:	1,389,246,875		509,569,990
 Total Direct and Overlapping Debt	 \$ 1,438,116,875		 \$ 558,439,990

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) Seventy other taxing entities overlap the City in whole or in part. Twenty-seven of these entities report general obligation debt outstanding, including but not limited to, Southlands Metropolitan District No. 1, Sand Creek Metropolitan District, Eagle bend Metro Districts No. 1 & 2, Aurora Centertech Metropolitan District, Saddlerock South Metropolitan Districts No. 1-4, Tallyns 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) <u>Total</u> Debt Service	Total Governmental Expenditures (c)	Percent of GO Debt Service to Governmental Expenditures	Certificates of Participation (b) <u>Total</u> Debt Service	Percent of GO and COPs Debt Service to Governmental Expenditures
1995	\$ 1,868,874	\$ 141,747,458	1.3%	\$ 2,692,665	3.2%
1996	2,238,055	155,529,558	1.4%	4,588,455	3.9%
1997	2,240,265	174,438,024	1.3%	4,591,855	3.7%
1998	2,217,156	182,289,635	1.2%	4,681,263	4.1%
1999	3,258,345	191,491,573	1.7%	4,587,032	3.2%
2000	2,153,025	209,901,932	1.0%	4,214,883	4.2%
2001	6,444,567	251,073,626	2.6%	2,784,883	3.5%
2002	6,171,575	252,554,506	2.4%	3,024,545	3.2%
2003	6,186,015	285,748,002	2.2%	7,880,114	4.9%
2004	6,159,984	285,036,405	2.2%	9,247,523	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) Total Governmental Expenditures include the General, Special Revenue, Debt Service, and Capital Projects Funds but exclude the ACLC.

City of Aurora, Colorado

Exhibit xiv

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

Last Ten Years

Year	Population (a)	Assessed Value (b)	Gross General Obligation Bonded Debt (c)	Less: Debt Service Fund Balance	Less: Debt Payable from Water Revenues	Net General Obligation Bonded Debt	Net General Obligation Bonded Debt to Assessed Value	Net General Obligation Bonded Debt Per Capita	Outstanding COPs of Leasing Corp ALCLC	GO Bonds & COPs to Assessed Value	GO Bonds & COPs Debt Per Capita
1995	252,806	1,258,897,790	152,570,000	63,355	140,660,000	11,846,645	0.9%	47	35,240,000	0	-
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

Notes:

- (a) Data was provided by the City's Planning Department. The population for 1995 - 1999 are intercensal estimates from the Colorado Department of Local Affairs. The population for 2000 was taken from the 2000 U.S. Census information. The population for 2001 and 2002 was provided by Denver Regional Council of Governments (DRCOG). The population for 2003 was provided by Clarion Associates.
- (b) Does not include tax increment financing district assessed valuation of: \$1,756,060 - 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 for 2003 and \$4,335,510 for 2004. 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		Net Revenue Available For Debt Service	Total Debt Service Requirements Principal and Interest				Coverage Ratios (g)			
	Revenue (a)	Expenses (b)		First Lien Revenue Obligations (c)	Second Lien Revenue Obligations (d)	Debt Secured by Net Pledged Revenues (e)	Debt Payable from System Revenues (f)	(c)	(d)	(e)	(f)
1995	\$ 33,623,885	\$ 11,479,948	\$ 22,143,937	\$ -	\$ -	\$ -	\$ 29,840,577	-	-	-	0.74
1996	38,048,034	12,240,040	25,807,994	-	-	-	14,958,830	-	-	-	1.73
1997	39,283,694	11,707,171	27,576,523	-	-	-	14,751,125	-	-	-	1.87
1998	41,519,310	12,894,040	28,625,270	-	-	-	14,301,601	-	-	-	2.00
1999	47,467,930	15,578,617	31,889,313	37,500	-	37,500	14,264,046	850.38	-	850.38	2.24
2000	51,883,165	16,707,759	35,175,406	979,491	-	1,054,958	15,226,703	35.91	-	33.34	2.31
2001	63,681,217	21,965,001	41,716,216	1,283,190	-	1,356,141	15,483,334	32.51	-	30.76	2.69
2002	61,869,563	21,961,421	39,908,142	1,378,084	-	1,448,520	15,537,033	28.96	-	27.55	2.57
2003	67,083,106	28,694,146	38,388,960	1,381,239	-	1,449,159	10,953,943	27.79	-	26.49	3.50
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

