



City of Aurora, Colorado

2006

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2006

SOUTHLANDS

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Presented to

City of Aurora
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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President

Executive Director



Comprehensive Annual Financial Report

City of Aurora, Colorado
For the Year Ended December 31, 2006

Prepared by the Controller's Office
Finance Department



Prepared by the Controller's Office
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June 1, 2007

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, 2006.

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 activities 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 Accountant'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, 2006, are free of material misstatement. The independent accountant, BKD, LLP, 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, 2006 are fairly presented in conformity with generally accepted accounting principles (U.S. GAAP). The Independent Accountants' Report 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 is required to complete the 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.

Management's Discussion and Analysis

U.S. GAAP requires 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 accountant.

GOVERNMENTAL STRUCTURE

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 2006 of 306,908. This is approximately 13 percent of the metro area population. The City provides general government services including police, fire and emergency medical services, public works, water and sewer, parks and recreation facilities, libraries and golf courses.

The City utilizes the Council-Manager form of government, which was adopted by the City in 1954. In 1961, the City became a Home Rule City by adopting its own Charter pursuant to Article XX of the Constitution of the State. In 1993, the City Charter was amended to provide for a full-time Mayor, beginning January 1, 1996. The eleven members of the City Council (including the Mayor, who is elected specifically for that position) are chosen biennially for staggered four-year terms in non-partisan elections. Council members elected prior to November 1, 2005 are limited to two consecutive terms of office. Council members elected after November 1, 2005 are limited to three consecutive terms of office. The City Manager is responsible for the administration of City operations and for carrying out policy as set by the City Council. The City Manager serves at the pleasure of the Council. Also serving at the pleasure of the Council are 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.

ECONOMIC CONDITION

Strong Financial Condition

The City is strong financially and is recognized as such by 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. Additionally, its citizens have approved two ballot questions that have changed the City's Charter to exempt City fees and its main revenue source, sales and use tax, from State constitutional "Taxpayer Bill of Rights" (TABOR) revenue limits. As a result of these voter-approved Charter changes, the City believes it has significantly improved its long-term financial flexibility and its ability to take advantage of growth to strengthen its revenue base.

The Aurora economy strengthened in 2006. General Fund revenues on a budgetary basis, net of transfers, increased by \$12.5 million or 5.8% percent in 2006 compared to 2005. This increase was greater than the budgeted 2006 increase and therefore resulted in a greater increase of General Fund funds available than originally predicted for 2006.

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 64.9 percent of total General Fund budgetary revenues, net of transfers, in 2006. This revenue source has grown substantially over the last decade. However, in 2006, while sales tax revenue was up \$8.6 million, use tax revenue was down \$2.1 million. Sales tax revenues increased 7.8 percent in 2006, as compared to 2005, and

are expected to grow 4.0% to 4.5% in 2007. However, use tax revenues in 2007 are likely to decline as construction activity slows.

Property tax represents an important secondary revenue source (10 percent of total General Fund budgetary revenues in 2006) that is less impacted by changing economic conditions than sales and use tax. Aurora's property valuations were reassessed in 2005, translating into modest property tax growth in 2006 and continued growth in 2007.

Growth and Development

Economists predict relatively measured economic growth for the metro area for the near future. Accordingly, the City is projecting a consistent 1.8% population growth annually over the next several years. During 2006, permit issuance slowed over 2005 but remained strong. In 2006, the city issued permits for 1,993 residential units and 79 commercial units. Although construction growth is anticipated to be slow in 2007, the long-term projection remains constant.

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. Before any annexation or development is considered, landowners must agree to build the infrastructure required for the development. These up-front commitments routinely include the construction of water and sewer lines, roads, bridges, and drainage improvements. In almost all 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.

Office and Industrial 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 located in fifteen office and industrial parks. Four of these parks are located at or near the intersection of I-70 and E-470. The developers of these large master planned parks, all leading national real estate investment trusts, view this area as the logical location for the next expansion of the region's industrial and distribution facilities. Planning is also underway on several master-planned developments near Denver International Airport (DIA) that will bring a wide array of office and flex development to the corridor. One of these high-end mixed use projects, High Point at DIA, will include a major conference center/resort hotel.

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

- BonaKemi, an international hardwood floor manufacturer with global headquarters in Malmö, Sweden, chose Aurora for its US headquarter offices. BonaKemi moved into its new 38,000 square foot location in December 2006 and employs 80 people.
- Furniture Row Companies broke ground on a new 625,000 square foot distribution facility, bringing 80 new jobs to Aurora.
- Loomis and Fargo Companies leased 60,000 square feet of space, and brought 150 new jobs to NE Aurora.
- Lend Lease Communities purchased more than 500 acres of land at the I-70 and E-470 junction and plans to develop a high density, "green", mixed-use development. This

development will include significant retail space and contemplates 3 million square feet of office space.

Retail Development

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

- In the Aurora Reservoir area, located in the southeast of the City, the Southlands project, a new super regional mixed-use center completed the final phase of construction of its retail and office core in October 2006. This center contains approximately 1.76 million square feet of retail space, 275,000 square feet of office space, and over 1,100 housing units.
- New retail development is underway in North Aurora at the Gateway Park development near DIA. Home Depot joined Wal-Mart at the development in October of 2006. These retailers will soon be joined by Dick's Sporting Goods, Bed, Bath & Beyond and a host of box retailers. This development is already drawing customers into Aurora for their shopping needs.

Water and the Water System

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

A key element of Aurora's plan for a future supply of water is the Prairie Waters Project. This project is the most cost-effective, environmentally friendly and immediate way to meet the City's water needs. The \$750 million project will recycle water extracted from the South Platte River north of the metro area, treat it and pipe it to customers in Aurora. It will deliver as much as 3.3 billion gallons of water to the City, 20 percent more than is available today. The Prairie Waters Project and other capital improvement projects are being financed through: increased water rates and tap fees; use of available Aurora Water Department net assets; and issuance in 2007 of an estimated \$410 million in bonds, to be repaid from water system revenues.

MAJOR INITIATIVES

Major Infrastructure and Transportation Projects Provide Significant Opportunities

Denver International Airport ("DIA") - Opened by the City and County of Denver in 1995, DIA is now the fifth busiest airport in the United States and the 10th busiest in the world. In 2006, the airport saw airline traffic growth of 9.1% over 2005 and employs over 30,000 people. Lying along the City's northern border, DIA generates substantial development activity in the immediate area. DIA is currently seeking proposals from qualified participants to own, manage, finance and/or build a 500-room, four-star, four-diamond hotel to be connected to Jeppesen Terminal.

E-470 Highway – The E-470 toll highway 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 E-470 toll highway is having a positive impact on development in the City and is expected to influence the patterns and level of growth in the area for the foreseeable future.

There are over 63,000 housing units newly built, planned or under construction along the E-470 corridor with the majority of new residential development occurring along the southern portions of E-470. 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 people. In addition, new executive housing is being built along the E-470 highway corridor where over 3,000 acres are under development.

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. This \$4 billion Fitzsimons Life Sciences District has become the hub for the biotechnology industry in the Rocky Mountain Region. The district includes the Colorado Science and Technology Park, the Anschutz Medical Campus of the University of Colorado, The Children's Hospital, and the Fitzsimons Commons town center. Together, these developments form a stimulating and interactive scientific entrepreneurial community. The total redevelopment program for Fitzsimons calls for over 18 million square feet of new construction phased over 25-30 years. Employment at Fitzsimons is expected to reach 16,000 by 2008 and 32,000 by build-out, with jobs in teaching, patient care, basic-science research and biotechnology research and development.

The Fitzsimons Redevelopment Authority (FRA) is responsible for overseeing the development and management of the commercial components of Fitzsimons. The Authority’s programs facilitate collaborations between private industry and the University at Fitzsimons. The FRA provides access to facilities, services and support to give start-up and early stage bioscience companies the best possible opportunities to succeed and to help mature companies thrive. Through a long-term partnership with a large real estate developer, Forest City Enterprises, the FRA provides access to targeted and specialized real estate solutions for expansion-stage bioscience companies and pharmaceutical research and development operations.

The Colorado Science and Technology Park at Fitzsimons is planned for a build-out of over 6.5 million square feet and a work force over 10,000. The 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, opened in July 2006 and is 80% occupied.

The relocation of the University of Colorado Health Sciences Center and University of Colorado Hospital from their current location in Denver to the Anschutz Medical Campus at Fitzsimons will be substantially complete in early 2008. Approximately 6,500 employees are currently employed at Fitzsimons in facilities including the renovated former main hospital building and the new 600,000 square foot, \$165 million Anschutz Centers for Advanced Medicine. The Anschutz complex is expected to serve 300,000 patients per year by 2010. Fourteen additional new buildings are currently under construction on the Anschutz Medical Campus.

In late 2001, The Children's Hospital ("TCH") announced it would relocate from its Denver location to Fitzsimons. With construction underway, TCH plans to develop a 1.5 million square foot campus on 47 acres for clinical, research and administrative use including a 270-bed inpatient facility. Total estimated development costs are \$550 million, with completion scheduled for late 2007.

At the center of the Fitzsimons Life Sciences District is the planned Fitzsimons Commons, a 35 acre "village center" where the University campus and the bioscience park converge. Approximately half of the acreage is on University property and is planned to house student and alumni support functions, including the medical library, which is under construction for a 2007 opening. The remaining portion of the property will include The Square at Fitzsimons Commons, a complex with approximately 500 units of mid-rise rental housing, site-serving convenience retail and recreation facilities, and structured parking. Ground breaking for this project is expected in spring of 2007.

In early 2006, the FRA made a formal offer to the United States Veterans Administration ("VA") to sell approximately 24 acres of land for a new VA Hospital on the Fitzsimons Campus. The first phase of this sale, which included approximately 18 acres, was completed in March 2007.

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 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 Community College of Aurora, supports more than 2,500 students with enrollment expected to reach 5,000 students by the end of the decade. The Lowry Campus is now undergoing a redevelopment planning effort—approximately 90 acres have been identified for residential and commercial uses.

The larger redevelopment effort 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 more than 7,000 employees, a retail town center, a community college campus, numerous schools and 800 acres of public parks and recreation areas. The development of through streets and the construction of new housing, office and retail space have significantly affected nearby neighborhoods and commercial activity within the City. Most remaining commercial and residential development should be underway by late 2009. Redevelopment costs totaling approximately \$555 million are being financed in a variety of ways including revenue bonds, tax increment financing bonds, bank loans, real estate sales and leasing along with other sources such as federal, state and local grants.

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. This increased importance has created the need for major infrastructure improvements on base. Buckley spent nearly \$80 million on construction activities in 2006. Additions included a base chapel, control tower, civil engineer complex and a second child development center. In addition, the base is building 351 housing units in a privatized housing project worth almost \$90 million.

Buckley's annual economic impact on the region, which reached over \$1.1 billion in 2006, 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 13,000 full-time military, part-time guard and reservists, civilian and contractual personnel at Buckley. In addition, Buckley supports nearly 22,000 retirees and 55,000 military dependants and veterans. Approximately one-third of all employees (military, civilian, and contractual) on base are assigned to operations affiliated with several space related missions. 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.

A redevelopment planning effort is underway for the 72-acre Buckley Annex, which was on the 2005 base closure list. The Buckley Annex is now home to the Defense Finance and Accounting Service, formerly located at Lowry, and the Air Reserve Personnel Center. Conceptual plans call for a mix of housing, commercial and parks uses.

Urban Renewal Supports Economic Development

The City currently has five urban renewal areas: City Center, Fitzsimons, Fletcher Plaza, Highpointe and CornerStar.

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), authorized and issued revenue bonds in 1996 to finance public improvements within City Center. Those revenue bonds will be paid off in 2007. Under a separate development agreement the City committed \$13 million of sales tax revenues to the

completed 500,000 square foot Aurora City Place retail center located in City Center. The debt related to City Place was paid off in 2005. The City Center urban renewal area is successful with substantial private and public investment made in the surrounding area, including the City's new Aurora Municipal Center and Arapahoe County's new office building. The 25-year lifespan of the tax increment financing for City Center will expire in 2007.

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

In January 2003 the City Council passed resolutions designating a third urban renewal area - the Fletcher Plaza Urban Renewal Area (FPURA), encompassing 51 acres in the northwest corner of the City. A tax increment financing district in this area has not been established, but it may be created in the future. Proceeds from a voter-approved bond issue were used to finance a new library and municipal services center in the FPURA. A 220-unit residential/mixed-use project began its second phase of construction in 2006. The project received \$1.5 million from the City to offset extraordinary land costs.

In October 2006, the City Council passed resolutions designating a fourth urban renewal area, The Highpointe Urban Renewal Area, encompassing approximately 20 acres near E-470 and Tower Road. A tax increment financing district was established for the area committing a portion of incremental City sales, lodgers' and use tax for redevelopment purposes. A conference center/resort hotel is planned for the site.

In January 2007, the City Council created a fifth urban renewal area, The CornerStar Urban Renewal Area, using sales tax increment only to negotiate for a 700,000 square foot regional shopping center. It is anticipated that this center will prevent retail leakage to two surrounding communities and add to the City's retail tax base. Construction is anticipated to begin in 2008.

THE FUTURE

Maintaining Growth and Strong Finances

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 redevelopment of the former Fitzsimons Army Hospital, expansion of the E-470 Highway corridor, 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 expects to gradually increase expenditures on services and infrastructure to support new development.

The City expects to remain strong financially. The City does not expect to draw down its long-term policy reserves and the 2007 budget does not include use 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 adjusted budgetary operating expenditures for unanticipated emergencies.

The 2007 budget continues to focus on programmatic prioritization of services necessitated by the continued growth and development of the City. In response to economic uncertainty, the City hired independent consultants to complete a review of the structure of City revenue and its long-range financial outlook. The study identified a “structural gap” between service needs and the City’s present revenue capacity. In response to these findings, Council authorized work on revenue enhancement recommendations that will generate approximately \$3.2 million in additional revenue starting in 2007. The 2008 budget is expected to continue to incorporate new approaches to bridging the “structural gap” between service needs and the City’s present revenue capacity.

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 and capital activities of the General, Special Revenue, Debt Service, Capital Projects, Enterprise, and Internal Service Funds are included in the annual appropriated budget. The budget legally controls spending at certain levels across City funds, departments and capital projects. The City also uses encumbrances as a technique of accomplishing budgetary control. Encumbered amounts outstanding at year-end are carried forward to the next year. As demonstrated in the Schedules of Sources, Uses and Changes in Funds Available in the Financial Section of this report, the City continues to meet its responsibility for sound operational and financial management.

Pensions – The City provides seven pension plans. The General Employees’ Retirement Plan is a contributory defined benefit plan and the Elected Officials’ and Executive Personnel Defined Benefit Plan is a non-contributory defined benefit plan. The City contributes to the Old Hire Police and Fire Pension Funds for police officers and full-time firefighters hired on or before April 7, 1978. The City also has three money purchase defined contribution pension plans, two for firefighters and police officers hired on or after April 8, 1978 and one for City executive personnel. Details concerning the pension plans are included in the notes of the accompanying financial report and in the required supplementary information following the notes.

Debt Administration Highlights -

- As of December 31, 2006, the City had outstanding revenue bond, certificate of participation, general obligation bond and note debt of \$495,580,227 (excluding unamortized bond premiums and discounts).
- Details concerning the City's debt ratings are included in Exhibit B-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 total net general obligation bonded debt (general obligation bonded debt less unamortized bond premiums and discounts) was \$272.
- The per capita amount of net general purpose debt (governmental funds' net general obligation bonded debt, General Fund revenue bond debt and certificate of participation debt, less unamortized bond premiums and discounts) was \$548.

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 2006, investments included U.S. Government and agency securities, commercial paper rated A1 or better by Standard & Poor's or P1 by Moody's, corporate notes rated A1 by Moody's or A+ or better by Standard & Poor's, Taxable Municipal Debt, bank certificates of deposit and a local government investment pool (COLOTRUST).

As of December 31, 2006, the bank deposits and investments in the City's cash and investment pool were allocated as follows:

	<u>% of Resources</u>
Bank deposits	1.96%
U.S. Government and agency securities	32.14%
Corporate notes	33.66%
Commercial paper	16.05%
Certificates of deposit	6.72%
COLOTRUST	3.95%
Taxable Municipal Debt	<u>5.52%</u>
	<u>100.00%</u>

The average yield on the City's pooled investments during 2006 was 4.1 percent. The City earned interest revenue, before the adjustment to fair value, of \$14.4 million on its pooled investments for the year ended December 31, 2006.

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.

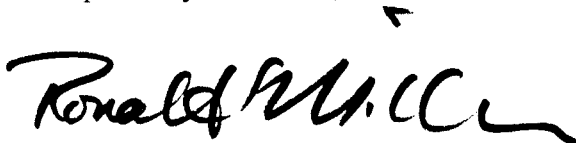
OTHER INFORMATION

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, 2005. 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 twenty 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 City Manager, the Mayor, and City Council for their continued support.

Respectfully submitted,



Ronald S. Miller
City Manager



John Gross
Finance Director



Ron Miller, City Manager



**City Manager and
Council Members
2006**



Mayor Ed Tauer



Brad Pierce
Mayor Pro-Tem, At-Large



Deborah Wallace
Ward I



Renie Peterson
Ward II



Larry Beer
Ward III



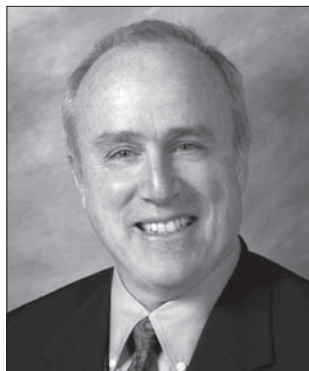
Molly Markert
Ward IV



Sue Sandstrom
Ward V



Bob Broom
Ward VI



Bob FitzGerald
At-Large



Ryan Frazier
At-Large



Steve Hogan
At-Large



Officials 2006 City of Aurora, Colorado

City Council

Ed Tauer, Mayor

Larry Beer	Ryan Frazier	Brad Pierce
Bob Broom	Steve Hogan	Sue Sandstrom
Bob FitzGerald	Molly Markert	Deborah Wallace
	Renie Peterson	

City Manager's Office

Ron Miller, City Manager
Nancy Freed, Deputy City Manager, Operations
John Hilton, Deputy City Manager, Administrative Services
Frank Ragan, Deputy City Manager, Community Services
Janice Napper, Assistant City Manager

Council Appointees

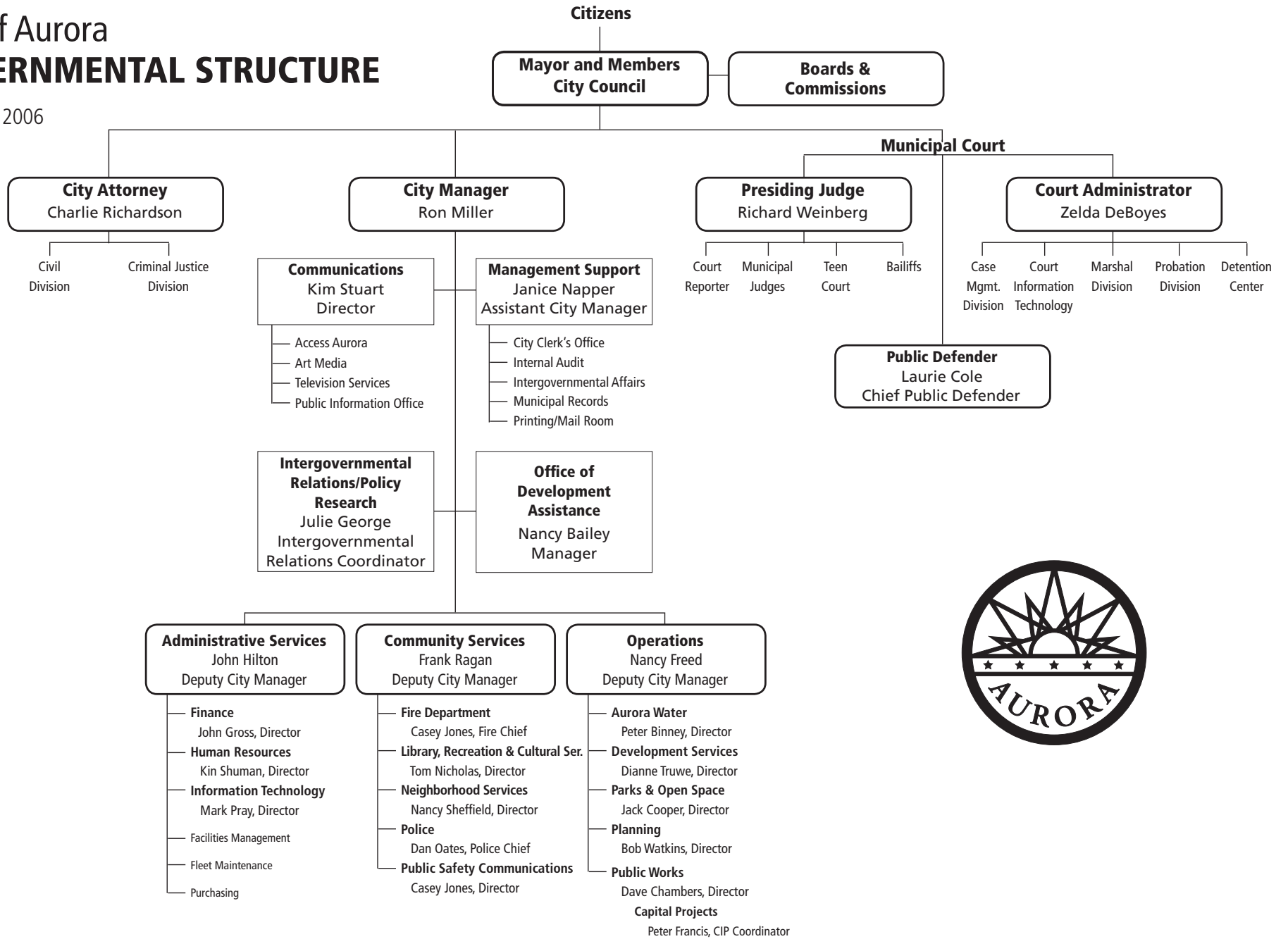
Laurie Cole, Chief Public Defender
Zelda DeBoyes, Court Administrator
Charlie Richardson, City Attorney
Richard Weinberg, Presiding Judge

Department Directors

Peter Binney, Aurora Water	Dan Oates, Police
Dave Chambers, Public Works	Mark Pray, Information Technology
Jack Cooper, Parks & Open Space	Nancy Sheffield, Neighborhood Services
John Gross, Finance	Kin Shuman, Human Resources
Casey Jones, Fire	Kim Stuart, Communications
Casey Jones, Public Safety Communications	Dianne Truwe, Development Services
Tom Nicholas, Library, Recreation & Cultural Services	Bob Watkins, Planning

City of Aurora GOVERNMENTAL STRUCTURE

December 2006





Independent Accountants' Report on Financial Statements and Supplementary Information

Honorable Mayor and City Council
City of Aurora, Colorado
Aurora, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2006, which collectively compose 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 statements represent 63% and 33%, respectively, of the assets and revenues of the aggregate remaining fund information. We also did not audit the financial statements of Fitzsimons Redevelopment Authority (FRA), which statements represent 100% of the assets and revenues of the discretely presented component unit. Those statements have been audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for GERP and FRA, is based solely on the reports of other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Aurora as of December 31, 2006, 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.