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

- (a) Includes charges for services and other operating revenues, tap and development fees, and interest income. Excludes fair value adjustment and annexation fees.
- (b) Includes operating expenses such as personal services, supplies and other services and charges. Excludes depreciation expense.
- (c) Includes the City's portion of the Colorado Water Resources and Power Development Authority's Drinking Water Bonds Series 1999A and the City's First Lien Water Improvement Revenue Bonds Series 2003A.
- (d) 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, 2003 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	
1995	\$ 20,925,507	\$ 12,979,952	\$ 7,945,555	\$ 1,925,000	\$ 669,380	\$ 2,594,380	3.06
1996	22,784,284	14,793,644	7,990,640	1,995,000	600,345	2,595,345	3.08
1997	24,111,154	15,269,434	8,841,720	2,080,000	523,950	2,603,950	3.40
1998	24,722,245	14,678,050	10,044,195	2,170,000	439,697	2,609,697	3.85
1999	26,420,990	16,534,343	9,886,647	2,275,000	348,142	2,623,142	3.77
2000	27,764,451	16,986,157	10,778,294	4,044,451	692,984	4,737,435	2.28
2001	31,838,320	17,620,275	14,218,045	2,766,772	942,533	3,709,305	3.83
2002	30,971,483	19,018,629	11,952,854	2,868,303	865,023	3,733,326	3.20
2003	32,061,284	20,976,324	11,084,960	1,426,362	756,247	2,182,609	5.08
2004	34,241,386	21,806,876	12,434,510	1,458,658	725,224	2,183,882	5.69

Notes: Includes long-term debt payable from Sewer revenues, including Revenue bonds.

(a) Includes charges for services and other operating revenues, tap and development fees, and interest income.

(b) Includes operating expenses such as personal services, supplies and other services and charges. Excludes depreciation expense.

(c) Net Revenue Available for Debt Service divided by Total Debt Service Requirements.

(continued)

City of Aurora, Colorado

Exhibit xv

SCHEDULE OF GOLF REVENUE BOND COVERAGE

Year	Last Eight Years											
	Gross Revenue (b)	Operating & Maintenance Expenses (c)	Net Revenue Available For Debt Service	Senior Debt Service Requirements (a)				Subordinate Debt Service Requirements (a)				
				Principal	Interest	Total	Coverage Ratio (d)	Principal	Interest	Total	Coverage Ratio (e)	
1997 (f)	\$ 5,253,568	\$ 4,121,295	\$ 1,132,273	\$ 230,000	\$ 425,543	\$ 655,543	1.73	\$ -	\$ -	\$ -	-	
1998	6,534,361	4,572,949	1,961,412	245,000	415,538	660,538	2.97	-	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	

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 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.
- (c) Includes operating expenses such as personal services, supplies, other services and charges, and for 2001 and after, the principal and interest on the golf cart capital leases. Excludes depreciation expense.
- (d) Net Revenue Available for Debt Service divided by Total Senior Debt Service Requirements.
- (e) Net Revenue Available for Debt Service less Total Senior Debt Service Requirements, divided by Total Subordinate Debt Service Requirements.
- (f) Golf Course Revenue Bonds in the amount of \$7,395,000 were issued during 1995 for the construction of the Saddle Rock Golf Course. The construction was completed on June 30, 1997. Revenues, expenses and debt service requirements for these bonds were not included in this schedule for 1995 and 1996 because interest costs were capitalized during construction and the golf course did not generate revenues until construction was completed.

(concluded)



ECONOMIC AND DEMOGRAPHIC STATISTICS

Exhibit xvi

PROPERTY VALUES AND CONSTRUCTION

This table represents general statistical information on commercial and residential construction activity and the assessed and estimated actual value of real property.