The accompanying management's discussion and analysis and budgetary and pension information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have

applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compose the City's basic financial statements. The accompanying combining and individual fund statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying information in the introductory, statistical and other schedules sections, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

BKD, LLP

June 1, 2007



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, 2006. 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-xi of this report, and the City's financial statements, which begin on page 1.

I. Financial Highlights

- State of the Economy
Sales tax revenue, the City's principal revenue, saw growth of 7.3% in 2006. General Fund adjusted budgetary revenues (net of operating transfers) increased by \$12.5 million or 5.8% in 2006 compared to 2005, and were \$8.4 million more than budgeted. The revenue increases are primarily a result of increased sales tax revenue, offset by a decline (6.7%) in use tax revenue. Expenditures were under budget by \$2.6 million primarily as a result of vacancy savings.
- Aurora Water
The City continues to make substantial capital investments to increase the water system's drought-resistance and its capacity to serve customers immediately and in the long term. The Aurora Water Department has initiated a comprehensive plan that includes acquiring water rights and developing facilities to permit the use of recyclable return water flows that can be subsequently reused by the water system. Capital needs also include acquiring more storage capacity and upgrading current equipment and facilities. In order to fund these capital purchases and improvements, the City will continue to utilize long-term debt financing. The City has also implemented a water management plan that includes future rate and tap fee increases.
- Citywide Financial Statements
City assets exceeded liabilities at the end of 2006 by \$3.9 billion (*net assets*). Of this amount, \$286.8 million, or 7.3% was unrestricted. Unrestricted net assets for use in governmental activities and business-type activities were \$85.6 million and \$201.2 million, respectively. Although the governmental activities \$85.6 million unrestricted net assets may be used to meet the City's ongoing obligations to citizens or creditors, City policies and budget plans limit their use. Unrestricted net assets for use in governmental activities have been segregated by City Council for specific purposes including City capital improvement

I. Financial Highlights (continued)

- Citywide Financial Statements (continued)

projects, enhanced development review, designated revenues, the policy reserve, and risk management. The remaining unrestricted net assets consist primarily of designated fund balance in the General Fund. Citywide net assets increased \$305.2 million in 2006 due to contributed capital assets, developer tap and annexation fees, and ongoing operations.

- Governmental Funds Ending Fund Balance

At December 31, 2006, the City's governmental funds reported combined ending fund balances of \$163.2 million, an increase of \$10.4 million from the prior year, resulting from normal sales tax revenue growth in the General Fund and the Arapahoe County Open Space Fund. Of the \$163.2 million, \$46.7 million is reserved for specified purposes, \$59.5 million is designated for future spending and \$57.0 million is undesignated, primarily in funds where the purpose of the fund restricts the availability of the resources. The \$59.5 million includes \$10.1 million designated as an "Operating Reserve" for future one-time uses.

- Capital Assets Under Construction

Capital improvement activity primarily relates to the City's spending down of proceeds of the Series 2005 Water Revenue bonds through acquisition of water rights and construction of water system improvements.

- Debt Issuances

Two debt issuances occurred in 2006: \$81.2 million in certifications of participation were issued to refund the outstanding Series 2000 COPs; and \$57.8 million in sewer revenue bonds were issued to fund improvements to the sanitary sewer and storm drainage enterprise systems.

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.

II. Overview of the Basic Financial Statements (continued)

A. Citywide Financial Statements (continued)

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

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

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

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

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

The *Statement of Net Assets* presents information about the City's assets and liabilities, with the difference between the two being reported as net assets. Net assets are divided into three classifications: invested in capital assets, net of related debt; restricted; and unrestricted. Invested in capital assets, net of related debt refers to the extent to which the City has invested in capital assets net of the debt related to those assets.

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

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

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.

II. Overview of the Basic Financial Statements (continued)

B. Fund Financial Statements (continued)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the citywide financial statements because the resources of these funds are not available to support City programs. The fiduciary fund financial statements can be found on pages 17-18 of this report.

C. Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the citywide and the fund financial statements. The notes to the basic financial statements begin on page 19 of this report.

III. Overview of Other Information

Required Supplementary Information

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

- A schedule of the City's progress in funding its obligation to provide pension benefits to its employees. The schedule of funding progress can be found on page 105.
- A schedule comparing employer contributions to the annual required contribution can be found on page 106.
- 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 108.
- Notes to required supplementary information can be found on page 110.

IV. Financial Analysis

The focus of this financial analysis is on comparisons of the activities of the current year (2006) with those of the prior year (2005) 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."

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

IV. Financial Analysis

Citywide
Comparative Summary of Net Assets
(in thousands)

	Primary Government											
	Governmental Activities				Business-type Activities				Citywide Totals			
	December 31 2006	December 31 2005	Increase (Decrease)	% Change	December 31 2006	December 31 2005	Increase (Decrease)	% Change	December 31 2006	December 31 2005	Increase Decrease	% Change
Assets												
Current and other	\$ 241,716	\$ 228,535	\$ 13,181	5.8	\$ 341,386	\$ 304,268	\$ 37,118	12.2	\$ 583,102	\$ 532,803	\$ 50,299	9.4
Capital assets, net	2,864,158	2,723,278	140,880	5.2	1,102,617	952,973	149,644	15.7	3,966,775	3,676,251	290,524	7.9
Total Assets	<u>3,105,874</u>	<u>2,951,813</u>	<u>154,061</u>	5.2	<u>1,444,003</u>	<u>1,257,241</u>	<u>186,762</u>	14.9	<u>4,549,877</u>	<u>4,209,054</u>	<u>340,823</u>	8.1
Liabilities												
Current and other	56,744	55,203	1,541	2.8	15,689	16,228	(539)	(3.3)	72,433	71,431	1,002	1.4
Non-current	196,516	206,739	(10,223)	(4.9)	334,576	289,701	44,875	15.5	531,092	496,440	34,652	7.0
Total Liabilities	<u>253,260</u>	<u>261,942</u>	<u>(8,682)</u>	(3.3)	<u>350,265</u>	<u>305,929</u>	<u>44,336</u>	14.5	<u>603,525</u>	<u>567,871</u>	<u>35,654</u>	6.3
Net Assets												
Invested in capital assets, net of related debt	2,711,546	2,564,482	147,064	5.7	876,262	764,659	111,603	14.6	3,587,808	3,329,141	258,667	7.8
Restricted	55,520	53,348	2,172	4.1	16,263	4,484	11,779	262.7	71,783	57,832	13,951	24.1
Unrestricted	85,548	72,041	13,507	18.7	201,213	182,169	19,044	10.5	286,761	254,210	32,551	12.8
Total net assets	<u>\$ 2,852,614</u>	<u>\$ 2,689,871</u>	<u>\$ 162,743</u>	6.1	<u>\$ 1,093,738</u>	<u>\$ 951,312</u>	<u>\$ 142,426</u>	15.0	<u>\$ 3,946,352</u>	<u>\$ 3,641,183</u>	<u>\$ 305,169</u>	8.4

Chart 1

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006

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 2006 were \$4.5 billion. The largest portion of these assets, \$3.9 billion (87%) 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 \$0.6 billion were current and other assets consisting primarily of cash, investments and receivables.

City capital assets increased \$290.5 million in 2006. 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 2006	December 31 2005	Increase (Decrease)	December 31 2006	December 31 2005	Increase (Decrease)	December 31 2006	December 31 2005	Increase (Decrease)
Land and water rights	\$ 226,192	\$ 212,790	\$ 13,402	\$ 273,945	\$ 232,543	\$ 41,402	\$ 500,137	\$ 445,333	\$ 54,804
Buildings and improvements	162,905	168,192	(5,287)	97,064	96,270	794	259,969	264,462	(4,493)
Infrastructure	2,437,384	2,309,802	127,582	638,779	568,261	70,518	3,076,163	2,878,063	198,100
Machinery and equipment	30,663	18,515	12,148	15,884	16,148	(264)	46,547	34,663	11,884
Construction in progress	7,014	13,979	(6,965)	76,945	39,751	37,194	83,959	53,730	30,229
Totals	\$ 2,864,158	\$ 2,723,278	\$ 140,880	\$ 1,102,617	\$ 952,973	\$ 149,644	\$ 3,966,775	\$ 3,676,251	\$ 290,524

Chart 2

Governmental Activities Capital Assets

The \$140.9 million increase in governmental activities capital assets is explained as follows:

- Infrastructure increased \$127.6 million. Developers donated streets to the City valued at \$118.3 million; \$20.1 million in street, traffic signal, and parks improvements were added; and infrastructure decreased \$10.8 million through current year depreciation expense.
- Land increased \$13.4 million. The developer-donated streets included land valued at \$10.4 million; and parks and open space land acquisition costs of \$3.0 million were made from various funds.

IV. Financial Analysis (continued)

A. Assets (continued)

Governmental Activities Capital Assets (continued)

- Machinery and equipment increased \$12.1 million. Communications equipment purchased with the 2002 series COPs was capitalized to machinery and equipment from construction in progress; and the General Fund entered into various new capital leases for fire trucks, dump trucks, street sweepers and police crime lab equipment.
- The decrease of \$7.0 million in construction in progress relates primarily to the \$31.4 million transfer of completed public safety communications system, street improvement and park improvement projects from construction in progress to machinery and equipment and infrastructure. Projects totaling \$24.4 million were added to construction in progress.
- Buildings and improvements decreased \$5.3 million as a result of current year depreciation expense.

Business-type Activities Capital Assets

Business-type activities capital assets increased \$149.6 million as a result of the following events:

- The Water Fund purchased land and water rights valued at \$41.1 million for the Prairie Waters Project and for future expansion of the water system.
- The increase in infrastructure of \$70.5 million is attributable to water lines, valued at \$26.4 million, and sewer lines, valued at \$30.6 million, constructed by developers and contributed to the City. Additionally, various water line replacement, water purification and delivery system projects, valued at \$16.6 million, and various sewer line and drainage improvement projects, valued at \$6.8 million, were transferred from construction in progress to infrastructure in 2006. Depreciation expense of \$9.9 million was recorded.
- Construction in progress increased \$37.2 million from additions relating primarily to the Prairie Waters Project.

B. Liabilities

Citywide total liabilities at the end of 2006 were \$603.5 million. The largest portion of these liabilities, \$531.1 million (88.0%) were non-current, including: accrued compensated absences, accrued risk claims and long-term debt. The remaining \$72.4 million were current and other liabilities, primarily amounts due to vendors and unearned revenues. A summary of changes in the City's non-current liabilities including outstanding bonds and certificates of participation is provided in Chart 3. Additional information on the City's debt can be found in the notes to the basic financial statements, footnote 9.

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006

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 2006	December 31 2005	Increase (Decrease)	December 31 2006	December 31 2005	Increase (Decrease)	December 31 2006	December 31 2005	Increase Decrease
General obligation bonds	\$ 40,840	\$ 44,945	\$ (4,105)	\$ 43,910	\$ 51,635	\$ (7,725)	\$ 84,750	\$ 96,580	\$ (11,830)
Revenue bonds	12,290	13,775	(1,485)	275,355	223,000	52,355	287,645	236,775	50,870
Certificates of participation	115,780	116,165	(385)	-	-	-	115,780	116,165	(385)
Unamortized premiums & discounts	(5,293)	(167)	(5,126)	5,618	4,586	1,032	325	4,419	(4,094)
Compensated absences	20,725	20,411	314	2,892	2,601	291	23,617	23,012	605
Risk claims	7,156	8,856	(1,700)	-	-	-	7,156	8,856	(1,700)
Other	5,018	2,754	2,264	6,801	7,879	(1,078)	11,819	10,633	1,186
Totals	\$ 196,516	\$ 206,739	\$ (10,223)	\$ 334,576	\$ 289,701	\$ 44,875	\$ 531,092	\$ 496,440	\$ 34,652

Chart 3

At the end of 2006, the City had total bonded debt of \$372.4 million and approximately \$115.8 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 \$38.7 million during 2006. This increase reflects the issuance of \$57.8 million of sewer revenue bonds. Additionally, \$81.2 million in COPs were issued by ACLC to refund the outstanding balance of \$74.8 million on the Series 2000 COPs. Scheduled debt principal payments decreased outstanding debt by \$25.5 million.

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

The City Charter imposes a limit upon general obligation debt (other than debt issued for water purposes) of 3% of the assessed value of property subject to City general property tax. The City's legal debt margin as of December 31, 2006 was approximately \$80.9 million. In 1992, Colorado voters approved an amendment to the state constitution (TABOR), which requires multiple-fiscal year debt and certain other financial obligations to be authorized by voters, regardless of whether or not the City is at its legal debt margin. Voter approval of additional debt typically includes a provision exempting the new debt from the debt margin. Consequently, the computation of the City's legal debt margin has little real significance.

IV. Financial Analysis (continued)

C. Net Assets

At the end of 2006, total net assets (assets minus liabilities) were \$3.9 billion. The largest portion of net assets (\$3.6 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 2006 were \$71.8 million. This amount represents net resources that were subject to external requirements dictating how funds may be used. Restrictions result from debt covenants, legislation, agreements, or requirements of the specific revenue source. The remaining net assets of \$286.8 million were unrestricted. While there were no outside restrictions on these funds, City policies and budget plans limit the use of these amounts. Unrestricted net assets include the following major items:

- \$151.7 million in the Water Fund and \$53.7 million in the Sewer Fund, intended for use by the Utility Enterprise;
- \$10.1 million in the General Fund is designated for an Operating Reserve (see page MD&A-17 for more explanation);
- \$3.2 million in the General Fund to be used to fund one-time fleet replacement purchases and to repay the TABOR reserve;
- \$30.9 million in the Capital Projects Fund to be used for capital purposes;
- \$5.3 million in the Development Review Fund to support activities of the enhanced development review program,
- \$6.3 million in the Designated Revenues Fund primarily to support development activity,
- \$19.2 million in the Policy Reserve Fund to maintain reserves at 10% of General Fund adjusted budgetary expenditures and,
- \$5.3 million in the Risk Management Fund to be used for future claims.

As indicated in Chart 1, net assets increased \$305.1 million in 2006, of which \$162.7 million (53.3%) was attributable to governmental activities and \$142.4 million (46.7%) 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 \$128.7 million (79.1% of the governmental activities increase).

Water and sewer lines, constructed by developers and deeded to the City, accounted for \$57.0 million (40.0%) of the increase in net assets attributable to business-type activities. An additional \$55.8 million (39.2%) increase resulted from water and sewer tap and annexation fees which are used for the construction and improvement of capital assets.

IV. Financial Analysis (continued)

D. Revenues and Expenses

Chart 4 on the following pages shows a comparison of the citywide activities for 2006 compared to 2005.

Governmental activities

Total revenues for governmental activities increased \$54.0 million (14.3%) due to the following:

- A decrease in charges for services revenues of \$7.0 million attributable to the following: a decline in application fees as development activity slows; an expected decline in exaction fees from developers related to a completed bridge project; and an expected decline in special assessment revenues as no new special improvement districts were added in 2006 as compared to two new districts added in 2005.
- A decrease in operating grants and contributions of \$2.4 million as less money was received in 2006 as compared to 2005 for noise court settlements.
- An increased capital grants and contributions of \$49.7 million from developer contributed streets and the associated land.
- Sales and use tax increase is attributable to the increase in sales taxes due to higher sales volumes throughout the City.
- The increase in investment income is a result of a favorable fair value adjustment and higher cash balances.

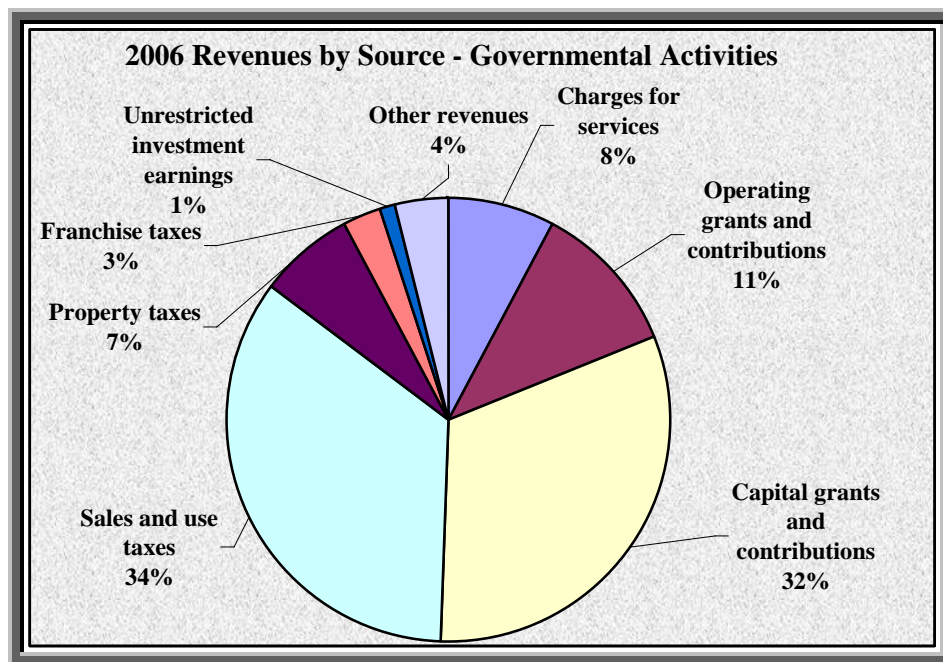


Chart 5

CITY OF AURORA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

IV. Financial Analysis (continued)

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

	Primary Government											
	Governmental Activities				Business-type Activities				Totals			
	2006	2005	Increase (Decrease)	% Change	2006	2005	Increase (Decrease)	% Change	2006	2005	Increase (Decrease)	% Change
REVENUES												
Program Revenues												
Charges for services	\$ 33,985	\$ 41,030	\$ (7,045)	(17.2)	\$ 117,139	\$ 102,400	\$ 14,739	14.4	\$ 151,124	\$ 143,430	\$ 7,694	5.4
Operating grants and contributions	47,522	49,966	(2,444)	(4.9)	12,866	2,957	9,909	335.1	60,388	52,923	7,465	14.1
Capital grants and contributions	136,709	86,963	49,746	57.2	113,382	96,735	16,647	17.2	250,091	183,698	66,393	36.1
General Revenues												
Taxes												
Sales and use	149,931	143,592	6,339	4.4	-	-	-	-	149,931	143,592	6,339	4.4
Property	29,743	28,645	1,098	3.8	-	-	-	-	29,743	28,645	1,098	3.8
Franchise	11,567	11,225	342	3.0	-	-	-	-	11,567	11,225	342	3.0
Lodgers	4,009	3,344	665	19.9	-	-	-	-	4,009	3,344	665	19.9
Occupational privilege	4,059	3,950	109	2.8	-	-	-	-	4,059	3,950	109	2.8
Other	7,292	5,367	1,925	35.9	-	-	-	-	7,292	5,367	1,925	35.9
Grants and contributions not restricted to specific programs	856	794	62	7.8	-	-	-	-	856	794	62	7.8
Unrestricted investment earnings	5,951	2,793	3,158	113.1	2,157	2,294	(137)	(6.0)	8,108	5,087	3,021	59.4
Total revenues	431,624	377,669	53,955	14.3	245,544	204,386	41,158	20.1	677,168	582,055	95,113	16.3
EXPENSES												
General government	32,428	53,728	(21,300)	(39.6)	-	-	-	-	32,428	53,728	(21,300)	(39.6)
Judicial	7,182	6,955	227	3.3	-	-	-	-	7,182	6,955	227	3.3
Police	71,983	67,695	4,288	6.3	-	-	-	-	71,983	67,695	4,288	6.3
Fire	30,916	29,227	1,689	5.8	-	-	-	-	30,916	29,227	1,689	5.8
Other public safety	10,814	10,351	463	4.5	-	-	-	-	10,814	10,351	463	4.5
Public works	42,713	39,425	3,288	8.3	-	-	-	-	42,713	39,425	3,288	8.3
Economic development	16,873	15,215	1,658	10.9	-	-	-	-	16,873	15,215	1,658	10.9
Community services	9,965	9,632	333	3.5	-	-	-	-	9,965	9,632	333	3.5

(continued)

	Primary Government											
	Governmental Activities				Business-type Activities				Totals			
	<u>2006</u>	<u>2005</u>	Increase (Decrease)	% Change	<u>2006</u>	<u>2005</u>	Increase (Decrease)	% Change	<u>2006</u>	<u>2005</u>	Increase (Decrease)	% Change
EXPENSES (continued)												
Culture and recreation	\$ 35,751	\$ 35,608	\$ 143	0.4	\$ -	\$ -	\$ -	-	\$ 35,751	\$ 35,608	\$ 143	0.4
Unallocated depreciation	3,306	2,945	361	12.3	-	-	-	-	3,306	2,945	361	12.3
Interest on debt	6,950	8,611	(1,661)	(19.3)	-	-	-	-	6,950	8,611	(1,661)	(19.3)
Water	-	-	-	-	60,675	58,689	1,986	3.4	60,675	58,689	1,986	3.4
Sewer	-	-	-	-	33,453	30,141	3,312	11.0	33,453	30,141	3,312	11.0
Golf	-	-	-	-	8,990	8,696	294	3.4	8,990	8,696	294	3.4
Total expenses	<u>268,881</u>	<u>279,392</u>	<u>(10,511)</u>	5.4	<u>103,118</u>	<u>97,526</u>	<u>5,592</u>	5.7	<u>371,999</u>	<u>376,918</u>	<u>(4,919)</u>	(1.3)
Excess of revenues over expenses before transfers	162,743	98,277	64,466	65.6	142,426	106,860	35,566	33.3	305,169	205,137	100,032	48.8
Transfers in (out)	<u>-</u>	<u>(200)</u>	<u>200</u>	(100.0)	<u>-</u>	<u>200</u>	<u>(200)</u>	(100.0)	<u>-</u>	<u>-</u>	<u>-</u>	-
Net change in net assets	162,743	98,077	64,666	65.9	142,426	107,060	35,366	33.0	305,169	205,137	100,032	48.8
Net assets January 1	<u>2,689,871</u>	<u>2,591,794</u>	<u>98,077</u>	3.8	<u>951,312</u>	<u>844,252</u>	<u>107,060</u>	12.7	<u>3,641,183</u>	<u>3,436,046</u>	<u>205,137</u>	6.0
Net assets December 31	<u>\$ 2,852,614</u>	<u>\$ 2,689,871</u>	<u>\$ 162,743</u>	6.1	<u>\$ 1,093,738</u>	<u>\$ 951,312</u>	<u>\$ 142,426</u>	15.0	<u>\$ 3,946,352</u>	<u>\$ 3,641,183</u>	<u>\$ 305,169</u>	8.4

(concluded)

Chart 4

IV. Financial Analysis (continued)

D. Revenues and Expenses (continued)

Governmental activities (continued)

Total governmental expenses decreased \$10.5 million (5.4%) as described in the following analysis by function:

- General government expenses decreased \$21.3 million resulting primarily from payments made to developers in 2005 for the early payoff of a tax incentive agreement and a payment of exaction fee revenue. No similar payments took place in 2006.
- Police expenditures increased \$4.3 million resulting from hiring 24 new police officers. Additionally, vehicle fleet maintenance and fuel costs continue to increase.
- The majority of the increase in public works expenditures is related to increased snow removal costs as a result of two major snow storms that occurred in December 2006.

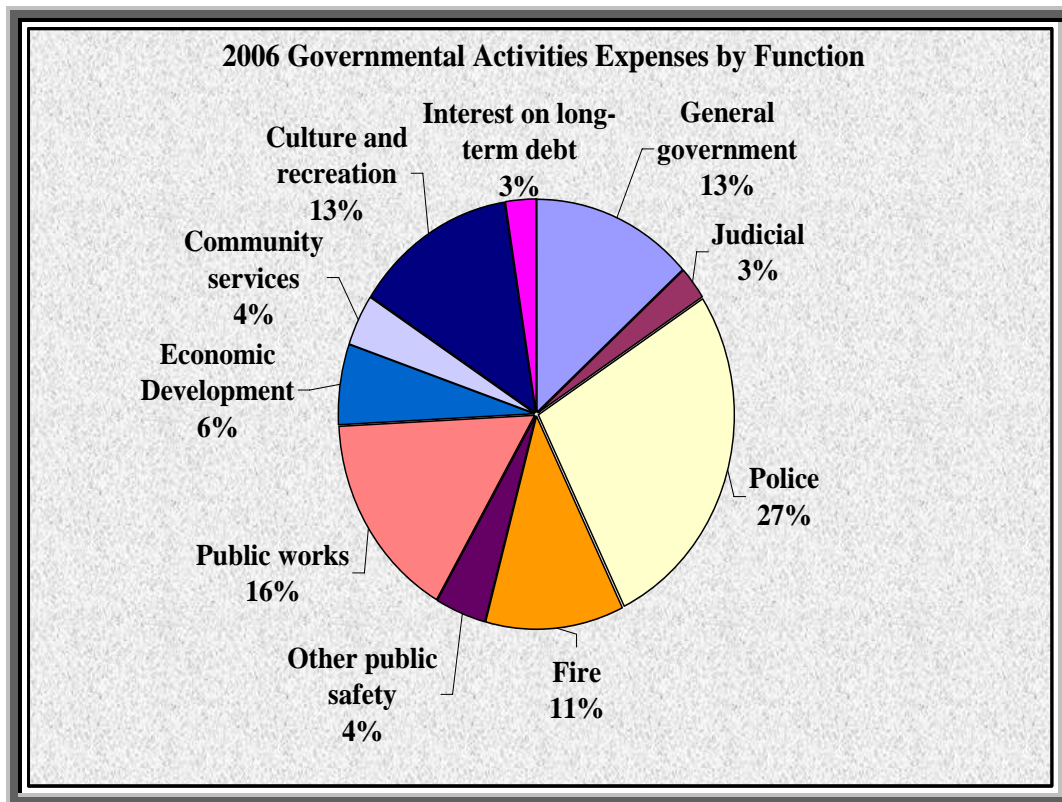


Chart 6
MD&A-14

IV. Financial Analysis (continued)

D. Revenues and Expenses (continued)

Governmental activities (continued)

Chart 7 below shows the extent to which governmental activities are financed through program revenues. Public works program revenues on the citywide statement of activities include \$128.7 million of non-cash contributions for new streets and associated land deeded to the City from developers. Public works expenses are mostly related to street maintenance. Governmental Activities are primarily financed through general revenues of the City including taxes and unrestricted investment earnings.

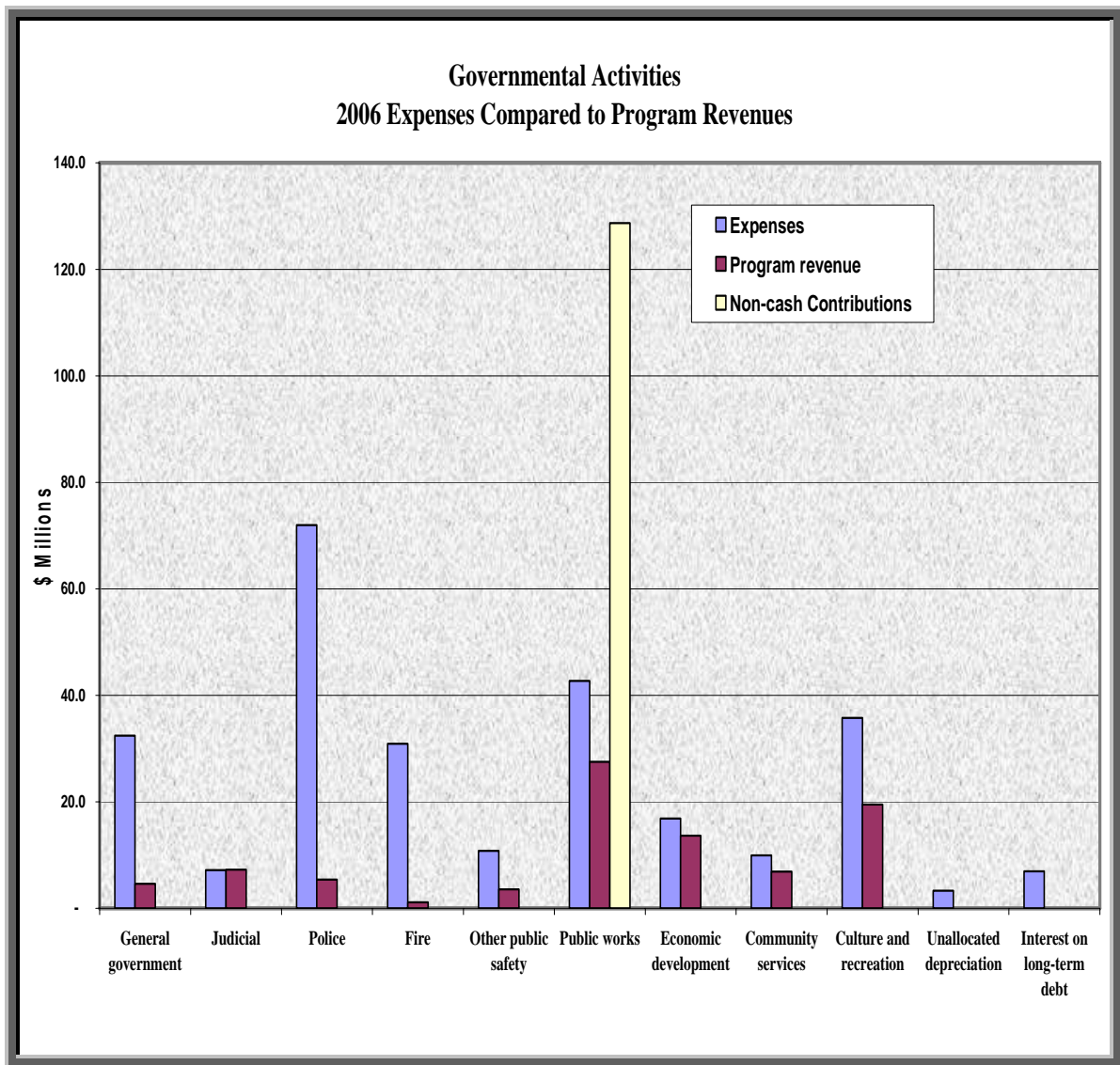


Chart 7

IV. Financial Analysis (continued)

D. Revenues and Expenses (continued)

Business-type activities

Total revenues for business-type activities increased \$41.2 million (20.1%) resulting from:

- Increase in charges for services of \$14.7 million due to water, sewer and storm rate increases of 12%, 12% and 25% respectively, which took effect in 2006.
- Increase in operating grants and contributions of \$9.9 million representing restricted investment income earned on the 2005 water revenue bond proceeds, the 2006 sewer revenue bonds, and on revenues restricted for development purposes.
- Increase in capital grants and contributions of \$16.6 million, which included an increase of \$23.0 million in contributed mains and a decrease in water and sewer tap fees of \$6.6 million related to a slow down in development activity.

Total expenses for business-type activities increased \$5.6 million (5.7%) primarily as a result of an increase in Sewer expenses of \$3.3 million resulting from personnel service expense increases and increased costs for sewer treatment services relating to increased purchased flow capacity.

Chart 8 below compares expenses and program revenues for the business-type activities. While recorded as revenue, capital grants and contributions (the primary component of other grants and contributions) and capital asset contributions are not used to fund operations.

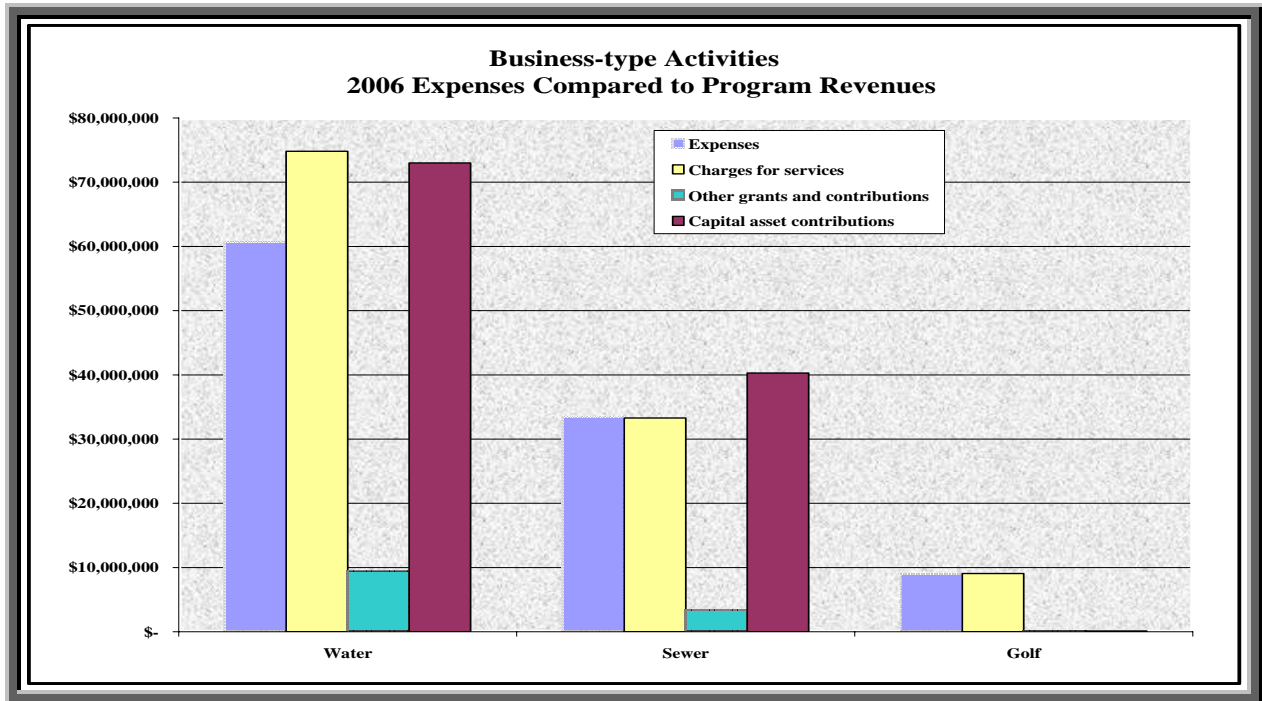


Chart 8

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 2006, total fund balance for the General Fund was \$31.2 million. This amount includes \$1.3 million reserved for purchase orders where the goods or services have not yet been received. The remaining \$29.9 million unreserved fund balance included: \$16.6 million designated for payment of long-term liabilities; \$3.2 million designated for the one-time purchase of fleet vehicles and repayment of the TABOR reserve; and a \$10.1 million Operating Reserve. Total General Fund fund balance increased \$3.6 million from 2005 reflecting the 2006 increase in tax revenue, offset by an increase in police and public works expenditures.

The City designates all of its unreserved and not otherwise designated General Fund fund balance as an "Operating Reserve". This Operating Reserve has a minimum target policy of 1% to 3% of annual budgetary revenues and is intended to be spendable in limited circumstances. The Operating Reserve may be spent for one-time uses that can include: unexpected revenue shortfalls; unexpected expenses; emergencies; and balancing the budget when deemed appropriate and necessary by City Council. City policy provides for restoring the Operating Reserve to minimum levels as quickly as feasible. The General Fund fund balance designated as an operating reserve was \$10.1 million at December 31, 2006 and \$9.3 million at December 31, 2005 (includes the operating designation of \$8.5 million and the undesignated amount of \$.8 million). The Operating Reserve is 4.3% of 2006 annual budgetary revenues or \$7.7 million above the 1% minimum target specified by Council. From a U.S. GAAP view-point, the Operating Reserve represents 4.3% of total General Fund expenditures (including other financing uses) in 2006, compared to 4.2% in 2005. This translates to 4.2% and 4.1% of General Fund revenues (including other financing sources) for 2006 and 2005, respectively. Total fund balance was 13.3% of total General Fund expenditures (13.1% of revenues) in 2006, compared to 12.4% (12.3% of revenues) in 2005.

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 2006, the Policy Reserve Fund funds available meets the minimum 10% policy. 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 13.4% of the General Fund's 2006 adjusted budgetary operating expenditures.

IV. Financial Analysis (continued)

E. Individual Funds (continued)

TABOR Reserve Fund

The TABOR Reserve Fund accounts for the emergency reserve required by TABOR, a State constitutional amendment. Reserve funds were used in 2006 to meet a snow emergency resulting in an ending reserve balance at December 31, 2006 below the required 3% of adjusted fiscal year spending. As TABOR allows use of the reserve for emergencies and the City intends to restore the reserve in 2007, City management believes it is in compliance with the provisions of TABOR at December 31, 2006.

F. General Fund Budgetary Highlights

The final 2006 General Fund amended expenditure budget was \$13.0 million (5.9%) higher than the original 2006 expenditure budget. Factors affecting this increase include an increase in the required transfer of General Fund use tax revenue to the City Capital Projects Fund after those revenues were higher than projected. Revenues for 2006 exceeded budget by \$8.4 million due to the following: strong sales and other taxes revenues; intergovernmental revenues related to the snow storm cost reimbursement from the federal government; and licenses and permit revenues. General Fund expenditures were \$2.6 million under budget resulting primarily from vacancy savings. As a result, December 31 ending funds available were better than budgeted.

G. Economic Factors and Rate Increases used in Development of the 2007 Budget

- Metro area personal income growth is currently 6.7% compared to national growth of 4.7%, and is expected to remain higher than the nation throughout 2011.
- Aurora employment growth of 2.3% is projected in 2007 and is expected to stay steady through 2011. National growth is projected at 1.1% in 2007.
- Metro area inflation rates are expected to stabilize beginning in 2007, although energy price increases are expected to affect consumer spending.
- The housing construction slow down is expected to continue through 2007.
- Water, sewer, and storm drain user and development rates will increase 12%, 10% and 25%, respectively in 2007 to fund operating, debt service and system expansion needs.

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**

CITY OF AURORA, COLORADO

CITYWIDE
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Fitzsimons Redevelopment Authority
ASSETS				
Cash and cash equivalents	\$ 5,392,313	\$ 2,439,007	\$ 7,831,320	\$ 3,794,724
Investments	91,516,721	195,495,832	287,012,553	—
Receivables (net of allowance)	53,028,452	11,269,500	64,297,952	226,648
Internal balances	623,233	(623,233)	—	—
Inventories	510,310	268,431	778,741	—
Deferred charges	1,350,180	1,787,809	3,137,989	275,196
Restricted assets	88,062,356	128,019,025	216,081,381	122,825
Notes receivable	1,232,578	191,504	1,424,082	1,522,145
Equity in joint venture	—	2,537,832	2,537,832	—
<i>Capital assets (net of accumulated depreciation)</i>				
Land and water rights	226,192,025	273,944,911	500,136,936	4,246,208
Buildings and improvements	162,905,306	97,063,965	259,969,271	10,865,500
Infrastructure	2,437,383,626	638,779,213	3,076,162,839	—
Machinery and equipment	30,662,883	15,884,563	46,547,446	21,818
Construction in progress	7,014,624	76,944,633	83,959,257	29,925
Total assets	3,105,874,607	1,444,002,992	4,549,877,599	21,104,989
LIABILITIES				
Accounts payable and other current liabilities	11,166,596	10,984,697	22,151,293	520,440
Unearned revenues	23,938,986	389,248	24,328,234	22,980
Payable from restricted assets	21,638,143	4,315,143	25,953,286	—
<i>Noncurrent liabilities</i>				
Due within one year	19,519,607	10,860,886	30,380,493	180,977
Due within one year payable from restricted assets	710,000	2,112,639	2,822,639	—
Due beyond one year	166,093,022	216,273,676	382,366,698	4,057,845
Due beyond one year payable from restricted assets	10,193,842	105,328,423	115,522,265	—
Total liabilities	253,260,196	350,264,712	603,524,908	4,782,242
NET ASSETS				
Invested in capital assets, net of related debt	2,711,545,994	876,261,788	3,587,807,782	12,040,972
<i>Restricted</i>				
Construction	15,432,018	13,762,820	29,194,838	122,825
Police	649,829	—	649,829	—
E-911 equipment and services	5,289,905	—	5,289,905	—
Parks and recreation	13,537,324	—	13,537,324	—
Emergencies	6,189,980	—	6,189,980	—
Gifts and grants	4,706,423	—	4,706,423	—
Debt related	—	2,500,000	2,500,000	—
Agreements	9,587,071	—	9,587,071	—
Urban renewal	127,822	—	127,822	—
Unrestricted	85,548,045	201,213,672	286,761,717	4,158,950
Total net assets	\$ 2,852,614,411	\$ 1,093,738,280	\$ 3,946,352,691	\$ 16,322,747

CITY OF AURORA, COLORADO
CITYWIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Fitzsimons Redevelopment Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government								
<i>Governmental activities</i>								
General government	\$ 32,428,417	\$ 1,794,049	\$ 2,704,715	\$ 108,797	\$ (27,820,856)	\$ —	\$ (27,820,856)	
Judicial	7,182,054	7,254,834	8,897	—	81,677	—	81,677	
Police	71,983,533	2,310,862	3,001,320	68,850	(66,602,501)	—	(66,602,501)	
Fire	30,915,945	612,917	509,188	—	(29,793,840)	—	(29,793,840)	
Other public safety	10,813,970	169,371	3,323,716	83,574	(7,237,309)	—	(7,237,309)	
Public works	42,713,262	1,626,995	24,899,528	129,704,156	113,517,417	—	113,517,417	
Economic development	16,873,516	12,976,173	677,958	—	(3,219,385)	—	(3,219,385)	
Community services	9,964,733	1,504,620	5,386,372	—	(3,073,741)	—	(3,073,741)	
Culture and recreation	35,750,658	5,734,638	7,010,663	6,743,743	(16,261,614)	—	(16,261,614)	
Unallocated depreciation	3,305,620	—	—	—	(3,305,620)	—	(3,305,620)	
Interest on long-term debt	6,949,427	—	—	—	(6,949,427)	—	(6,949,427)	
Total governmental activities	268,881,135	33,984,459	47,522,357	136,709,120	(50,665,199)	—	(50,665,199)	
<i>Business-type activities</i>								
Water	60,675,340	74,797,433	9,440,882	72,992,912	—	96,555,887	96,555,887	
Sewer	33,453,357	33,286,941	3,369,621	40,280,323	—	43,483,528	43,483,528	
Golf	8,990,266	9,055,305	55,752	108,600	—	229,391	229,391	
Total business-type activities	103,118,963	117,139,679	12,866,255	113,381,835	—	140,268,806	140,268,806	
Total primary government	\$ 372,000,098	\$ 151,124,138	\$ 60,388,612	\$ 250,090,955	\$ (50,665,199)	\$ 140,268,806	\$ 89,603,607	
Component unit								
Fitzsimons Redevelopment Authority	\$ 2,312,288	\$ 1,411,311	\$ 263,381	\$ —				(637,596)

See notes to the basic financial statements.

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Fitzsimons Redevelopment Authority
General Revenues				
<i>Taxes</i>				
Sales and use taxes	\$ 149,931,394	\$ —	\$ 149,931,394	\$ —
Property taxes	29,742,954	—	29,742,954	—
Franchise taxes	11,566,625	—	11,566,625	—
Lodgers taxes	4,008,854	—	4,008,854	—
Occupational privilege taxes	4,058,928	—	4,058,928	—
Other taxes	7,292,324	—	7,292,324	—
Grants and contributions not restricted to specific purpose	855,949	—	855,949	—
Unrestricted investment earnings	5,951,416	2,157,066	8,108,482	219,071
Total general revenues and transfers	213,408,444	2,157,066	215,565,510	219,071
INCREASE (DECREASE) IN NET ASSETS	162,743,245	142,425,872	305,169,117	(418,525)
NET ASSETS - January 1	2,689,871,166	951,312,408	3,641,183,574	16,741,272
NET ASSETS - December 31	\$ 2,852,614,411	\$ 1,093,738,280	\$ 3,946,352,691	\$ 16,322,747



FUND
FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

Major governmental funds include the General Fund and any governmental fund that comprises 10% or more of a total governmental fund classification (assets, liabilities, revenues or expenditures) and at least 5% of the governmental and enterprise fund total for the same classification. Although the City Capital Projects Fund does not currently fit the category of a major governmental fund as defined above, management has decided to treat it as a major governmental fund for current reporting purposes.