Exhibit xvii

DEMOGRAPHIC STATISTICS

This table presents non-financial information pertaining to City population, estimated median family income and general unemployment rates.

Exhibit xviii

MAJOR EMPLOYERS

This table lists the major public and private employers located in the City, including the type of business or industry and the approximate number of employees for each employer listed.

Exhibit xix

TEN PRINCIPAL REAL PROPERTY TAXPAYERS

This table lists the major property taxpayers based on assessed value of their property located in the City. The assessed value of each taxpayer's property is also presented as a percentage of the City total assessed property value.

Exhibit xx

MISCELLANEOUS STATISTICAL DATA

This table presents detailed non-financial information regarding City, infrastructure, fire and police protection, recreation, utilities, schools and voter registrations.

City of Aurora, Colorado

Exhibit xvi

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
1995	144	23.47	852	1,216	90.41	4,721	49.50	5,717	163.38	1,258,587,790	8,548,525,681
1996	152	47.18	930	1,290	87.66	2,628	57.97	3,710	192.81	1,290,226,220	8,573,889,782
1997	195	77.70	844	1,586	122.70	2,769	104.49	3,808	304.89	1,507,378,276	10,179,360,569
1998	253	100.35	1,184	1,711	165.05	3,693	80.12	5,130	345.52	1,543,816,940	10,420,035,339
1999	224	62.94	1,722	2,770	251.95	6,324	62.84	8,270	377.73	1,887,060,350	12,500,191,290
2000	313	70.13	1,757	3,722	323.21	3,654	74.92	5,724	468.26	1,989,977,161	12,917,885,512
2001	353	194.51	1,349	2,387	242.78	2,402	42.14	4,104	479.43	2,329,308,450	16,840,511,419
2002	355	165.54	1,742	3,013	389.87	7,217	51.93	9,314	607.33	2,431,312,340	17,631,037,265
2003	203	96.11	1,416	2,146	355.38	6,713	55.84	8,332	507.33	2,485,169,340	20,375,486,637
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

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; and \$4,720,910 in 2004.

Exhibit xvii

City of Aurora, Colorado

DEMOGRAPHIC STATISTICS

Last Ten Years

Year	Population (a)	Median Family Income (b)	Unemployment Rate (c)
1995	252,806	42,366	3.6%
1996	257,340	43,541	3.5%
1997	261,089	45,021	2.6%
1998	267,685	46,102	3.0%
1999	272,642	47,441	2.5%
2000	276,393	52,551	2.2%
2001	284,606	54,547	3.5%
2002	291,418	55,583	6.1%
2003	292,158	51,778	6.2%
2004	298,303	51,554	6.9%

Notes:

- (a) Data was provided by the City's Planning Department. The population for 1995 - 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 and 2004 was provided by Clarion Associates.
- (b) Data for 1995 - 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 and 2004 was derived from a database provided to the City of Aurora's Planning Department by Claritas IXpress.
- (c) Data was provided by the City's Planning Department. Source - Colorado Department of Labor and Employment.

City of Aurora, Colorado

MAJOR EMPLOYERS

December 31, 2004

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 Wal-Mart University of Colorado Health Sciences Center	Security Services Health Care Retail Education/Health Care
Employers of 3,000 to 5,000		Employers of 500 to 1,000	
Cherry Creek Public Schools Aurora Public Schools	Public Education Public Education	University of Colorado Hospital McDonalds King Soopers Northrop Grumman (formerly TRW Systems) Kaiser Permanente Wagner Equipment Company Dex Media (formerly Qwest Dex) Target Lockheed Martin Astronautics Community College of Aurora	Education/Health Care Restaurant Grocer Aerospace Manufacturing Health Care Heavy Equipment Sales & Leasing Telephone/Internet Products & Software Retail Systems Design/Research Community College
Employers of 2,000 to 3,000			
City of Aurora Raytheon	City Government Aerospace Manufacturing		