General Fund

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

City Capital Projects Fund

The City Capital Projects Fund accounts for financial resources used for the construction and acquisition of major capital projects such as streets, parks, information systems and City facilities. Funding sources include: General Fund transfers and participation revenue from outside sources. In 2005 the Bond Proceeds Fund was created to account for new projects financed from bond proceeds. Ongoing bond projects from previous years will continue to be recorded in the City Capital Projects Fund until completed.

OTHER (NON-MAJOR) GOVERNMENTAL FUNDS

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

CITY OF AURORA, COLORADO

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2006

	General	City Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,068,875	\$ 1,878,005	\$ 6,364,312	\$ 9,311,192
Investments	14,358,709	30,293,777	57,672,727	102,325,213
Receivables (net of allowance)	46,777,480	237,985	6,741,090	53,756,555
Due from other funds	1,583,749	62,339	80,605	1,726,693
Restricted assets	—	3,729,482	40,717,556	44,447,038
Notes receivable	—	1,090,487	11,626,341	12,716,828
Total assets	<u>\$ 63,788,813</u>	<u>\$ 37,292,075</u>	<u>\$ 123,202,631</u>	<u>\$ 224,283,519</u>
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>				
Accounts payable and other current liabilities	\$ 8,086,339	\$ 1,565,854	\$ 1,608,336	\$ 11,260,529
Due to other funds	31,440	—	1,309,420	1,340,860
Deferred revenues	24,462,475	1,090,487	15,761,815	41,314,777
Payable from restricted assets	—	353,199	6,842,745	7,195,944
Total liabilities	<u>32,580,254</u>	<u>3,009,540</u>	<u>25,522,316</u>	<u>61,112,110</u>
<i>Fund balances</i>				
<i>Reserved</i>				
Encumbrances	1,298,394	4,093,107	4,026,935	9,418,436
Construction	—	2,084,700	17,975,020	20,059,720
Police	—	—	649,829	649,829
Gifts and grants	—	1,291,583	—	1,291,583
Debt related	—	—	5,409,074	5,409,074
Arbitrage	—	—	136,900	136,900
Agreements	—	—	9,587,071	9,587,071
Urban renewal	—	—	116,918	116,918
<i>Unreserved</i>				
<i>Designated</i>				
General Fund	29,910,165	—	—	29,910,165
Special revenue funds	—	—	15,121,382	15,121,382
Debt service funds	—	—	470,000	470,000
Capital project funds	—	12,612,029	1,423,251	14,035,280
<i>Undesignated</i>				
Special revenue funds	—	—	41,931,866	41,931,866
Debt service funds	—	—	688,038	688,038
Capital project funds	—	14,201,116	144,031	14,345,147
Total fund balances	<u>31,208,559</u>	<u>34,282,535</u>	<u>97,680,315</u>	<u>163,171,409</u>
Total liabilities and fund balances	<u>\$ 63,788,813</u>	<u>\$ 37,292,075</u>	<u>\$ 123,202,631</u>	<u>\$ 224,283,519</u>

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, 2006

	Total Governmental Funds	Governmental Adjustments (see footnote 2A)	Internal Service Funds	Citywide Governmental Activities
ASSETS				
Cash and cash equivalents	\$ 9,311,192	\$ (4,705,554)	\$ 786,675	\$ 5,392,313
Investments	102,325,213	(23,498,221)	12,689,729	91,516,721
Receivables (net of allowance)	53,756,555	(811,579)	83,476	53,028,452
Due from other funds	1,726,693	(1,726,693)	—	—
Internal balance	—	623,233	—	623,233
Inventories	—	—	510,310	510,310
Deferred charges	—	1,350,180	—	1,350,180
Restricted assets	44,447,038	43,615,318	—	88,062,356
Notes receivable	12,716,828	(11,484,250)	—	1,232,578
<i>Capital assets (net of accumulated depreciation)</i>				
Land	—	226,192,025	—	226,192,025
Buildings and improvements	—	162,905,306	—	162,905,306
Infrastructure	—	2,436,964,995	418,631	2,437,383,626
Machinery and equipment	—	30,520,113	142,770	30,662,883
Construction in progress	—	7,014,624	—	7,014,624
Total assets	<u>224,283,519</u>	<u>2,866,959,497</u>	<u>14,631,591</u>	<u>3,105,874,607</u>
LIABILITIES				
Accounts payable and other current liabilities	11,260,529	(524,419)	430,486	11,166,596
Due to other funds	1,340,860	(1,615,189)	274,329	—
Deferred revenue / unearned revenue	41,314,777	(17,375,791)	—	23,938,986
Payable from restricted assets	7,195,944	14,442,199	—	21,638,143
<i>Noncurrent liabilities</i>				
Due within one year	—	14,654,681	4,864,926	19,519,607
Due within one year payable from restricted	—	710,000	—	710,000
Due beyond one year	—	163,420,014	2,673,008	166,093,022
Due beyond one year payable from restricted assets	—	10,193,842	—	10,193,842
Total liabilities	<u>61,112,110</u>	<u>183,905,337</u>	<u>8,242,749</u>	<u>253,260,196</u>
FUND BALANCES / NET ASSETS				
Invested in capital assets, net of related debt	—	2,711,003,783	542,211	2,711,545,994
<i>Reserved / Restricted</i>				
Encumbrances	9,418,436	(9,418,436)	—	—
Construction	20,059,720	(4,627,702)	—	15,432,018
Police	649,829	—	—	649,829
E-911 equipment and services	—	5,289,905	—	5,289,905
Parks and recreation	—	13,537,324	—	13,537,324
Emergencies	—	6,189,980	—	6,189,980
Gifts and grants	1,291,583	3,414,840	—	4,706,423
Debt related	5,409,074	(5,409,074)	—	—
Arbitrage	136,900	(136,900)	—	—
Agreements	9,587,071	—	—	9,587,071
Urban renewal	116,918	10,904	—	127,822
<i>Unreserved / Unrestricted</i>				
Designated	59,536,827	(59,536,827)	—	—
Undesignated / Unrestricted	56,965,051	22,736,363	5,846,631	85,548,045
Total fund balances / net assets	<u>\$ 163,171,409</u>	<u>\$ 2,683,054,160</u>	<u>\$ 6,388,842</u>	<u>\$ 2,852,614,411</u>

CITY OF AURORA, COLORADO

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<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	\$ 149,032,315	\$ —	\$ 494,607	\$ 149,526,922
Property	23,077,227	—	6,665,727	29,742,954
Franchise	11,566,625	—	—	11,566,625
Lodgers	4,008,854	—	—	4,008,854
Occupational privilege	3,992,913	—	66,015	4,058,928
Other	7,292,324	—	—	7,292,324
Charges for services	5,741,311	138,047	9,529,114	15,408,472
Licenses and permits	4,758,928	—	8,362,946	13,121,874
Fines and forfeitures	6,223,958	—	1,323,373	7,547,331
Special assessments	—	—	292,474	292,474
Intergovernmental	11,601,812	4,227,044	19,680,583	35,509,439
Surcharges	—	—	2,790,662	2,790,662
Miscellaneous	1,112,129	1,132,649	13,229,175	15,473,953
Investment earnings	1,301,526	1,318,070	4,408,397	7,027,993
Total revenues	<u>229,709,922</u>	<u>6,815,810</u>	<u>66,843,073</u>	<u>303,368,805</u>
EXPENDITURES				
<i>Current</i>				
General government	28,983,843	858,756	4,511,334	34,353,933
Judicial	7,083,113	—	91,941	7,175,054
Police	66,807,866	16,811	3,474,321	70,298,998
Fire	29,499,789	—	477,547	29,977,336
Other public safety	8,289,912	148,410	2,068,188	10,506,510
Public works	18,657,180	3,186,140	10,461,105	32,304,425
Economic development	3,576,436	858	13,118,383	16,695,677
Community services	3,931,381	—	5,792,826	9,724,207
Culture and recreation	17,898,708	1,511,096	13,476,592	32,886,396
<i>Debt service</i>				
Principal	526,135	—	12,510,000	13,036,135
Interest	85,640	—	6,789,152	6,874,792
Capital outlay	5,595,819	20,105,270	7,653,777	33,354,866
Total expenditures	<u>190,935,822</u>	<u>25,827,341</u>	<u>80,425,166</u>	<u>297,188,329</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,774,100</u>	<u>(19,011,531)</u>	<u>(13,582,093)</u>	<u>6,180,476</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,553,808	22,637,894	30,552,679	57,744,381
Transfers out	(43,054,994)	(3,638,945)	(11,504,581)	(58,198,520)
Capital leases	2,912,974	—	—	2,912,974
Refunding certificates of participation issued	—	—	81,205,000	81,205,000
Payment to refunded bond escrow agent	—	—	(80,665,691)	(80,665,691)
Market premium on debt	—	—	797,089	797,089
Sale of capital assets	413,500	—	1,368	414,868
Total other financing sources (uses)	<u>(35,174,712)</u>	<u>18,998,949</u>	<u>20,385,864</u>	<u>4,210,101</u>
INCREASE (DECREASE) IN FUND BALANCES	3,599,388	(12,582)	6,803,771	10,390,577
FUND BALANCES - January 1	27,609,171	34,295,117	90,876,544	152,780,832
FUND BALANCES - December 31	<u>\$ 31,208,559</u>	<u>\$ 34,282,535</u>	<u>\$ 97,680,315</u>	<u>\$ 163,171,409</u>

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, 2006

	Total Governmental Funds	Governmental Activities Adjustments (see footnote 2B)	Internal Service Funds	Citywide Governmental Activities
REVENUES				
<i>Taxes</i>				
Sales and use	\$ 149,526,922	\$ 404,472	\$ —	\$ 149,931,394
Property	29,742,954	—	—	29,742,954
Franchise	11,566,625	—	—	11,566,625
Lodgers	4,008,854	—	—	4,008,854
Occupational privilege	4,058,928	—	—	4,058,928
Other	7,292,324	—	—	7,292,324
<i>Charges for services - citywide</i>				
Charges for services	15,408,472	(15,566,865)	13,545,045	13,386,652
Licenses and permits	13,121,874	—	—	13,121,874
Fines and forfeitures	7,547,331	—	—	7,547,331
Special assessments	292,474	(363,872)	—	(71,398)
<i>Grants and contributions - citywide</i>				
Intergovernmental	35,509,439	—	—	35,509,439
Surcharges	2,790,662	—	—	2,790,662
Miscellaneous	15,473,953	128,708,291	961,078	145,143,322
Restricted investment earnings - operating	—	1,197,226	—	1,197,226
Restricted investment earnings - capital	—	446,777	—	446,777
Investment earnings (unrestricted)	7,027,993	(1,635,168)	558,591	5,951,416
Total revenues	<u>303,368,805</u>	<u>113,190,861</u>	<u>15,064,714</u>	<u>431,624,380</u>
EXPENDITURES				
<i>Current</i>				
General government	34,353,933	(15,262,509)	13,336,993	32,428,417
Judicial	7,175,054	7,000	—	7,182,054
Police	70,298,998	1,684,535	—	71,983,533
Fire	29,977,336	938,609	—	30,915,945
Other public safety	10,506,510	307,460	—	10,813,970
Public works	32,304,425	10,408,837	—	42,713,262
Economic development	16,695,677	177,839	—	16,873,516
Community services	9,724,207	240,526	—	9,964,733
Culture and recreation	32,886,396	2,864,262	—	35,750,658
Unallocated depreciation	—	3,305,620	—	3,305,620
<i>Debt service</i>				
Principal	13,036,135	(13,036,135)	—	—
Interest	6,874,792	73,288	1,347	6,949,427
<i>Capital outlay</i>				
	33,354,866	(33,354,866)	—	—
Total expenditures	<u>297,188,329</u>	<u>(41,645,534)</u>	<u>13,338,340</u>	<u>268,881,135</u>
Excess of revenues over expenditures	<u>6,180,476</u>	<u>154,836,395</u>	<u>1,726,374</u>	<u>162,743,245</u>
OTHER FINANCING SOURCES (USES)				
<i>Transfers - citywide</i>				
Transfers in	57,744,381	—	454,139	58,198,520
Transfers out	(58,198,520)	—	—	(58,198,520)
Capital leases	2,912,974	(2,912,974)	—	—
Refunding certificates of participation issued	81,205,000	(81,205,000)	—	—
Payment to refunded debt escrow agent	(80,665,691)	80,665,691	—	—
Market premium on debt	797,089	(797,089)	—	—
Sale of capital assets	414,868	(415,685)	817	—
Total other financing sources (uses)	<u>4,210,101</u>	<u>(4,665,057)</u>	<u>454,956</u>	<u>—</u>
INCREASE IN FUND BALANCES / NET ASSETS	10,390,577	150,171,338	2,181,330	162,743,245
FUND BALANCES / NET ASSETS - January 1	<u>152,780,832</u>	<u>2,532,882,822</u>	<u>4,207,512</u>	<u>2,689,871,166</u>
FUND BALANCES / NET ASSETS - December 31	<u>\$ 163,171,409</u>	<u>\$ 2,683,054,160</u>	<u>\$ 6,388,842</u>	<u>\$ 2,852,614,411</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 PROPRIETARY FUNDS

Water Fund

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

Sewer Fund

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

NON-MAJOR PROPRIETARY FUND

Golf Fund

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

CITY OF AURORA, COLORADO

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds		Non-major	Total	Activities
	Water	Sewer	Fund	Enterprise	Internal
					Service Funds
			Golf	Funds	
ASSETS					
<i>Current Assets</i>					
Cash and cash equivalents	\$ 961,644	\$ 1,343,124	\$ 134,239	\$ 2,439,007	\$ 786,675
Investments	148,145,250	45,784,531	1,566,051	195,495,832	12,689,729
Receivables (net of allowance)	7,129,397	4,139,496	607	11,269,500	83,476
Restricted assets	4,521,322	1,833,459	—	6,354,781	—
Current portion of interfund loan	—	256,000	—	256,000	—
Inventories	—	—	268,431	268,431	510,310
Total current assets	160,757,613	53,356,610	1,969,328	216,083,551	14,070,190
<i>Noncurrent assets</i>					
Deferred charges	1,349,084	368,131	70,594	1,787,809	—
Restricted assets	63,889,477	57,312,267	462,500	121,664,244	—
Notes receivable	9,512	—	181,992	191,504	—
Interfund loan	—	4,608,000	—	4,608,000	—
Equity in joint venture	2,537,832	—	—	2,537,832	—
<i>Capital assets (net of accumulated depreciation)</i>					
Land and water rights	251,096,258	7,557,050	15,291,603	273,944,911	—
Buildings and improvements	69,433,551	24,892,862	2,737,552	97,063,965	—
Infrastructure	368,937,601	256,221,308	13,620,304	638,779,213	418,631
Machinery and equipment	11,376,265	3,358,052	1,150,246	15,884,563	142,770
Construction in progress	56,912,506	20,007,441	24,686	76,944,633	—
Total capital assets	757,756,181	312,036,713	32,824,391	1,102,617,285	561,401
Total noncurrent assets	825,542,086	374,325,111	33,539,477	1,233,406,674	561,401
Total assets	986,299,699	427,681,721	35,508,805	1,449,490,225	14,631,591
LIABILITIES					
<i>Current liabilities</i>					
Accounts payable and other current liabilities	8,071,661	2,871,710	123,943	11,067,314	430,486
Unearned revenues	—	—	389,248	389,248	—
Due to other funds	—	—	—	—	274,329
Payable from restricted assets	3,026,362	1,288,781	—	4,315,143	—
Current portion - interfund loan	—	—	256,000	256,000	—
Current portion - long-term liabilities	8,934,789	1,044,088	799,392	10,778,269	4,864,926
Current portion - payable from restricted assets	1,502,960	609,679	—	2,112,639	—
Total current liabilities	21,535,772	5,814,258	1,568,583	28,918,613	5,569,741
<i>Noncurrent liabilities</i>					
Interfund loan	—	—	4,608,000	4,608,000	—
Due beyond one year	187,992,465	24,240,069	4,041,142	216,273,676	2,673,008
Due beyond one year payable from restricted assets	57,129,587	47,736,336	462,500	105,328,423	—
Total noncurrent liabilities	245,122,052	71,976,405	9,111,642	326,210,099	2,673,008
Total liabilities	266,657,824	77,790,663	10,680,225	355,128,712	8,242,749
NET ASSETS					
Invested in capital assets, net of related debt	561,142,663	286,658,085	28,461,040	876,261,788	542,211
<i>Restricted</i>					
Construction	5,501,890	8,260,930	—	13,762,820	—
Debt related	1,250,000	1,250,000	—	2,500,000	—
Unrestricted	151,747,322	53,722,043	(3,632,460)	201,836,905	5,846,631
Total net assets	\$ 719,641,875	\$ 349,891,058	\$ 24,828,580	\$ 1,094,361,513	\$ 6,388,842



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, 2006

	Total Enterprise Funds	Business-type Activities Adjustments (see footnote 2C)	Total Business-type Activities
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ 2,439,007	\$ —	\$ 2,439,007
Investments	195,495,832	—	195,495,832
Receivables (net of allowance)	11,269,500	—	11,269,500
Restricted assets	6,354,781	—	6,354,781
Internal balances	—	(623,233)	(623,233)
Current portion of interfund loan	256,000	(256,000)	—
Inventories	268,431	—	268,431
<i>Noncurrent assets</i>			
Deferred charges	1,787,809	—	1,787,809
Restricted assets	121,664,244	—	121,664,244
Notes receivable	191,504	—	191,504
Interfund loan	4,608,000	(4,608,000)	—
Equity in joint venture	2,537,832	—	2,537,832
Capital assets (net of accumulated depreciation)			
Land and water rights	273,944,911	—	273,944,911
Buildings and improvements	97,063,965	—	97,063,965
Infrastructure	638,779,213	—	638,779,213
Machinery and equipment	15,884,563	—	15,884,563
Construction in progress	76,944,633	—	76,944,633
Total assets	1,449,490,225	(5,487,233)	1,444,002,992
LIABILITIES			
<i>Current liabilities</i>			
Accounts payable and other current liabilities	11,067,314	(82,617)	10,984,697
Unearned revenues	389,248	—	389,248
Payable from restricted assets	4,315,143	—	4,315,143
Current portion - interfund loan	256,000	(256,000)	—
Current portion - long-term debt	10,778,269	82,617	10,860,886
Current portion - payable from restricted assets	2,112,639	—	2,112,639
<i>Noncurrent liabilities</i>			
Interfund loans	4,608,000	(4,608,000)	—
Due beyond one year	216,273,676	—	216,273,676
Due beyond one year payable from restricted assets	105,328,423	—	105,328,423
Total liabilities	355,128,712	(4,864,000)	350,264,712
NET ASSETS			
Invested in capital assets, net of related debt	876,261,788	—	876,261,788
<i>Restricted</i>			
Construction	13,762,820	—	13,762,820
Debt related	2,500,000	—	2,500,000
Unrestricted	201,836,905	(623,233)	201,213,672
Total net assets	\$ 1,094,361,513	\$ (623,233)	\$ 1,093,738,280

See notes to the basic financial statements.

CITY OF AURORA, COLORADO

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds		Non-major	Total	Activities
	Water	Sewer	Fund	Enterprise	Internal
		Golf	Funds	Service Funds	
OPERATING REVENUES					
<i>Charges for services</i>					
Customers	\$ 74,797,433	\$ 33,286,941	\$ 9,055,305	\$ 117,139,679	\$ 13,545,045
Total operating revenues	74,797,433	33,286,941	9,055,305	117,139,679	13,545,045
OPERATING EXPENSES					
Cost of sales and services	39,238,083	25,063,774	6,667,457	70,969,314	9,997,839
Claims losses	—	—	—	—	3,126,448
Administrative expenses	3,576,677	1,067,007	1,121,135	5,764,819	109,227
Depreciation	8,901,048	5,527,402	950,171	15,378,621	103,479
Total operating expenses	51,715,808	31,658,183	8,738,763	92,112,754	13,336,993
Operating income	23,081,625	1,628,758	316,542	25,026,925	208,052
NONOPERATING REVENUES (EXPENSES)					
Investment income	10,425,346	3,812,115	120,056	14,357,517	558,591
Intergovernmental revenue	265,024	—	—	265,024	—
Miscellaneous revenues	241,851	741,219	55,752	1,038,822	961,078
Interest expense	(9,222,064)	(1,879,994)	(463,909)	(11,565,967)	(1,347)
Amortization	205,392	8,053	(13,412)	200,033	—
Gain on sale of capital assets	75,735	69,100	1,753	146,588	817
Equity in joint venture	(35,817)	—	—	(35,817)	—
Net nonoperating revenues (expenses)	1,955,467	2,750,493	(299,760)	4,406,200	1,519,139
Income before capital contributions and transfers	25,037,092	4,379,251	16,782	29,433,125	1,727,191
Capital contributions	72,727,889	40,129,367	108,600	112,965,856	—
Transfers in	—	—	—	—	454,139
CHANGE IN NET ASSETS	97,764,981	44,508,618	125,382	142,398,981	2,181,330
NET ASSETS - January 1	621,876,894	305,382,440	24,703,198	951,962,532	4,207,512
NET ASSETS - December 31	\$ 719,641,875	\$ 349,891,058	\$ 24,828,580	\$ 1,094,361,513	\$ 6,388,842

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, 2006

	Total Enterprise Funds	Business-type Activities Adjustments (see footnote 2C)	Total Business-type Activities
OPERATING REVENUES			
<i>Charges for services</i>			
Customers	\$ 117,139,679	\$ —	\$ 117,139,679
Total operating revenues	117,139,679	—	117,139,679
OPERATING EXPENSES			
Cost of sales and services	70,969,314	(153,778)	70,815,536
Administrative expenses	5,764,819	—	5,764,819
Depreciation	15,378,621	16,116	15,394,737
Total operating expenses	92,112,754	(137,662)	91,975,092
Operating income	25,026,925	137,662	25,164,587
NONOPERATING REVENUES (EXPENSES)			
Investment income	14,357,517	(222,063)	14,135,454
Intergovernmental revenue	265,024	—	265,024
Miscellaneous revenues	1,038,822	—	1,038,822
Interest expense	(11,565,967)	222,063	(11,343,904)
Amortization	200,033	—	200,033
Gain on sale of capital assets	146,588	(146,588)	—
Equity in joint venture	(35,817)	35,817	—
Net nonoperating expenses	4,406,200	(110,771)	4,295,429
Income before capital contributions and transfers	29,433,125	26,891	29,460,016
Capital contributions	112,965,856	—	112,965,856
CHANGE IN NET ASSETS	142,398,981	26,891	142,425,872
NET ASSETS - January 1	951,962,532	(650,124)	951,312,408
NET ASSETS - December 31	<u>\$ 1,094,361,513</u>	<u>\$ (623,233)</u>	<u>\$ 1,093,738,280</u>

CITY OF AURORA, COLORADO

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds		Non-major	Total	Activities
	Water	Sewer	Fund	Enterprise	Internal
		Golf	Funds	Service Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash received from:</i>					
Customers and others	\$ 74,616,532	\$ 30,566,606	\$ 9,211,978	\$ 114,395,116	\$ 974,596
Interfund services provided	—	—	—	—	13,531,525
<i>Cash payments to:</i>					
Employees	(14,596,857)	(8,141,824)	(4,290,921)	(27,029,602)	(2,977,287)
Suppliers of goods and services	(26,369,833)	(21,824,959)	(3,522,872)	(51,717,664)	(11,544,044)
Net cash provided by (used in) operating activities	33,649,842	599,823	1,398,185	35,647,850	(15,210)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash transfers in	—	256,000	—	256,000	454,139
Cash transfers out	—	—	(256,000)	(256,000)	—
Net cash provided by (used in) noncapital financing activities	—	256,000	(256,000)	—	454,139
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
<i>Proceeds from:</i>					
Capital debt	33,680,119	59,943,695	—	93,623,814	—
Capital contributions	46,352,916	9,489,661	108,600	55,951,177	—
Sale of capital assets	75,735	7,577	1,753	85,065	—
<i>Payments for:</i>					
Capital assets	(98,128,965)	(11,371,680)	(243,085)	(109,743,730)	(32,490)
Principal on capital debt	(12,197,590)	(1,539,395)	(741,774)	(14,478,759)	(37,294)
Interest on capital debt	(10,130,724)	(1,017,850)	(446,059)	(11,594,633)	(1,829)
Debt issue and discount costs	(212,561)	(463,144)	—	(675,705)	—
Net cash provided by (used in) capital and related financing activities	(40,561,070)	55,048,864	(1,320,565)	13,167,229	(71,613)
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in equity in pooled investments	(1,294,813)	(9,870,797)	—	(11,165,610)	(628,004)
Decrease in equity in pooled investments	—	—	69,466	69,466	—
Increase in investments	(620,075)	(50,214,838)	—	(50,834,913)	—
Decrease in investments	—	—	56	56	—
Interest received	9,423,577	4,724,956	111,714	14,260,247	474,913
Net cash provided by (used in) investing activities	7,508,689	(55,360,679)	181,236	(47,670,754)	(153,091)

See notes to the basic financial statements.

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds		Non-major	Total	Activities
	Water	Sewer	Fund	Enterprise	Internal
		Golf	Funds	Service Funds	
NET INCREASE IN CASH AND CASH EQUIVALENTS	597,461	544,008	2,856	1,144,325	214,225
TOTAL CASH AND CASH EQUIVALENTS, January 1 (including \$15,398 for the Golf fund reported as restricted assets)	409,797	799,116	152,013	1,360,926	572,450
TOTAL CASH AND CASH EQUIVALENTS, December 31 (including \$45,614 and \$20,630 for the Water and Golf funds respectively, reported as restricted assets)	<u>\$ 1,007,258</u>	<u>\$ 1,343,124</u>	<u>\$ 154,869</u>	<u>\$ 2,505,251</u>	<u>\$ 786,675</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
OPERATING INCOME	<u>\$ 23,081,625</u>	<u>\$ 1,628,758</u>	<u>\$ 316,542</u>	<u>\$ 25,026,925</u>	<u>\$ 208,052</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Depreciation	8,901,048	5,527,402	950,171	15,378,621	103,479
Miscellaneous nonoperating revenues	506,875	26,219	55,752	588,846	961,078
<i>Changes in operating assets and liabilities</i>					
Receivables	(687,774)	(2,746,554)	22,156	(3,412,172)	—
Inventories	—	—	4,084	4,084	(50,034)
Accounts payable and other current liabilities	1,848,068	(3,836,002)	(29,285)	(2,017,219)	(1,237,785)
Unearned revenues	—	—	78,765	78,765	—
Total adjustments	<u>10,568,217</u>	<u>(1,028,935)</u>	<u>1,081,643</u>	<u>10,620,925</u>	<u>(223,262)</u>
Net cash provided by (used in) operating activities	<u>\$ 33,649,842</u>	<u>\$ 599,823</u>	<u>\$ 1,398,185</u>	<u>\$ 35,647,850</u>	<u>(15,210)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Borrowing under capital lease	—	—	240,075	240,075	—
Acquisition of capital assets by lease	—	—	(240,075)	(240,075)	—
Contribution of capital assets	26,374,973	30,639,706	—	57,014,679	—
Increase in fair value of investments	667,496	118,897	8,415	794,808	94,781
Decrease in fair value of investments	—	—	—	—	(2,349)

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

Agency Fund

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

CITY OF AURORA, COLORADO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2006

	Pension Trust Funds	Agency Fund
	<u> </u>	<u> </u>
ASSETS		
<i>Current assets</i>		
Cash and equivalents	\$ 4,650,426	\$ 1,969,157
Investments		
Equity securities and funds	169,288,786	—
U.S. government and U.S. government agency obligations	16,485,470	—
Corporate bonds and funds	75,627,124	—
Real estate funds	31,442,625	—
Alternative investments	6,022,892	—
Receivables (net of allowance)	1,048,355	—
	<u>304,565,678</u>	<u>1,969,157</u>
Total assets	<u>304,565,678</u>	<u>\$ 1,969,157</u>
LIABILITIES		
<i>Current liabilities</i>		
Accounts payable and other current liabilities	335,590	\$ 1,969,157
	<u>335,590</u>	<u>\$ 1,969,157</u>
Total liabilities	<u>335,590</u>	<u>\$ 1,969,157</u>
NET ASSETS		
Held in trust for pension benefits	<u>304,230,088</u>	
Total net assets	<u>\$ 304,230,088</u>	

CITY OF AURORA, COLORADO
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Pension Trust Funds
	<u> </u>
ADDITIONS	
<i>Contributions</i>	
City	\$ 4,521,881
Plan members	4,153,386
	<u> </u>
Total contributions	8,675,267
	<u> </u>
<i>Investment activity</i>	
Investment income	36,085,726
Investment expense	(671,804)
	<u> </u>
Net investment income	35,413,922
	<u> </u>
Other income	19,045
	<u> </u>
Total additions	44,108,234
	<u> </u>
DEDUCTIONS	
Benefits	10,485,948
Administrative expenses	413,349
	<u> </u>
Total deductions	10,899,297
	<u> </u>
CHANGE IN NET ASSETS	33,208,937
NET ASSETS - January 1	271,021,151
	<u> </u>
NET ASSETS - December 31	<u><u>\$ 304,230,088</u></u>

NOTES TO THE BASIC
FINANCIAL STATEMENTS

SUMMARY OF NOTES TO THE BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Effective January 1, 2006, the City implemented the provisions of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*. This Statement amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, that guide the preparation of the statistical section. GASB Statement No. 44 changes the statistical section information.

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 80045, or telephone (720) 859-4100.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Financial Reporting Entity (continued)

2) Blended Component Units

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

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

3) Component Units that are Fiduciary in Nature

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Financial Reporting Entity (continued)

3) Component Units that are Fiduciary in Nature (continued)

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

4) Joint Venture

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

The City's share of the ACSJWA is accounted for in the Water Fund using the equity method. The Water Fund is a major proprietary fund and business-type activity. Separately issued audited financial statements for ACSJWA are available at Colorado Springs Utilities, P.O. Box 1103, MC1821, Colorado Springs, Colorado 80947-1821 or telephone (719) 668-8712 or (719) 668-4052.

B. Fund Accounting

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

1) Governmental Funds

Governmental funds are used to account for traditional governmental type activities. The City maintains twenty-six (26) individual governmental funds. These governmental funds are divided into four fund types: general, special revenue, debt service and capital project.

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

Special Revenue Funds account for revenues that are restricted or designated for a specific purpose. The City has sixteen (16) special revenue funds: Gifts and Grants, Development Review, Abatement, Community Maintenance, Community Development, Enhanced E-911, Conservation Trust, Emergency Contingency, Parks Development, Arapahoe County Open Space, Recreation Services, Cultural Services, Designated Revenues, Policy Reserve, TABOR Reserve and AURA General Fund.

Debt Service Funds account for the accumulation of resources and payments of principal, interest and fees related to general obligation, special assessment and revenue bonds and certificates of participation except those accounted for in proprietary funds. The City has five (5) debt service funds: City Debt Service, SID Debt Service, Surplus and Deficiency, AURA Debt Service and ACLC Debt Service.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

2) Proprietary Funds

Proprietary funds account for operations that are financed and operated in a manner similar to a private business. The City maintains six (6) individual proprietary funds. These funds are classified into two fund types: enterprise and internal service.

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

Internal Service Funds are used to account for resources calculated on a cost recovery basis and provided by other City funds for centralized acquisition of supplies and services. The City has three (3) internal service funds: Fleet Management, Print Shop, and Risk Management.

3) Fiduciary Funds

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

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

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

C. Measurement Focus and Basis of Accounting

1) Measurement Focus

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (continued)

1) Measurement Focus (continued)

Economic Resources Focus

The economic resources measurement focus is used for proprietary and fiduciary funds as well as for citywide financial reporting. 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 difference between the two being reported as net assets. Operating statements show inflows (revenues) and outflows (expenses).

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

The current financial resources measurement focus is used solely for reporting the financial position and activities of governmental funds. 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).

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 is used for the citywide financial statements and the proprietary, pension trust and agency fund statements. The accrual basis 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.

Modified Accrual

The modified accrual basis of accounting is used for the governmental funds financial statements. Under modified accrual, revenues are recognized when they become both measurable and available. Expenditures are recorded when the related liability is incurred, with the exception of principal and interest on long-term debt and compensated absences, which are recognized when matured. The City considers revenues, other than grants, to be measurable and available if collected within two months after year-end. Grants are considered measurable and available if collected within one year after year-end and all eligibility requirements, including incurring allowable costs, have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (continued)

2) Basis of Accounting (continued)

Revenues susceptible to accrual

Revenues susceptible to accrual under the modified accrual basis include charges for services, intergovernmental, grants, interest and the following taxes: property, sales, use, lodgers, occupational privilege, franchise, and specific ownership tax. All other revenues are considered measurable and available only when cash is received.

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

D. Financial Statement Presentation

1) Application of Private Sector Accounting Standards

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

2) Citywide Financial Statements

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial Statement Presentation (continued)

2) Citywide Financial Statements (continued)

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial Statement Presentation (continued)

2) Citywide Financial Statements (continued)

Revenue sources are separated into program revenues and general revenues.

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

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

3) Fund Financial Statements

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

a) Governmental Funds

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial Statement Presentation (continued)

3) Fund Financial Statements (continued)

a) Governmental Funds (continued)

Major governmental funds include the General Fund and any governmental fund that comprises 10% or more of a total governmental fund classification (assets, liabilities, revenues or expenditures) and at least 5% of the governmental and enterprise fund total for the same classification. Other than the General Fund, no governmental fund met both the 10% and 5% test; however, City management designated the City Capital Projects Fund as a major fund given its importance to financial statement users. Therefore, major governmental funds include the General Fund and the City Capital Projects Fund. The remaining governmental funds are aggregated into the column labeled “other governmental funds.”

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

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

b) Proprietary Funds

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

Proprietary funds consist of enterprise and internal service funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial Statement Presentation (continued)

3) Fund Financial Statements (continued)

b) Proprietary Funds (continued)

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial Statement Presentation (continued)

3) Fund Financial Statements (continued)

c) Fiduciary Funds

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

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

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

E. Cash and Investments

The City pools its cash and investments. All temporary cash surpluses are invested. Earnings on pooled investments are allocated among the funds based on an average daily balance of the individual fund's equity in pooled monies. The amounts shown as "cash and cash equivalents" and "investments" in the citywide and proprietary fund statements of net assets and the governmental funds balance sheet include both unrestricted equity in the City's pool and unrestricted amounts held in non-pooled accounts. Restricted assets include cash and investments required to be used for specific purposes and may contain pooled and non-pooled amounts. Cash and cash equivalents are carried at fair value 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.

When both restricted and unrestricted resources are available for use, it is generally the City's intent to use restricted resources first, then unrestricted resources as they are needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Transactions

During the course of operations, transactions occur between individual funds for goods provided or services rendered. Receivables and payables related to these transactions are reported as due from other funds and due to other funds, respectively, in the fund statements.

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

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

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

G. Deferred Charges and Inventories

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

Inventories are stated at the lower of cost determined using the first-in, first-out basis or market. 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 estimated fair value at the time of receipt for donated or contributed items.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

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

Depreciable lives assigned by individual items

Description	Estimated Useful Life Years
Buildings and improvements	40
Infrastructure	
Street overlay and improvements	10
Other utility improvements	20-65
Mains and conduits	65-95
Reservoirs/Park improvements	99
Machinery and equipment	3-15

1) Governmental Activities and Governmental Funds

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

Estimated costs for streets constructed by developers and contributed to the City are reported as program revenue for the public works function in the citywide statement of activities and as additions to infrastructure in the citywide statement of net assets. Street infrastructure was recorded from 1973 through 2002 using discounted replacement cost.

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

Proprietary funds and pension trust funds use the economic resources measurement focus, therefore, capital assets are included on the fund’s statement of net assets as well as in the business-type activities column of the citywide financial statements. Developers who construct water and sewer lines for subdivisions are required to furnish cost figures to the City for contributed lines. If cost figures are not provided, the City estimates the value of the donated asset. Such costs are recorded as capital assets and capital contribution revenues when accepted by the City. Interest incurred during construction is capitalized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Unearned and Deferred Revenues (Liabilities)

Unearned Revenues

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

Deferred Revenues

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

J. Noncurrent Liabilities

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

1) Governmental Activities and Governmental Funds

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Bond Discounts and Issuance Costs

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

L. Compensated Absences

1) Annual Leave

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

Maximum Annual Leave Hours

Employees	Maximum Hours
Police and Career Service	260
Fire Civil Service 8-hour shift	256
Fire Civil Service 24-hour shift	360

2) Sick Leave

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

Sick Leave Conversion to Annual Leave / Cash Payment

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. *Compensated Absences (continued)*

3) Accrued Liabilities for Compensated Absences

The City records a liability for accrued compensated absences and related payroll taxes. The City uses the “vesting method” per GASB 16 to determine the sick leave liability upon termination.

a) Governmental Activities and Governmental Funds

Only the portion of compensated absences that is due is reported as a liability in a governmental fund. The entire liability is reflected in the citywide statement of net assets as noncurrent liabilities. The portion of 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. The portion of 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. *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, which would be reflected in the following year’s financial statements.

N. *Fund Balances and Net Assets*

Fund balance

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. No assets have been restricted in connection with the reserve for encumbrances. Unreserved fund balance includes designated and undesignated portions. Designations represent management’s intended use of otherwise available current financial resources and reflect actual plans for spending approved by City senior management.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. 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.

O. 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 have both project-length continuing appropriations and annual operational budgets: City Capital Projects, Water, Sewer, Golf, Gifts and Grants, Community Maintenance, Enhanced E-911, Conservation Trust, Parks Development, Arapahoe County Open Space, Designated Revenues, Bond Proceeds, and Building Repair. The Community Development Fund only adopts project-length budgets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. 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 General Fund require City Council approval by ordinance. Transfers between funds require City Council approval by 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)

O. 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 during construction 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Budgets (continued)

Appropriation Violations

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

<u>Capital Improvement Project</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>	<u>Variance with Final Budget</u>
Water Fund			
Land Acquisition			
PWP Non-Core Systems Imp	\$ -	\$ 2,408,386	\$ 2,408,386
PWP Non-Core Development	-	2,392,270	2,392,270
Storage			
Lower S. Platte Systems Imp	1,997,192	2,933,670	936,478
Lower S. Platte Development	5,991,576	8,800,010	2,808,434

CITY OF AURORA, COLORADO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006**

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	\$ 163,171,409
Cash, investments, receivables, notes receivable	(40,499,604)
Deferred charges	1,350,180
Due from other funds	(1,726,693)
Internal balances	623,233
Restricted assets	43,615,318
Capital assets	2,863,597,063
Accounts payable and other current liabilities	524,419
Due to other funds	1,615,189
Deferred revenue / unearned revenue	17,375,791
Payable from restricted assets	(14,442,199)
Non-current liabilities	(188,978,537)
Internal service funds - total net assets	<u>6,388,842</u>
Net assets - Citywide Statement of Net Assets	<u>\$ 2,852,614,411</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	\$ 10,390,577
Sales and use tax audit revenue	404,472
Charges for services	(15,930,737)
Miscellaneous revenues	128,708,291
Restricted investment income	1,644,003
Investment earnings	(1,635,168)
Current expenditures	(4,672,179)
Debt service	12,962,847
Capital outlay	33,354,866
Capital leases	(2,912,974)
Payment to refunded debt escrow agent	80,665,691
Refunding certificates of participation	(81,205,000)
Market premium on debt	(797,089)
Disposal of capital assets	(415,685)
Internal service funds - total change in net assets	<u>2,181,330</u>
Change in net assets - Citywide Statement of Activities	<u>\$ 162,743,245</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 totaling (\$43,646,755) are reclassified to restricted on the citywide statement of net assets, where the restrictive purpose of the fund is no longer apparent. Additionally, the net pension asset of \$3,147,151, recorded in receivables on the citywide statement of net assets, is not available to pay current period expenditures and, therefore, is not recorded in the funds.

2) Deferred charges

Deferred charges represent unamortized bond issue costs. Issue costs are immediately expensed in the governmental funds but are deferred and amortized in the citywide statement of net assets.

3) Due to / Due from

Amounts due to of \$1,615,189 and due from of (\$1,726,693) 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 \$43,646,755, have been reclassified to restricted assets for citywide reporting. Restricted amounts due from other funds of (\$31,437), 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 (continued)

Interest payable on bonds (\$898,524) is not recorded in the governmental funds balance sheet. The funded portion of the sick and annual leave accrual of \$747,528 is reclassified to noncurrent liabilities “due within one year” in the citywide statement of net assets. The liabilities of certain governmental funds, totaling \$675,415, have been reclassified to “payable from restricted assets” in the citywide statement of net assets where the restricted purpose of the fund is no longer apparent.

8) Deferred revenue / unearned revenue

Certain revenues that have been earned but are not available to pay current liabilities are shown on the governmental fund balance sheet as deferred revenues. These amounts, totaling \$3,602,964, are recognized as revenues for citywide reporting, leaving only unearned revenue on the citywide statement of net assets at year-end. These amounts include revenues from special assessments, tax audits and notes receivable. Deferred revenues of \$13,772,827 are reclassified to “payable from restricted assets” as they represent deferred revenue from a restricted source.

9) Payable from restricted assets

Payables (\$675,415) and deferred revenues (\$13,772,827) are reclassified to “payable from restricted assets” where the corresponding asset is restricted. Arbitrage liability (\$136,900), 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 \$142,943, recorded in the governmental funds balance sheet, are eliminated.

10) Noncurrent liabilities

Noncurrent liabilities include amounts: “due within one year” of (\$14,654,681), “due within one year payable from restricted” of (\$710,000), “due beyond one year” of (\$163,420,014) and “due beyond one year payable from restricted assets” of (\$10,193,842). These amounts representing bonds, certificates of participation and accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet. Included in “due within one year” are accrued compensated absences of (\$747,528), reclassified from accounts payable and other current liabilities in the fund financial statements.

11) Internal service funds - total net assets

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

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

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

1) Sales and use tax audit revenue

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

2) Charges for services

Interfund charges for services, earned primarily in the General Fund and the internal service funds, are eliminated for citywide financial statement reporting. Also included is the change in special assessment revenue, deferred in the fund financial statements but recognized as revenue on the citywide statement of activities.

3) Miscellaneous revenues

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

4) Restricted investment earnings and investment earnings

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

5) Current expenditures

Certain expenses in the citywide statement of activities do not require the use of current financial resources and, therefore, are not recorded as expenditures in the governmental fund financial statements. These expenses include: depreciation of the governmental funds of (\$21,154,973); change in arbitrage rebate of \$952,600; change in net pension asset/obligation of (\$1,022,728); and change in accrued compensated absences of (\$542,579). Additionally, internal service charge expenditures of \$15,576,748 and debt issue and discount costs of \$1,164,569, recorded in the governmental fund financial statements, are eliminated here. Finally, the \$354,184 gain from the sale of capital assets is reclassified to current expenditures for citywide reporting.

6) Debt service

The repayment of principal of \$13,036,135 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 (\$73,288) for debt service interest is made for citywide reporting only.

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

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

7) Capital outlay

Governmental funds report capital outlay as expenditures. However, in the citywide statement of activities, the expenditures are capitalized.

8) Capital leases

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

9) Payment to refunded debt escrow agent

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

10) Refunding certificates of participation

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

11) Market premium on debt

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

12) 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 gain from disposal of capital assets of \$354,184, 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.

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

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

4) Operating expenses

The current year internal service fund operating loss of (\$26,891) and depreciation expense of (\$16,116) attributable to business-type activity functions are eliminated for citywide reporting. Additionally, the gain on disposal of assets of (\$146,588) and the loss on equity in joint venture of \$35,817 are reclassified to expense for citywide reporting.