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, 2004

Taxpayer	Type of Industry	Assessed Valuation of Property	Percentage of Total Assessed Valuation
Xcel Energy	Gas/Electric Utilities	\$ 43,831,180	1.70%
Qwest Communications	Telecommunications	36,115,400	1.40%
Columbia Health One, LLC	Healthcare	22,400,930	0.87%
Blue Spruce Energy Center LLC	Gas/Electric Utilities	22,032,100	0.86%
Arapahoe Crossings	Real Estate	15,805,000	0.61%
Comcast of Colorado	Telecommunications	12,353,220	0.48%
Pro Logis	Real Estate	11,059,500	0.43%
Weingarten/Miller/Aurora II	Real Estate	10,921,400	0.42%
Retail Property Trust	Real Estate	6,960,000	0.27%
Quarry Assets LLC et al	Real Estate	6,348,430	0.25%
		<u>\$ 187,827,160</u>	<u>7.29%</u>

Note: Data obtained from Certifications of Valuation provided by Adams, Arapahoe and Douglas counties. The total Assessed Value in assessment year 2004 is: \$2,574,961,930 . This total does not include the tax increment financing district assessed valuation of \$4,720,910.

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	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Area - Square Miles	136.83	136.83	140.15	140.15	140.15	142.57	141.16	142.42	143.85	144.81
Miles of Improved Streets	800.00	812.00	874.85	875.00	915.00	915.00	1,009.00	1,014.00	1,054.00	1,095.00
Miles of Sanitary Sewer	700.89	715.44	722.86	734.86	753.16	776.26	797.46	824.30	848.36	873.36
Number of Water Taps	58,187	59,204	59,771	60,393	61,366	63,409	64,845	65,933	67,953	70,709
Number of Sanitary Sewer Taps	62,869	63,884	64,599	65,455	67,011	68,840	70,777	72,920	81,552	83,837
Number of Municipal Employees (a)	2,137	2,199	2,254	2,315	2,390	2,459	2,513	2,609	2,669	2,662
Building Permits:										
Permits Issued (b)	5,717	3,710	3,808	5,130	8,270	5,724	4,104	9,314	8,332	9,320
Value of Buildings (millions)	163.38	192.81	304.89	345.52	377.73	468.26	479.43	607.33	507.33	712.78
Fire Protection:										
Number of Fire Stations	11	11	11	11	11	12	12	12	13	13
Number of Employees (a)	295	297	297	313	320	327	333	332	335	338

(Continued)

City of Aurora, Colorado

Exhibit xx

MISCELLANEOUS STATISTICAL DATA

Last Ten Years

City of Aurora	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Police Protection:										
Number of Employees (a)	676	724	736	745	754	763	775	797	825	826
Number of Law Violations (Part I Crime) (c)	16,902	16,299	16,521	14,529	14,303	15,526	17,224	18,206	17,050	16,895
Patrol Vehicles	111	115	126	123	127	132	138	138	138	156
Detention Facilities (g)	1	1	1	1	1	1	1	1	1	1
Recreation:										
Parks - Number of Acres (d)	6,920	6,920	7,370	7,370	7,380	7,400	7,400	7,700	7,700	7,937
Number of Playgrounds (d)	64	64	64	64	65	65	65	65	65	75
Number of Golf Courses	4	4	5	6	6	7	7	7	7	7
Number of Swimming Pools	9	9	10	10	10	10	10	10	10	10
Education (e):										
Number of Schools:										
Elementary	42	42	42	42	43	43	43	48	46	46
Junior High/Middle	10	10	10	10	10	10	10	12	13	12

Senior High/High	6	6	6	7	7	7	7	7	8	8
Alternative High School	2	2	2	2	2	2	2	2	2	2
Vocational/Technical	1	1	1	1	1	1	1	1	1	1
Number of Students	44,989	46,192	46,851	47,962	48,588	50,705	51,000	51,620	52,721	53,753
Elections:										
Number of Registered Voters (f)	116,800	133,198	98,641	135,693	94,297	144,786	106,842	158,448	92,920	173,935
Number Voting in Last Election	38,197	64,947	43,619	65,445	41,592	82,477	40,010	58,039	43,124	102,466
% of Registered Voters Voting in Last Election	32.7%	49.0%	44.0%	48.0%	47.0%	57.0%	37.0%	36.6%	46.4%	58.9%

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 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)





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