5) Interest Income/ Interest Expense

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

6) Disposal of capital assets

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

7) Loss on equity in joint venture

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

CITY OF AURORA, COLORADO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2006

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2006 are classified in the accompanying financial statements as follows:

Classifications of Cash and Investments per Citywide and Fiduciary Statements of Net Assets
 December 31, 2006

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Totals
Cash and cash equivalents	\$ 5,392,313	\$ 2,439,007	\$ 3,794,724	\$ 6,619,583	\$ 18,245,627
Investments	91,516,721	195,495,832	—	298,866,897	585,879,450
Restricted assets	59,149,325	63,638,933	122,825	—	122,911,083
Total cash and investments	<u>\$ 156,058,359</u>	<u>\$ 261,573,772</u>	<u>\$ 3,917,549</u>	<u>\$ 305,486,480</u>	<u>\$ 727,036,160</u>

Summary of Cash and Investments by Fund and Type
 December 31, 2006

Fund	Petty cash	Deposits	Investments	Equity in City pool	Totals
Governmental Activities					
General Fund					
Cash and equivalents	\$ 23,347	\$ 209,749	\$ —	\$ 835,779	\$ 1,068,875
Investments	—	—	—	14,358,709	14,358,709
City Capital Projects					
Cash and equivalents	—	—	—	1,878,005	1,878,005
Investments	—	—	—	30,293,777	30,293,777
Restricted assets	—	—	—	1,196,806	1,196,806
Other Governmental Funds					
Cash and equivalents	4,430	2,998	—	6,356,884	6,364,312
Investments	—	—	—	57,672,727	57,672,727
Restricted assets	—	—	7,299,261	22,449,483	29,748,744
Internal Service Funds					
Cash and equivalents	—	—	—	786,675	786,675
Investments	—	—	—	12,689,729	12,689,729
Governmental activities adjustments					
Cash and equivalents	—	—	—	(4,705,554)	(4,705,554)
Investments	—	—	—	(23,498,221)	(23,498,221)
Restricted assets	—	—	—	28,203,775	28,203,775
Total governmental activities	<u>27,777</u>	<u>212,747</u>	<u>7,299,261</u>	<u>148,518,574</u>	<u>156,058,359</u>

(continued)

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

3. CASH AND INVESTMENTS (continued)

Summary of Cash and Investments by Fund and Type
December 31, 2006

Fund	Petty cash	Deposits	Investments	Equity in City pool	Totals
Business-type Activities					
Water Fund					
Cash and equivalents	\$ 100	\$ —	\$ —	\$ 961,544	\$ 961,644
Investments	—	—	—	148,145,250	148,145,250
Restricted assets	—	—	4,979,533	5,824,937	10,804,470
Sewer Fund					
Cash and equivalents	50	—	—	1,343,074	1,343,124
Investments	—	—	—	45,784,531	45,784,531
Restricted assets	—	—	49,289,615	3,083,458	52,373,073
Golf Fund					
Cash and equivalents	13,550	—	—	120,689	134,239
Investments	—	—	—	1,566,051	1,566,051
Restricted assets	—	—	440,759	20,631	461,390
Total business-type	13,700	—	54,709,907	206,850,165	261,573,772
Component Unit					
Fitzsimons Redevelopment Authority					
Cash and equivalents	—	351,297	3,443,427	—	3,794,724
Restricted assets	—	122,825	—	—	122,825
Total component unit	—	474,122	3,443,427	—	3,917,549
Pension Trust and Agency					
Payroll Clearing Agency Fund					
Cash and equivalents	—	—	—	1,969,157	1,969,157
Pension Trust Funds					
Cash and equivalents	—	15,179	4,635,247	—	4,650,426
Investments	—	—	298,866,897	—	298,866,897
Total Pension Trust and Agency	—	15,179	303,502,144	1,969,157	305,486,480
Total Cash and Investments					
Total All Funds	41,477	702,048	368,954,739	357,337,896	\$ 727,036,160
City Pool Deposits	—	7,014,759	—	(7,014,759)	
City Pool Investments	—	—	350,323,137	(350,323,137)	
Total Cash and Investments	\$ 41,477	\$ 7,716,807	\$ 719,277,876	\$ —	

(concluded)

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

3. CASH AND INVESTMENTS (continued)

Applicable Risk on City Non-pooled Investments
December 31, 2006

<i>Non-pooled investments</i>	Fair Value	Interest Rate Risk	Concentration Risk	Credit Risk		
		Weighted Avg Maturity (Years)	% of Total Fund Investments	Current Ratings Moody's S & P	Purpose of Investment	
Governmental Activities						
<i>Other Governmental Funds</i>						
<i>AURA Debt Service</i> Money market funds	782,693	—	N/A	Aaa	AAAm	Money held by trustee for debt service and reserve requirement.
<i>ACLCL Debt Service</i> Money market funds	415,172	—	N/A	Aaa	AAA	2002, 2004, 2005 and 2006 COPs issues held by trustee for debt service.
US Treasury Notes	3,104,520	5.90	N/A	N/A	N/A	2004 and 2005 COPs issues held by trustee for reserve requirement.
<i>ACLCL Capital Projects</i> Money market funds	2,996,876	—	N/A	Aaa	AAA	2002 and 2005 COPs proceeds held by trustee for ACLCL capital projects.
Total Other Governmental Funds	<u>7,299,261</u>					
Total Governmental Activities	<u>7,299,261</u>					
Business-type Activities						
<i>Water Fund</i>						
US Treasury Notes	4,915,446	6.63	N/A	N/A	N/A	2003 bond issue held by trustee for bond reserve requirement.
Money market funds	64,087	—	N/A	Aaa	AAA	2004A 2nd Lien Water bond issue held for debt service.
Total Water Fund	<u>4,979,533</u>					
<i>Sewer Fund</i>						
Repurchase Agreement US Agency Notes	49,289,615	2.11	50.21%	Aaa*		2006 bond issue held for Sewer capital projects and reserve requirement.
<i>Golf Fund</i>						
US Agency Notes	440,759	8.45	21.74%	Aaa	AAA	2005 refunding bond issue held for bond reserve requirement.
Total business-type activities	<u>54,709,907</u>					
Fiduciary Funds						
<i>General Employee's Retirement Plan (GERP)</i>	300,261,546			See following disclosures		
<i>Elected Officials' and Executive Personnel Defined Benefit Plan (EOEP)</i>	3,240,598			See following disclosures		
Total Fiduciary Funds	<u>303,502,144</u>					
Total All Investments	<u>\$ 715,834,449</u>					

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

3. CASH AND INVESTMENTS (continued)

A. *Non-Pension Plan Investments*

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

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

The City manages its exposure by limiting the weighted average maturities of the portfolio to less than 2.5 years, unless the investments are funded by specifically identified sources such as bond indentures. The weighted average maturity for investments in the City pool is 0.95 years. Non-pooled investments, having a weighted average maturity exceeding 2.5 years, are invested in accordance with state statute, terms of the bond indenture or to meet bond insurer requirements.

3) Concentration Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investment in a single issuer. Concentration risk as defined by the Governmental Accounting Standards Board is any investment that represents 5% or more of the total investments to any one issuer. The City pooled fund investments are in compliance with City policy which limits unsecured investments with any single issuer other than the federal government to no more than 4%.

The City does have investments that represent more than 5% to a single issuer within specific funds within the City. These include the Golf Fund reserve requirement and the Sewer Fund repurchase agreement for bond reserve requirement and capital projects. These investments are invested pursuant to specific requirements of bond indentures.

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

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

The *core* portfolio will include the following:

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

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

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

At December 31, 2006, the Plan held the following fixed income investments with respective quality ratings, excluding those obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, which are not considered to have credit risk.

Description	Credit Quality Rating	Fair Value	% of Total
Corporate Bonds	AAA	\$ 14,781,037	19.5%
	AA	2,865,138	3.8%
	A	14,740,200	19.5%
	BBB	17,851,719	23.6%
	BB	501,875	0.7%
Bond Fund	AA+	24,887,155	32.9%
Total Corporate Bonds and Funds		<u>\$ 75,627,124</u>	<u>100.00%</u>

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

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

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

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

The Plan had the following investments and maturities at December 31, 2006:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	> 10
Industrial Bonds	\$ 14,566,575	\$ 1,153,898	\$ 4,580,430	\$ 5,961,482	\$ 2,870,765
Transportation Bonds	122,905	-	-	122,905	-
Utility Bonds	5,361,901	442,488	2,352,328	1,509,878	1,057,207
Finance Bonds	8,566,472	-	3,697,372	3,408,764	1,460,336
REIT Bonds	7,783,082	-	3,723,666	4,059,416	-
Non-Corp Bonds	638,705	-	638,705	-	-
Asset Backed Bonds	5,118,984	9,518	1,482,125	1,599,411	2,027,930
Coll Debt Oblig	512,272	-	512,272	-	-
Comm Mtg Backed	569,811	-	29,117	540,694	-
Govt Mtg Backed	8,490,507	2,310	29,530	-	8,458,667
Coll Mtg Oblig	225,950	-	225,950	-	-
U.S. Agency Bonds	1,169,820	-	1,169,820	-	-
U.S. Treasury Bonds	14,229,000	-	994,063	8,449,570	4,785,367
Certificate of Deposit	244,814	-	244,814	-	-
Corporate Bond Fund	23,669,960	-	23,669,960*	-	-
Money Market Funds	4,344,439	4,344,439	-	-	-
Equity Investments					
Equity Securities	167,509,981	167,509,981			
Real Estate Funds	31,113,476	31,113,476			
Alternative Invest.	6,022,892	6,022,892			
Total All Investments	\$ 300,261,546	\$210,599,002	\$ 43,350,152	\$ 25,652,120	\$20,660,272

*Average maturity for the Corporate Bond Fund is 5.95 years.

3. CASH AND INVESTMENTS (continued)

B. Pension Plan Investments (continued)

General Employees' Retirement Plan (continued)

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

At December 31, 2006 the Plan did not have investments in any one organization representing 5% or more of the Plan's assets other than the following indexed and commingled Funds:

Investment	Fair Value	% of Investments
Barclays Global Investors Equity Index Fund A	\$ 93,615,348	31%
Lazard International Equity Portfolio Institutional Shares	42,095,500	14%
Pimco Total Return Fund	23,669,960	8%
Metlife Tower Fund	20,108,397	7%

Elected Officials' and Executive Personnel Defined Benefit Plan

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

At December 31, 2006 the Plan held the following fixed income investments:

Description	Average Credit Quality Rating	Fair Value	% of Total
PIMCO Total Return Fund	AA+	\$485,280	44.7%
Westcore Plus Bond Fund	A	601,370	55.3%
Total Corporate Bond Funds		<u>\$1,086,650</u>	<u>100.0%</u>

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

3. CASH AND INVESTMENTS (continued)

B. Pension Plan Investments (continued)

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

2) Interest Rate Risk – (continued)

The Plan had the following investments at December 31, 2006:

Investment Type	Average Maturity (years)	Fair Value
Debt		
Corporate Bond Funds	7.05	\$ 1,086,650
Money Market Funds	Less than 1	45,994
Equities		
Equity Securities		1,778,805
Real Estate Funds		329,149
Total		<u>\$ 3,240,598</u>

3) Concentration of Credit Risk – The Plan does not have a formal policy regarding the concentration of credit risk. The Plan's investment at December 31, 2006 in any one organization representing 5% or more of the Plan assets, other than indexed and commingled funds, is listed below:

Investment	Fair Value	% of Investments
IShares Trust – S & P 500 Index Fund	\$947,140	29.2%
Westcore Plus Bond Fund	601,370	18.6%
PIMCO Total Return Fund	485,280	15.0%
Ark Asset Management Small Cap Value Fund I	384,037	11.9%
Lazard International Equity Portfolio	415,508	12.8%
BlackRock Granite Property Fund	212,698	6.5%

4. RECEIVABLES

**Classifications of Receivables per Citywide and Fiduciary Statements of Net Assets
 December 31, 2006**

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Total
Receivables (net of allowance)	\$ 53,028,452	\$ 11,269,500	\$ 226,648	\$ 1,048,355	\$ 65,572,955
Restricted assets	28,913,031	64,380,092	-	-	93,293,123
Notes receivable	<u>1,232,578</u>	<u>191,504</u>	<u>1,522,145</u>	<u>-</u>	<u>2,946,227</u>
Total receivables	<u>\$ 83,174,061</u>	<u>\$ 75,841,096</u>	<u>\$ 1,748,793</u>	<u>\$ 1,048,355</u>	<u>\$161,812,305</u>

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2006

4. RECEIVABLES (continued)

Receivables by Fund and Type
December 31, 2006

Fund	Taxes	Accounts	Interest	Due from Other Governments	Other	Notes	Total Receivables	Collection not expected within one year
Governmental Activities								
General Fund								
Receivables (net)	\$ 43,669,703	\$ 269,676	\$ 850,780	\$ 1,715,930	\$ 271,391	\$ -	\$ 46,777,480	\$ -
Capital Projects Fund								
Receivables (net)	-	89,648	148,337	-	-	-	237,985	-
Restricted assets	-	22,295	-	2,510,382	-	-	2,532,677	-
Notes receivable	-	-	-	-	-	1,090,487	1,090,487	953,298
Other Governmental Funds								
Receivables (net)	-	735,725	169,802	3,529,310	2,306,253	-	6,741,090	-
Restricted assets	6,266,178	-	38,178	-	4,633,019	-	10,937,375	-
Notes receivable	-	-	-	-	-	11,626,341	11,626,341	11,625,840
Internal Service								
Receivables (net)	-	-	81,676	-	1,800	-	83,476	-
Governmental Activities Adjustment								
Receivables (net)	-	(127,400)	(38,917)	(3,529,310)	2,884,048	-	(811,579)	-
Restricted assets	-	127,400	38,917	3,529,310	263,102	11,484,250	15,442,979	11,484,250
Notes receivable	-	-	-	-	-	(11,484,250)	(11,484,250)	(11,484,250)
Total governmental activities	49,935,881	1,117,344	1,288,773	7,755,622	10,359,613	12,716,828	83,174,061	12,579,138
Business-type Activities								
Water Fund								
Receivables (net)	-	5,973,425	1,155,972	-	-	-	7,129,397	-
Restricted assets	-	-	330,956	-	57,275,373	-	57,606,329	-
Notes receivable	-	-	-	-	-	9,512	9,512	9,512
Sewer Fund								
Receivables (net)	-	3,781,191	293,671	-	64,634	-	4,139,496	-
Restricted assets	-	-	1,016,949	-	5,755,703	-	6,772,652	-
Golf Fund								
Receivables (net)	-	-	607	-	-	-	607	-
Restricted assets	-	-	1,111	-	-	-	1,111	-
Notes receivable	-	-	-	-	-	181,992	181,992	158,950
Total business-type	-	9,754,616	2,799,266	-	63,095,710	191,504	75,841,096	168,462
Component Unit								
FRA								
Receivables (net)	-	-	-	-	226,648	1,522,145	1,748,793	1,004,538
Total component unit	-	-	-	-	226,648	1,522,145	1,748,793	1,004,538
Fiduciary Funds								
GERP								
Receivables (net)	-	-	859,733	185,141	-	-	1,044,874	-
EOEP								
Receivables (net)	-	3,286	195	-	-	-	3,481	-
Total fiduciary funds	-	3,286	859,928	185,141	-	-	1,048,355	-
Total								
Total all funds	\$ 49,935,881	\$ 10,875,246	\$ 4,947,967	\$ 7,940,763	\$ 73,681,971	\$ 14,430,477	\$ 161,812,305	\$ 13,752,138

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. Based upon experience, two percent of outstanding receivables is recorded in an allowance account and is deducted from the deferred revenue and the receivable for reporting purposes. Total allowance at December 31, 2006 is \$614,361.

2) Sales, Use and Lodgers Taxes

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

3) Franchise Taxes

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

B. Accounts

1) City Services

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

2) Utility Billings

Utility charges, which include water and sewer usage and storm drainage fees, are billed monthly and are due and payable within 25 days from the billing date. Earned but unbilled utility charges at December 31, 2006 is \$3,288,919. Billed and unbilled charges are recorded as revenue when earned. Estimates of uncollectible utility charges, based upon a percentage of aged outstanding receivables, are established in allowance accounts which are deducted from utility receivables for

4. RECEIVABLES (continued)

B. Accounts (continued)

2) Utility Billings (continued)

reporting purposes. Total allowance at December 31, 2006 is \$24,634.

C. Interest

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

D. Due from Other Governments

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

E. Other

Other receivables include liens for uncollected weed cutting, billings for wastewater services, E-911 surcharges, special improvement district receivables, the net pension asset, rent receivable for FRA, deposits held by Urban Drainage and Flood Control District and bond proceeds loaned to the City from the Colorado Water Resources and Power Development Authority.

F. Notes

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

**Notes Receivable
 December 31, 2006**

Fund	Economic Development	Community Services	FRA	Total Notes Receivable
Gifts and Grants	\$ 657,424	\$ -	\$ -	\$ 657,424
Community Development	-	10,826,827	-	10,826,827
Recreation	-	29,500	-	29,500
Designated Revenue	112,590	-	-	112,590
Capital Projects	-	-	1,090,487	1,090,487
Water	-	9,512	-	9,512
Golf	-	-	181,992	181,992
FRA	-	1,522,145	-	1,522,145
Total	<u>\$ 770,014</u>	<u>\$ 12,387,984</u>	<u>\$ 1,272,479</u>	<u>\$ 14,430,477</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, 2006 is \$657,424.

In 2000, the City created an Art District Loan Fund by ordinance, the purpose of which was to promote and establish art uses in the downtown Aurora Arts District. At December 31, 2006, three loans to non-profit organizations were outstanding for \$112,590.

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, 2006 is \$10,826,827.

In November of 2006, the City entered into an agreement with the Mission Aurora Colorado Swimming and the Aurora Masters Swim Club for use of City pools. The balance outstanding as of December 31, 2006 is \$29,500.

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, 2006 is \$9,512.

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, 2006 is \$1,522,145.

3) FRA

The City entered into an agreement to assist FRA with required matching funds in conjunction with two grants it received from the U.S. Department of Commerce, Economic Development Administration (EDA) for the purpose of designing and constructing a bioscience incubation facility at Fitzsimons. The loan of \$1,371,888 is repayable in ten equal yearly installments beginning June 1, 2005. FRA also paid \$7,023 on the City's behalf per a separate agreement, reducing the principal balance owed. The principal balance outstanding and accrued interest as of December 31, 2006 are \$1,090,487 and \$20,746 respectively.

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, 2006 is \$181,992.

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. The City reports liabilities associated with restricted assets as “payable from restricted assets.” The net difference between restricted assets and payable from restricted assets is restricted net assets.

**Restricted Balance Sheet by Classification
 December 31, 2006**

	Governmental Activities	Business-type Activities	Component Unit	Totals
Restricted Assets				
Cash and investments	\$ 59,149,325	\$ 63,638,933	\$ 122,825	\$ 122,911,083
Receivables	<u>28,913,031</u>	<u>64,380,092</u>	<u>-</u>	<u>93,293,123</u>
Total restricted assets per citywide statement of net assets	<u>88,062,356</u>	<u>128,019,025</u>	<u>122,825</u>	<u>216,204,206</u>
Payable from Restricted Assets				
Payables - current and other	1,599,137	4,315,143	-	5,914,280
Unearned revenues	20,039,006	-	-	20,039,006
Due within one year payable from restricted assets	710,000	2,112,639	-	2,822,639
Due beyond one year payable from restricted assets	<u>10,193,842</u>	<u>105,328,423</u>	<u>-</u>	<u>115,522,265</u>
Total payable from restricted assets per citywide statement of net assets	<u>32,541,985</u>	<u>111,756,205</u>	<u>-</u>	<u>144,298,190</u>
Restricted net assets	<u>\$ 55,520,371</u>	<u>\$ 16,262,820</u>	<u>\$ 122,825</u>	<u>\$ 71,906,016</u>

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

Restricted Balances by Purpose
December 31, 2006

	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	\$ 925,498	\$ —	\$ —	\$ —	\$ 925,498	\$ —	\$ 925,498
1999 General Fund - Sports Park	23,581	—	—	—	23,581	(18,676)	4,905
Adams County road and bridge	1,154,297	—	—	—	1,154,297	—	1,154,297
Gifts and Grants	—	—	—	1,626,106	1,626,106	(334,523)	1,291,583
Total City Capital Projects	<u>2,103,376</u>	<u>—</u>	<u>—</u>	<u>1,626,106</u>	<u>3,729,482</u>	<u>(353,199)</u>	<u>3,376,283</u>
Other Governmental Funds							
<i>Gifts and Grants</i>							
Police - seizure funds	—	—	—	649,829	649,829	—	649,829
<i>Conservation Trust</i>							
Urban Drainage	1,170,000	—	—	—	1,170,000	—	1,170,000
<i>Arapahoe County Open Space</i>							
Urban Drainage	2,620,177	—	—	—	2,620,177	—	2,620,177
<i>Designated Revenues</i>							
Agreements	10,487,544	—	—	10,020,694	20,508,238	(433,623)	20,074,615
<i>City Debt Service</i>							
Bond proceeds	—	101,900	1,202,497	—	1,304,397	—	1,304,397
Dedicated property taxes	—	—	6,266,178	—	6,266,178	(6,266,178)	—
<i>SID Debt Service</i>							
Fence financing reserve	—	—	30,000	—	30,000	—	30,000
<i>AURA Debt Service</i>							
Refunding bond reserve	—	—	751,180	—	751,180	—	751,180
Urban renewal	—	—	—	116,918	116,918	—	116,918
<i>ACLCL Debt Service</i>							
2004 COPs	—	33,000	872,885	—	905,885	—	905,885
2005 COPs	—	2,000	2,364,441	80,605	2,447,046	(80,605)	2,366,441
2006 COPs	—	—	188,071	—	188,071	—	188,071
<i>ACLCL Capital Projects</i>							
2002 COPs	1,986,881	—	—	3,980	1,990,861	(3,980)	1,986,881
2005 COPs	1,710,418	—	—	58,359	1,768,777	(58,359)	1,710,418
Total Other Governmental Funds	<u>17,975,020</u>	<u>136,900</u>	<u>11,675,252</u>	<u>10,930,385</u>	<u>40,717,557</u>	<u>(6,842,745)</u>	<u>33,874,812</u>
Total Governmental Funds	<u>20,078,396</u>	<u>136,900</u>	<u>11,675,252</u>	<u>12,556,491</u>	<u>44,447,039</u>	<u>(7,195,944)</u>	<u>37,251,095</u>

(continued)

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2006

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

Restricted Balances by Purpose
December 31, 2006

	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	\$ —	\$ —	\$ —	\$ 3,373,202	\$ 3,373,202	\$ (2,489,716)	\$ 883,486
Community Development	—	—	—	12,859,951	12,859,951	(11,550,528)	1,309,423
Enhanced E-911	—	—	—	5,332,391	5,332,391	(42,486)	5,289,905
Conservation Trust	—	—	—	5,944,430	5,944,430	(141,787)	5,802,643
Parks Development	—	—	—	3,608,724	3,608,724	(19,774)	3,588,950
Arapahoe County Open Space	—	—	—	4,174,234	4,174,234	(28,503)	4,145,731
Cultural Services	—	—	—	1,366,600	1,366,600	(144,669)	1,221,931
Urban Renewal-AURA General Fund	—	—	—	10,904	10,904	—	10,904
TABOR Reserve	—	—	—	6,189,980	6,189,980	—	6,189,980
Bond Proceeds	—	—	—	897,846	897,846	(30,781)	867,065
Eliminate Internal Balances							
ACLC Capital to General Fund	—	—	—	(80,605)	(80,605)	80,605	—
ACLC Capital Projects	—	—	—	(62,339)	(62,339)	62,339	—
Arbitrage	—	—	—	—	—	(136,900)	(136,900)
Bonds payable - construction	—	—	—	—	—	(5,494,768)	(5,494,768)
Bonds payable - debt service	—	—	—	—	—	(5,409,073)	(5,409,073)
Total Governmental Activities Adjustments	—	—	—	43,615,318	43,615,318	(25,346,041)	18,269,277
Total Governmental Activities	20,078,396	136,900	11,675,252	56,171,809	88,062,357	(32,541,985)	55,520,372
Business-type Activities							
Water Fund							
1999 water revenue bond -							
Operation & maintenance reserve	—	—	—	1,250,000	1,250,000	—	1,250,000
Debt payment reserve	—	—	573,482	—	573,482	(573,482)	—
2003 water revenue bond-							
Debt service reserve	—	—	5,042,000	—	5,042,000	(5,042,000)	—
Debt payment reserve	—	8,000	2,088,823	—	2,096,823	(2,096,823)	—
2004 water revenue bond-							
Debt payment reserve	—	—	64,087	—	64,087	(64,087)	—
2005 water revenue bond-							
Unspent bond proceeds	5,501,890	—	—	52,023,500	57,525,390	(52,023,500)	5,501,890
Debt payment reserve	—	—	1,859,017	—	1,859,017	(1,859,017)	—
Total Water Fund	5,501,890	8,000	9,627,409	53,273,500	68,410,799	(61,658,909)	6,751,890
Sewer Fund							
1999 sewer revenue bond -							
Operation & maintenance reserve	—	—	—	1,250,000	1,250,000	—	1,250,000
Debt payment reserve	—	—	1,898,459	—	1,898,459	(1,898,459)	—
2006 sewer revenue bond-							
Unspent bond proceeds	2,505,227	—	—	42,970,138	45,475,365	(42,970,138)	2,505,227
Debt payment reserve	—	—	4,766,199	—	4,766,199	(4,766,199)	—
Urban Drainage	5,755,703	—	—	—	5,755,703	—	5,755,703
Total Sewer Fund	8,260,930	—	6,664,658	44,220,138	59,145,726	(49,634,796)	9,510,930
Golf Fund							
2005 Golf Course revenue bond -							
Debt service reserve	—	—	462,500	—	462,500	(462,500)	—
Total Golf Fund	—	—	462,500	—	462,500	(462,500)	—
Total Business-type Activities	13,762,820	8,000	16,754,567	97,493,638	128,019,025	(111,756,205)	16,262,820
Component Unit							
Fitzimons Redevelopment Authority	122,825	—	—	—	122,825	—	122,825
Total all Funds							
Total restricted balances	\$ 33,964,041	\$ 144,900	\$ 28,429,819	\$ 153,665,447	\$ 216,204,207	\$ (144,298,190)	\$ 71,906,017

(concluded)

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

1) Restricted for Construction

a) City Capital Projects Fund

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

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

Adams County Road and Bridge tax is a 0.5% sales tax collected by Adams County and allocated back to the City for the purpose of constructing roads and bridges located within both jurisdictions.

b) Conservation Trust

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

c) Arapahoe County Open Space Fund

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

d) Designated Revenues Fund

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

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

1) Restricted for Construction (continued)

e) ACLC Capital Projects Fund

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

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

f) Water Fund

The 2005 water revenue bonds were issued pursuant to an agreement with the Colorado Water Resources & Power Development Authority to finance the acquisition of water rights and acquisition and construction of water facilities. The Water Fund has unexpended earnings on revenue bond proceeds that are restricted for the completion of the project.

g) Sewer Fund

The 2006 sewer revenue bonds were issued for the purpose of financing the acquisition and construction of additions and improvements to the wastewater utility system. The Sewer Fund has unexpended earnings on revenue bond proceeds that are restricted for the completion of the project.

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

2) Restricted for Arbitrage

Federal tax law provides that, with the exception of certain “temporary periods”, governments may not invest the proceeds of tax-exempt debt in a higher yielding taxable security. Arbitrage occurs if a government earns more than the yield allowed by law. Excess arbitrage earnings must be rebated to the Federal government. All outstanding bonds and COPs are reviewed annually for potential arbitrage rebate liability and corresponding reserves are established as necessary.

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

2) Restricted for Arbitrage (continued)

a) City Debt Service Fund

Arbitrage amounts anticipated to be paid with funds held in the City Debt Service Fund include \$80,000 for the 2000 GO Bonds (FMP), \$16,900 for the 1998 Alameda / I225 bonds and \$5,000 for the 1999 General Fund Sports Park bonds.

b) ACLC Debt Service Fund

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

c) Water Fund

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

3) Restricted for Debt Service

a) City Debt Service Fund

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

b) SID Debt Service Fund

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

c) AURA Debt Service Fund

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

d) ACLC Debt Service Fund

Debt service reserves and amounts set aside for debt service payments relating the Series 2004, 2005 and 2006 issues are restricted as they are only available for the retirement of the COPs.

e) Water Fund

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

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

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

3) Restricted for Debt Service (continued)

e) Water Fund (continued)

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

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

f) Sewer Fund

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

The 2006 Sewer Revenue Bonds require the City to maintain a debt payment reserve.

g) Golf Fund

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

4) Other Restrictions

a) City Capital Projects Fund

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

b) Gifts and Grants Fund

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

c) Designated Revenues Fund

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

d) AURA Debt Service

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

e) ACLC Debt Service

Amounts owed to other funds for advances on debt service payments.

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

A. Restricted and Reserved (continued)

4) Other Restrictions (continued)

f) ACLC Capital Projects

Amounts owed to other funds for advances paid on construction projects.

g) Governmental Activities Adjustments

Amounts reserved by the nature of the fund on the fund financial statements (i.e. no reservation is presented) are restricted net assets for citywide reporting. These amounts include: funds contained within the Gifts and Grants, the Community Development and the Cultural Services Funds that are restricted for gifts and grants as specified by the grantor; revenues collected by the Enhanced E-911 Fund that are restricted for construction, acquisition and operation of emergency communication equipment; lottery funds collected by the Conservation Trust Fund, revenues collected by the Parks Development Fund and by the Arapahoe County Open Space Fund that are restricted for parks and recreation programs; amounts in the TABOR Reserve Fund that report emergency reserves as required by the TABOR amendment; funds in the AURA General Fund that are restricted for urban renewal; and funds in the Bond Proceeds Fund are restricted bond proceeds for capital projects.

Restricted amounts due to and due from other funds are eliminated through the governmental activities adjustments. Additionally, the liability for arbitrage and outstanding bonded debt are added to the governmental activities adjustment as they are reported only on the citywide financial statements.

h) Water Fund

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

2005 Water Revenue Bonds unspent proceeds are restricted to fund additions and improvements to the water system.

i) Sewer Fund

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

2006 Sewer Revenue Bonds unspent proceeds are restricted to fund additions and improvements to the wastewater utility system.

5. RESTRICTED, RESERVED AND DESIGNATED (continued)

B. Reserved for Encumbrances

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

**Reserved for Encumbrances
 December 31, 2006**

Operating encumbrances	
General Fund	\$ 1,298,394
Other Governmental Funds	
Gifts and Grants	76,702
Development Review	233,986
Abatement	35,148
Enhanced E-911	100,324
Arapahoe County Open Space	23,232
Recreation Services	41,417
Designated Revenues	294,689
Total operating encumbrances	<u>2,103,892</u>
Capital projects encumbrances (unrestricted funds)	
City Capital Projects Fund	4,093,107
Other Governmental Funds	
Gifts and Grants	176,280
Community Development	61,665
Enhanced E-911	24,274
Conservation Trust	1,697,178
Parks Development	31,250
Arapahoe County Open Space	54,644
Designated Revenues	65,559
Bond Proceeds	115,307
Building Repair	995,280
Total capital projects encumbrances	<u>7,314,544</u>
Total Reserve for Encumbrances	
Total reserve for encumbrances	<u>\$ 9,418,436</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, 2006**

Fund	Payment of Long-term Liabilities	Subsequent Year Budgets	Project-length Appropriations	Operating Designation	Total
General Fund	\$ 16,659,291	\$ 3,191,201	\$ —	\$ 10,059,673	\$29,910,165
City Capital Projects Fund	—	4,600,339	8,011,690	—	12,612,029
Other Governmental					
Gifts and Grants	—	—	630,504	—	630,504
Development Review	—	1,481,718	—	—	1,481,718
Abatement	—	26,363	—	—	26,363
Community Maintenance	—	—	108,161	—	108,161
Enhanced E-911	—	4,583	1,096,750	—	1,101,333
Conservation Trust	—	—	3,158,803	—	3,158,803
Parks Development	—	—	868,252	—	868,252
Arapahoe County Open Space	—	2,023,937	1,958,258	—	3,982,195
Cultural Services	—	86,424	—	—	86,424
Designated Revenues	—	3,485,553	192,076	—	3,677,629
Surplus & Deficiency	—	470,000	—	—	470,000
Bond Proceeds Capital Projects	—	—	692,973	—	692,973
Building Repair	—	—	730,278	—	730,278
Total designations	<u>\$ 16,659,291</u>	<u>\$ 15,370,118</u>	<u>\$ 17,447,745</u>	<u>\$ 10,059,673</u>	<u>\$59,536,827</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 2007 budget) for subsequent year appropriations.
- 3) **Project-length Appropriations**
 Budgets for capital projects are adopted on a project length basis. At year-end, the unspent appropriation will carry forward to the subsequent year.
- 4) **Operating Designation**
 The “Operating Reserve” has a minimum target policy of 1% to 3% of annual budgetary revenues and may be spent for one-time uses such as unexpected revenue shortfalls, unexpected expenses, and emergencies.

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

6. CAPITAL ASSETS

Summary of Changes in Capital Assets
For the Year Ended December 31, 2006

	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	\$ 212,790,150	\$ 13,401,875	\$ —	\$ —	\$ 226,192,025	\$ —	\$ 226,192,025
Construction in progress	13,979,344	24,375,735	—	(31,340,455)	7,014,624	—	7,014,624
Total capital assets not depreciated	226,769,494	37,777,610	—	(31,340,455)	233,206,649	—	233,206,649
<i>Capital assets being depreciated</i>							
Building and improvements	198,568,731	56,063	(18,206)	444,664	199,051,252	(36,145,946)	162,905,306
Infrastructure	2,364,436,195	118,335,072	—	20,073,057	2,502,844,324	(65,460,698)	2,437,383,626
Machinery and equipment	52,300,553	5,926,897	(1,922,078)	10,795,549	67,100,921	(36,438,038)	30,662,883
Total capital assets being depreciated	2,615,305,479	124,318,032	(1,940,284)	31,313,270	2,768,996,497	(138,044,682)	2,630,951,815
<i>Accumulated depreciation</i>							
Building and improvements	(30,376,510)	(5,787,642)	18,206	—	(36,145,946)		
Infrastructure	(54,634,494)	(10,826,204)	—	—	(65,460,698)		
Machinery and equipment	(33,785,488)	(4,541,127)	1,861,392	27,185	(36,438,038)		
Total accumulated depreciation	(118,796,492)	(21,154,973)	1,879,598	27,185	(138,044,682)		
Total governmental activities	\$ 2,723,278,481	\$ 140,940,669	\$ (60,686)	\$ —	\$ 2,864,158,464		\$ 2,864,158,464
Business-type Activities							
<i>Capital assets not depreciated</i>							
Land and water rights	\$ 232,543,016	\$ 40,774,721	\$ —	\$ 627,174	\$ 273,944,911	\$ —	\$ 273,944,911
Construction in progress	39,751,131	66,407,698	(1,383,000)	(27,831,196)	76,944,633	—	76,944,633
Total capital assets not depreciated	272,294,147	107,182,419	(1,383,000)	(27,204,022)	350,889,544	—	350,889,544
<i>Capital assets being depreciated</i>							
Building and improvements	116,432,031	—	—	3,843,165	120,275,196	(23,211,231)	97,063,965
Infrastructure	696,685,303	57,053,802	—	23,360,857	777,099,962	(138,320,749)	638,779,213
Machinery and equipment	35,811,273	2,210,895	(468,262)	27,185	37,581,091	(21,696,528)	15,884,563
Total capital assets being depreciated	848,928,607	59,264,697	(468,262)	27,231,207	934,956,249	(183,228,508)	751,727,741
<i>Accumulated depreciation</i>							
Building and improvements	(20,161,663)	(3,049,568)	—	—	(23,211,231)		
Infrastructure	(128,423,928)	(9,896,821)	—	—	(138,320,749)		
Machinery and equipment	(19,663,495)	(2,432,232)	426,384	(27,185)	(21,696,528)		
Total accumulated depreciation	(168,249,086)	(15,378,621)	426,384	(27,185)	(183,228,508)		
Total business-type activities	\$ 952,973,668	\$ 151,068,495	\$ (1,424,878)	\$ —	\$ 1,102,617,285		\$ 1,102,617,285

(continued)

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

6. CAPITAL ASSETS (continued)

Summary of Changes in Capital Assets
For the Year Ended December 31, 2006 (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	\$ 4,734,219	\$ 792,673	\$ (1,280,684)	\$ —	\$ 4,246,208	\$ —	\$ 4,246,208
Construction in progress	1,885,200	1,882,113	(3,737,388)	—	29,925	—	29,925
Total capital assets not depreciated	6,619,419	2,674,786	(5,018,072)	—	4,276,133	—	4,276,133
Capital assets being depreciated							
Building and improvements	9,102,715	3,946,609	(31,954)	—	13,017,370	(2,151,870)	10,865,500
Machinery and equipment	332,014	—	—	—	332,014	(310,196)	21,818
Total capital assets being depreciated	9,434,729	3,946,609	(31,954)	—	13,349,384	(2,462,066)	10,887,318
Accumulated depreciation							
Building and improvements	(1,703,047)	(449,822)	999	—	(2,151,870)		
Machinery and equipment	(286,424)	(23,772)	—	—	(310,196)		
Total accumulated depreciation	(1,989,471)	(473,594)	999	—	(2,462,066)		
Total component unit	\$ 14,064,677	\$ 6,147,801	\$ (5,049,027)	\$ —	\$ 15,163,451		\$ 15,163,451

2006 Depreciation Expense by Function

Function	Depreciation
Governmental Activities	
General government	\$ 802,711
Judicial	40,100
Police	1,497,444
Fire	940,549
Other public safety	235,294
Public works	10,964,149
Economic development	153,395
Community services	235,455
Culture and recreation	2,964,140
Unallocated*	3,305,620
Depreciation expense governmental activities	21,138,857
Depreciation of internal service fund capital assets attributable to business-type activities	16,116
Total depreciation expense governmental activities	21,154,973
Business-type Activities	
Water	8,911,075
Sewer	5,532,678
Golf	950,984
Depreciation business-type activities	15,394,737
Depreciation of internal service fund capital assets attributable to business-type activities	(16,116)
Total depreciation business-type activities	15,378,621
Component Unit	
FRA	473,594
Total All Funds	
Total depreciation expense all funds	\$ 37,007,188

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

6. CAPITAL ASSETS (continued)

Interest Expensed and Capitalized on Construction Projects in 2006

Fund	Capitalized During Construction	Expensed	Totals
Water Fund	\$ 1,573,681	\$ 9,222,064	\$ 10,795,745
Sewer Fund	159,817	1,879,993	2,039,810
Golf Fund	<u>-</u>	<u>463,909</u>	<u>463,909</u>
Total Enterprise Funds	<u>\$ 1,733,498</u>	<u>\$ 11,565,966</u>	<u>\$ 13,299,464</u>

7. JOINT VENTURE

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

2006 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
\$ 2,573,649	\$ -	\$ (35,817)	\$ -	\$ 2,537,832

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

8. PAYABLES

Classifications of Payables per the Citywide Statement of Net Assets
December 31, 2006

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Totals
Accounts payable and other current liabilities (Accounts payable and other)	\$ 11,166,596	\$ 10,984,697	\$ 520,440	\$ 2,304,747	\$ 24,976,480
Payable from restricted assets (excluding unearned revenues of \$20,039,006)	1,599,137	4,315,143	—	—	5,914,280
Total payables	<u>\$ 12,765,733</u>	<u>\$ 15,299,840</u>	<u>\$ 520,440</u>	<u>\$ 2,304,747</u>	<u>\$ 30,890,760</u>

Payables by Fund and Type
December 31, 2006

	Vendors	Salaries & Benefits	Accrued Interest	Deposits & Refunds	Other	Total Payables (All due within one year)
Governmental Activities						
General Fund						
Accounts payable and other	\$ 3,258,630	\$ 3,828,792	\$ —	\$ 555,544	\$ 443,373	\$ 8,086,339
City Capital Projects Fund						
Accounts payable and other	1,520,766	—	—	—	45,088	1,565,854
Payable from restricted assets	353,199	—	—	—	—	353,199
Total City Capital Projects Fund	1,873,965	—	—	—	45,088	1,919,053
Other Governmental Funds						
Accounts payable and other	1,224,448	383,123	—	720	45	1,608,336
Payable from restricted assets	433,623	—	—	—	—	433,623
Total other governmental funds	1,658,071	383,123	—	720	45	2,041,959
Internal Service Funds						
Accounts payable and other	366,870	63,368	248	—	—	430,486
Governmental Activities Adjustments						
Accounts payable and other	(675,415)	(747,528)	898,524	—	—	(524,419)
Payable from restricted assets	812,315	—	—	—	—	812,315
Total governmental activities adjustments	136,900	(747,528)	898,524	—	—	287,896
Total Governmental Activities	7,294,436	3,527,755	898,772	556,264	488,506	12,765,733

(continued)

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2006

8. PAYABLES (continued)

Payables by Type Fund and Type
 December 31, 2006 (continued)

	Vendors	Salaries & Benefits	Accrued Interest	Deposits & Refunds	Other	Total Payables (All due within one year)
Business-type Activities						
Water						
Accounts payable and other	\$ 4,332,413	\$ 304,133	\$ 3,277,078	\$ 155,828	\$ 2,209	\$ 8,071,661
Payable from restricted assets	3,026,362	—	—	—	—	3,026,362
Sewer						
Accounts payable and other	1,480,728	164,736	1,223,779	—	2,467	2,871,710
Payable from restricted assets	1,288,781	—	—	—	—	1,288,781
Golf						
Accounts payable and other	22,744	69,913	44,236	—	(12,950)	123,943
Business-type Activities adjustments						
Reclass compensated absences	—	(82,617)	—	—	—	(82,617)
Total Business-type Activities	10,151,028	456,165	4,545,093	155,828	(8,274)	15,299,840
Component Unit						
Fitzsimons Redevelopment Authority						
Accounts payable and other	217,930	33,702	—	268,808	—	520,440
Fiduciary Funds						
General Employees' Retirement Plan						
Accounts payable and other	332,686	—	—	—	—	332,686
EOEP Pension Fund						
Accounts payable and other	2,904	—	—	—	—	2,904
Payroll Clearing Agency Fund						
Accounts payable and other	880	1,968,277	—	—	—	1,969,157
Total Fiduciary Funds	336,470	1,968,277	—	—	—	2,304,747
Total Reporting Entity						
Total Reporting Entity	\$ 17,999,864	\$ 5,985,899	\$ 5,443,865	\$ 980,900	\$ 480,232	\$ 30,890,760

(concluded)

9. NONCURRENT LIABILITIES

Noncurrent Liabilities per the Citywide Statement of Net Assets
December 31, 2006

Description	Governmental Activities	Business-type Activities	Component Unit
Due in one year	\$ 19,519,607	\$ 10,860,886	\$ 180,977
Due in one year – payable from restricted assets	710,000	2,112,639	–
Due beyond one year	166,093,022	216,273,676	4,057,845
Due beyond one year - payable from restricted assets	<u>10,193,842</u>	<u>105,328,423</u>	–
Total noncurrent liabilities	<u>\$ 196,516,471</u>	<u>\$ 334,575,624</u>	<u>\$ 4,238,822</u>

Summary of Changes in Noncurrent Long-Term Liabilities During 2006

Description	Balance January 1	Additions	Reductions	Balance December 31	Due within One year
Governmental Activities					
General obligation bonds	\$ 44,945,000	\$ –	\$ (4,105,000)	\$ 40,840,000	\$ 4,295,000
Revenue bonds	13,775,000	–	(1,485,000)	12,290,000	1,915,000
Certificates of participation	116,165,000	81,205,000	(81,590,000)	115,780,000	6,285,000
SID Notes Payable	<u>1,140,000</u>	–	<u>(85,000)</u>	<u>1,055,000</u>	<u>88,000</u>
Total bonds, COPs & notes payable	176,025,000	81,205,000	(87,265,000)	169,965,000	12,583,000
Capitalized leases	1,613,972	2,912,974	(563,430)	3,963,516	933,142
Accrued compensated absences	20,411,241	2,186,716	(1,872,532)	20,725,425	1,886,798
Accrued claims payable	8,856,133	3,126,448	(4,826,667)	7,155,914	4,826,667
Unamortized debt discounts	(346,853)	(6,107,079)	256,912	(6,197,020)	–
Unamortized debt premium	<u>179,410</u>	<u>797,089</u>	<u>(72,863)</u>	<u>903,636</u>	–
Total Governmental Activities	<u>\$ 206,738,903</u>	<u>\$ 84,121,148</u>	<u>\$ (94,343,580)</u>	<u>\$ 196,516,471</u>	<u>\$ 20,229,607</u>
Business-type Activities					
General obligation bonds	\$ 51,635,000	\$ –	\$ (7,725,000)	\$ 43,910,000	\$ 6,635,000
Revenue bonds	223,000,127	57,790,000	(5,435,033)	275,355,094	5,559,176
Notes payable	7,511,648	–	(1,161,515)	6,350,133	279,956
Less: Unamortized bond discounts	(865,027)	(129,450)	83,489	(910,988)	–
Unamortized bond premiums	<u>5,451,210</u>	<u>1,438,695</u>	<u>(360,563)</u>	<u>6,529,342</u>	–
Total bonds and notes payable	286,732,958	59,099,245	(14,598,622)	331,233,581	12,474,132
Capitalized leases	367,357	240,075	(157,095)	450,337	149,748
Accrued compensated absences	<u>2,600,502</u>	<u>552,539</u>	<u>(261,335)</u>	<u>2,891,706</u>	<u>349,645</u>
Total Business-type Activities	<u>\$ 289,700,817</u>	<u>\$ 59,891,859</u>	<u>\$ (15,017,052)</u>	<u>\$ 334,575,624</u>	<u>\$ 12,973,525</u>
Component Unit					
Notes payable	\$ 3,282,681	\$ –	\$ (160,202)	\$ 3,122,479	\$ 160,231
Interest payable	<u>918,470</u>	<u>197,873</u>	–	<u>1,116,343</u>	<u>20,746</u>
Total Component Unit	<u>\$ 4,201,151</u>	<u>\$ 197,873</u>	<u>\$ (160,202)</u>	<u>\$ 4,238,822</u>	<u>\$ 180,977</u>

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006

9. NONCURRENT LIABILITIES (continued)

Debt Service Requirements by Type of Debt As of December 31, 2006

Year Due	Governmental Activities							
	General Obligation		Revenue		Certificates of Participation		SID Notes	
	2.00-5.00%		4.75-5.80%		2.50-5.00%		4.89%	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	4,295,000	1,902,380	1,915,000	593,829	6,285,000	4,669,482	88,000	50,709
2008	4,500,000	1,714,500	1,270,000	490,774	6,220,000	4,467,824	124,000	45,575
2009	4,715,000	1,516,783	1,335,000	425,649	7,340,000	4,255,764	124,000	39,584
2010	4,480,000	1,307,933	1,400,000	357,274	6,170,000	4,002,988	124,000	33,570
2011	4,705,000	1,101,853	1,475,000	285,399	6,430,000	3,774,810	125,000	27,555
2012-2016	18,145,000	2,207,690	4,895,000	383,180	25,430,000	15,077,376	470,000	49,878
2017-2021	—	—	—	—	17,025,000	11,035,286	—	—
2022-2026	—	—	—	—	20,860,000	7,062,415	—	—
2027-2031	—	—	—	—	20,020,000	2,193,968	—	—
Total	\$ 40,840,000	\$ 9,751,139	\$ 12,290,000	\$ 2,536,105	\$ 115,780,000	\$ 56,539,913	\$ 1,055,000	\$ 246,871

Year Due	Business-type Activities							
	General Obligation Water		Water Revenue		Water Notes		Sewer Revenue	
	2.00-4.00%		2.00-5.00%		5.00%		5.00-5.125%	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	6,635,000	1,545,475	3,607,104	8,744,069	50,311	7,547	1,577,072	3,154,392
2008	6,840,000	1,363,013	3,708,938	8,641,668	941,953	285,290	2,625,133	3,114,598
2009	5,905,000	1,157,816	3,810,404	8,535,665	941,952	218,192	2,708,192	3,031,636
2010	6,120,000	965,900	3,962,238	8,384,551	587,494	191,094	2,796,635	2,936,281
2011	6,365,000	736,400	6,394,804	8,217,285	587,494	161,720	2,910,843	2,826,917
2012-2016	12,045,000	808,600	33,822,516	36,530,319	2,116,248	388,508	12,156,215	12,634,927
2017-2021	—	—	38,330,000	27,853,989	530,650	53,065	7,955,000	10,786,563
2022-2026	—	—	37,335,000	18,911,688	—	—	10,065,000	8,664,226
2027-2031	—	—	38,220,000	11,349,081	—	—	12,770,000	5,961,875
2032-2036	—	—	30,370,000	3,054,687	—	—	16,285,000	2,442,413
Total	\$ 43,910,000	\$ 6,577,204	\$ 199,561,004	\$ 140,223,002	\$ 5,756,102	\$ 1,305,416	\$ 71,849,090	\$ 55,553,828

Year Due	Business-type Activities				Component Unit	
	Golf Revenue		Golf Note		FRA	
	3.375-4.375%		4.54%		3.261%	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	375,000	161,525	229,645	24,392	160,231	40,231
2008	385,000	146,525	240,187	13,847	161,152	34,835
2009	405,000	131,125	124,199	2,819	162,111	29,403
2010	420,000	114,925	—	—	163,108	23,933
2011	435,000	98,125	—	—	164,145	18,422
2012-2016	1,925,000	208,700	—	—	461,732	2,801,694
2017-2021	—	—	—	—	1,850,000	929,807
Total	\$ 3,945,000	\$ 860,925	\$ 594,031	\$ 41,058	\$ 3,122,479	\$ 3,878,325

9. NONCURRENT LIABILITIES (continued)

A. General Obligation Bonds

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

1) Governmental Activities

The City has three outstanding issuances of general obligation bonds. Amounts originally issued and amounts outstanding at December 31, 2006, respectively were: 1998 Alameda and I-225 Interchange \$10,000,000 and \$5,160,000; 2000 Facility Master Plan \$50,100,000 and \$34,370,000; and 2003 Public Safety Refunding \$2,530,000 and \$1,310,000. Unamortized premiums and discounts totaled \$6,520 and \$2,483, respectively.

2) Business-type Activities

The one outstanding issuance of general obligation water bonds are payable from earnings of the Water Fund. Amounts originally issued and amounts outstanding at December 31, 2006, respectively were: 2003 Refunding \$62,775,000 and \$43,910,000. Unamortized discounts on the bonds totaled \$136,790 and unamortized premiums totaled \$723,049.

B. Revenue Bonds

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

1) Governmental Activities

In 1999, the City issued \$17,470,000 in Sports Park General Fund bonds, payable from General Fund revenue, to finance the creation of a youth sports complex. As of December 31, 2006, the amount of Sports Park bonds outstanding was \$11,580,000.

In 1996, AURA issued \$3,580,000 in revenue refunding bonds payable from incremental sales and property taxes collected within the Aurora City Center Urban Renewal Area. As of December 31, 2006, the amount of revenue bonds outstanding was \$710,000. If AURA balances are insufficient, the General Fund has a "moral obligation" (not a legal obligation) to maintain the debt service reserve at the required annual minimum of \$751,180 in 2006.

2) Business-type Activities

In 2005, the City issued its \$100,000,000 Governmental Agency Bond, evidencing the City's obligation pursuant to a loan agreement between the City and the Colorado Water Resources and Power Development Authority (CWR&PDA), for the purpose of financing the acquisition of water rights and the acquisition and construction of water facilities. As of December 31, 2006, the amount outstanding was \$100,000,000. Unamortized premiums on the bond at December 31, 2006 totaled \$1,540,065. CWR&PDA was established by the

9. NONCURRENT LIABILITIES (continued)

B. Revenue Bonds (continued)

2) Business-type Activities (continued)

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

In 2004, the City issued \$40,000,000 in variable rate Second-Lien Water Improvement Revenue Bonds, Series 2004A for the purpose of financing additions and improvements to the water system. This variable rate debt bears interest at an “auction period rate” resulting from a weekly bond auction. As of December 31, 2006, the interest rate on the bonds was 3.75%. As of December 31, 2006, the amount outstanding was \$40,000,000 and unamortized discounts totaled \$193,399.

In 2003, the City issued \$55,860,000 First-Lien Water Improvement Revenue Bonds, Series 2003A for the purpose of financing additions and improvements to the water system. As of December 31, 2006, the amount outstanding was \$50,765,000. Unamortized discount on the bond at December 31, 2006 totaled \$163,730. Unamortized premium on the bond totaled \$2,583,818 as of December 31, 2006.

In 1999, the City issued a \$14,999,899 Governmental Agency revenue bond, pursuant to a loan agreement between the Colorado Water Resources and Power Development Authority and the Water Fund for the refurbishment of the Griswold Water Plant. The bond payments are payable from the revenues of the Water Fund. As of December 31, 2006, the amount outstanding was \$8,796,004. Unamortized discount on the bond at December 31, 2006 totaled \$47,825. Unamortized premium on the bond totaled \$210,810 as of December 31, 2006.

In 2006, the City issued a \$57,790,000 First-Lien Sewer Improvement Revenue Bonds, Series 2006 for the purpose of financing the acquisition and construction of additions and improvements to the wastewater utility system. As of December 31, 2006, the amount outstanding was \$57,790,000. Unamortized discount on the bond at December 31, 2006 totaled \$127,292. Unamortized premium on the bond totaled \$1,414,717 as of December 31, 2006.

In 1999, the City issued a \$24,124,366 Governmental Agency revenue bond, pursuant to a loan agreement between the Colorado Water Resources and Power Development Authority and the Sewer Fund to upgrade the wastewater facility and to add reuse storage and piping. The bond payments are payable from the revenues of the Sewer Fund. As of December 31, 2006, the amount outstanding was \$14,059,090. Unamortized discount on the bond at December 31, 2006 totaled \$78,435. Unamortized premium on the bond totaled \$56,883 as of December 31, 2006.

9. NONCURRENT LIABILITIES (continued)

B. Revenue Bonds (continued)

2) Business-type Activities (continued)

In 2005, the City issued \$4,625,000 of Golf Course Enterprise System Refunding Revenue Bonds, Series 2005 for the purpose of refinancing obligations originally incurred in 1995 that financed construction of the Saddle Rock Golf Course. The bonds are payable from revenues of the Golf Fund. As of December 31, 2006, the amount outstanding was \$3,945,000. Unamortized discounts on the bonds at December 31, 2006 totaled \$163,517.

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 five outstanding COPs issues: the 2002 Series, issued for \$15,380,000, which financed the acquisition of public safety vehicles and the construction of public safety communications equipment; the 2004 Series, issued for \$8,750,000, which refunded the 1994 Refunding COPs; the 2005 Series, issued for \$23,395,000, which financed public improvements and open space acquisitions; and in 2006, the City issued Series 2006 A-1 (fixed-rate) and Series 2006 A-2 (variable-rate) in the amounts of \$20,290,000 and \$60,915,000, respectively, for the purpose of refunding \$74,755,000 of the outstanding 2000 COPs originally issued to finance the construction of the City administrative office building.

Series 2006 A-2 debt service requirements and net swap payments, using rates as of December 31, 2006 and assuming current interest rates remain the same for their term, are shown in footnote 10. As rates vary, variable-rate interest payments and net swap payments will vary.

The 2006 Refundings will provide a net cash flow savings of \$10,700,363 and a net economic gain of \$6,758,525. The average interest rate on the 2006 Refundings is 4.581% on the fixed-rate portion and 3.943% on the variable-rate portion. The average interest rate on the refunded Series 2000 COPs was 5.5%. The reacquisition price exceeded the net carrying amount of the old debt by \$5,910,691.

The amounts outstanding at December 31, 2006 were: 2002 Series \$10,645,000, 2004 Series \$5,755,000, 2005 Series \$19,915,000, Series 2006 A-1 \$18,550,000, and Series 2006 A-2 \$60,915,000. Unamortized discounts totaled \$6,194,537 at December 31, 2006. Unamortized premium totaled \$897,116 at December 31, 2006.

9. NONCURRENT LIABILITIES (continued)

D. Notes Payable

1) Governmental Activities

In 2005, the City issued a Special Improvement District Revenue Note for \$1,140,000 to reimburse the City for expenditures made by the City to construct the Dam West masonry fence. The note is payable solely from the special assessments levied on the Dam West neighborhood. The total outstanding amount of the note at December 31, 2006 was \$1,055,000.

2) Business-type Activities

In 2004, the City issued utility enterprise water resources revenue notes to acquire certain water rights in the amount of \$8,280,091. The water rights notes are paid from the revenues of the Water Fund. In 1999, the City issued \$503,112 in water rights notes to acquire certain water rights. Total water rights notes outstanding at December 31, 2006 for the 1999 and 2004 issues are \$150,934 and \$5,605,168 respectively.

In 2004, the City issued \$1,125,000 in golf course enterprise system revenue notes for the purpose of financing irrigation system improvements to the golf course system and are paid from the revenues of the Golf Fund. The amount outstanding at December 31, 2006 is \$594,031.

3) Component Unit

The FRA entered into an agreement with the United States Army for the conveyance of 332 acres of land along with associated improvements and equipment at Fitzsimons. The purchase price for the conveyance is \$1,850,000. The note is payable in ten equal annual installments of \$555,956 beginning December 31, 2012 through December 31, 2021. Interest accrued at December 31, 2006 is \$1,095,597.

The FRA entered into a loan agreement with the City whereby the FRA could draw up to \$1,150,000. The FRA was permitted to draw the funds to provide partial matching for two grants the FRA received from the U.S. Department of Commerce Economic Development Administration, for the purpose of designing and constructing a bioscience incubator facility at Fitzsimons. The loan is payable in ten equal installments of \$137,189 beginning June 1, 2005 through June 1, 2014. Interest accrued from the time of draw through June 1, 2005 is rolled into the balance of the loan. At December 31, 2006 the balance of the loan is \$1,090,487 and accrued interest is \$20,746.

The FRA entered into a note obligation with the City to enable the FRA to operate the eighteen-hole Fitzsimons Golf Course and to purchase necessary equipment and make improvements to the clubhouse. The note is payable in ten equal installments of principal and interest of \$30,322 beginning December 1, 2004 and ending December 1, 2013. Any net

9. NONCURRENT LIABILITIES (continued)

D. Notes Payable (continued)

3) Component Unit (continued)

income from the operation of the Golf Course in excess of \$150,000 shall also be applied to the outstanding balance of the note until paid in full. The current balance of the note at December 31, 2006 is \$181,992 and accrued interest is \$607.

E. Capitalized Leases

**Capitalized Leases Debt Service Requirements
 December 31, 2006**

Year Due	Governmental Activities				Business-type Activities	
	General Fund Revenues		Print Shop		Golf	
	2.97-4.04%		3.87%		3.85-5.25%	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 913,952	\$ 141,443	\$ 19,190	\$ 371	\$ 149,748	\$ 19,510
2008	948,320	107,075	—	—	125,196	13,228
2009	938,307	71,402	—	—	97,519	7,717
2010	711,777	37,368	—	—	77,874	3,461
2011	431,970	10,882	—	—	—	—
Total	<u>\$ 3,944,326</u>	<u>\$ 368,170</u>	<u>\$ 19,190</u>	<u>\$ 371</u>	<u>\$ 450,337</u>	<u>\$ 43,916</u>

1) Governmental Activities

The City has entered into leases for fourteen dump trucks, two motor graders, four fire trucks, four street sweepers, and police equipment 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 \$1,881,640, \$421,664, \$1,775,346, \$486,924, \$207,280 and \$176,312 respectively and accumulated amortization as of December 31, 2006 is \$522,982.

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 \$687,304 and accumulated amortization as of December 31, 2006 is \$309,074.

F. Accrued Compensated Absences

Accrued compensated absences recorded in governmental activities are generally liquidated from the General Fund. Amounts outstanding at December 31, 2006 are \$20,725,425.

9. NONCURRENT LIABILITIES (continued)

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, 2006 is \$80,946,250. In 1992, Colorado voters approved an amendment to the state constitution (TABOR), which requires multiple-fiscal year debt and certain other financial obligations to be authorized by voters, regardless of whether or not the City is at its legal debt margin. Voter approval of additional debt typically includes a provision exempting the new debt from the debt margin. Consequently, the computation of the City's legal debt margin has little real significance.

10. INTEREST RATE SWAP AGREEMENT

A. Objective of the Interest Rate Swap

The City determined that issuing variable rate debt and entering into an interest rate swap simultaneously, in order to create synthetic fixed rate debt, would result in a lower overall interest cost than issuing conventional fixed rate debt.

B. Terms

The City entered into two agreements on February 16, 2006 that are scheduled to end on December 1, 2030 and required no initial net cash receipt or payment by the City. The City entered into an agreement with two counterparties, each with a notional value of \$30,457,500, for a combined notional value of \$60,915,000. The agreements provide for the City to receive interest from the counterparties at 70% of the London Interbank Offering Rate (LIBOR) and to pay interest to the counterparties at a fixed rate of 3.943%. The combined notional amount outstanding as of December 31, 2006 was \$60,915,000. The notional amount of the swaps and the principal amount of the associated debt were equal at inception of the swaps, and the notional amount declines by a corresponding amount each time a principal payment becomes due on the associated debt. Under the agreement, the City receives the floating interest amount monthly, and on the semi-annual fixed payment date pays the net interest amount with the net amounts included in interest expense.

C. Fair Value

As of December 31, 2006, the agreements had a fair value of \$(194,436), calculated using the par-value method, which compares the fixed rate on the swaps with the current fixed rates that could be achieved in the marketplace should the swaps be unwound. The fixed-rate component was valued by discounting the fixed-rate cash flows using the current yield to maturity of a comparable bond. The variable-rate component was assumed to be at par value because the interest rate resets to the market rate at every reset date. The fair value was then calculated by subtracting the estimated market value of the fixed component from the established market value of the variable component. The fair value of the agreement is not recognized in the City's financial statements.

10. INTEREST RATE SWAP AGREEMENT (continued)***D. Credit Risk***

The swap's fair value represented the City's credit exposure to the counterparties as of December 31, 2006. Should the counterparties to this transaction fail to perform according to the terms of the swap agreement, the City has a maximum possible loss equivalent to the swap's fair value at that date. As of December 31, 2006, the City was not exposed to credit risk because the swap had a negative fair value. The swap counterparties were rated Aa2 and Aa3 by Moody's Investors Services, AA- and A+ by and Standard & Poor's and A+ and AA- by Fitch Ratings as of December 31, 2006. To mitigate the potential for credit risk, if the counterparty's credit quality rating falls below A+ or A1 by Standard & Poor's and Moody's, respectively, the fair value of the swap is to be collateralized by the counterparty subject to certain threshold limits.

E. Basis Risk

The swap exposes the City to basis risk should the relationship between LIBOR and the weekly rates set by the remarketing agent J.P. Morgan change in a manner adverse to the City. If an adverse change occurs in the relationship between these rates, the expected cost savings may not be realized.

F. Termination Risk

The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate notes would no longer have a synthetic fixed rate of interest. Also, if the swap has a negative fair value at the time of termination, the City would be liable to the counterparty for a payment equal to the swap's then fair value.

G. Swap payments and Associated Debt

Using rates as of December 31, 2006, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Certificates of Participation (COP) 2006 A-2 Issue				
Year Due	Variable-Rate Note		Interest Rate	Total
	Principal	Interest	Swap, Net	
2007	\$ -	\$ 2,406,143	\$ 120,612	\$ 2,526,755
2008	-	2,406,143	120,612	2,526,755
2009	-	2,406,143	120,612	2,526,755
2010	-	2,406,143	120,612	2,526,755
2011	-	2,406,143	120,612	2,526,755
2012-2016	3,010,000	12,030,713	603,059	15,643,772
2017-2021	17,025,000	10,145,575	508,563	27,679,138
2022-2026	20,860,000	6,493,010	325,472	27,678,482
2027-2031	20,020,000	2,017,067	101,109	22,138,176
	<u>\$ 60,915,000</u>	<u>\$ 42,717,080</u>	<u>\$ 2,141,263</u>	<u>\$ 105,773,343</u>

11. INTERFUND TRANSACTIONS

Interfund Receivables and Payables
 December 31, 2006

Reporting fund Fund due from / due to	Purpose	Receivable Due From	Payable Due to
Governmental Activities			
<i>Reported in Unrestricted</i>			
General Fund			
Community Development	Offset negative cash balance	\$ 1,309,420	\$ —
Fleet Management	Vehicle sales proceeds	274,329	—
AURA Debt Service	Urban renewal - January accrued sales tax	—	31,440
City Capital Projects			
ACLCL Capital Projects	Reimburse legal expenses related to land purchase	62,339	—
Other Governmental Funds			
<i>Community Development</i>			
General Fund	Offset negative cash balance	—	1,309,420
<i>Arapahoe County Open Space</i>			
ACLCL Debt Service	ArCo COPs debt service	36,693	—
<i>Designated Revenues</i>			
ACLCL Debt Service	Public improvement COPs debt service	43,912	—
Internal Service Funds			
<i>Fleet Management</i>			
General Fund	Vehicle sales proceeds	—	274,329
<i>Governmental Activities Adjustment</i>			
Governmental Activities	Citywide elimination of interfund receivables and payables	(1,726,693)	(1,615,189)
Business-type Activities	Internal Service Funds profit/loss attributable to Enterprise Funds	623,233	—
Total reported in unrestricted assets		<u>\$ 623,233</u>	<u>\$ —</u>
<i>Reported in Restricted</i>			
Other Governmental Funds			
<i>AURA Debt Service</i>			
General Fund	Urban renewal - January accrued sales tax	31,440	—
<i>ACLCL Debt Service</i>			
Arapahoe County Open Space	ArCo COPs debt service	—	36,693
Designated Revenues	Public improvement COPs debt service	—	43,912
<i>ACLCL Capital Projects</i>			
City Capital Projects	Reimburse legal expenses related to land purchase	—	62,339
<i>Governmental Activities Adjustment</i>			
Governmental Activities	Citywide elimination of interfund receivables	(31,440)	(142,944)
Total reported in restricted assets		<u>\$ —</u>	<u>\$ —</u>

(continued)

11. INTERFUND TRANSACTIONS (continued)

Interfund Receivables and Payables (continued)
 December 31, 2006

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	\$ (623,233)	\$ —
Total reported in unrestricted assets		\$ (623,233)	\$ —
<i>Reported in Current/Noncurrent Interfund Loan</i>			
Sewer Fund			
Golf	Debt service on Murphy Creek Golf Course loan (due within one year)	\$ 256,000	\$ —
Golf	Murphy Creek Golf Course loan (not expected to be paid within one year)	4,608,000	—
Golf Fund			
Sewer	Debt service on Murphy Creek Golf Course loan (due within one year)	—	256,000
Sewer	Murphy Creek Golf Course loan (not expected to be paid within one year)	—	4,608,000
Business-type Activities Adjustment			
Enterprise Funds	Citywide elimination of interfund receivables and payables	(4,864,000)	(4,864,000)
Total reported in interfund loan		\$ —	\$ —
			(concluded)

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2006

11. INTERFUND TRANSACTIONS (continued)

2006 Interfund Transfers

Reporting Fund Fund transfer from/to	Purpose	Transfer In	Transfer Out
Governmental Activities			
General Fund			
Gifts & Grants Fund	Intelligent Transport System	\$ —	\$ 27,024
Development Review	Indirect support costs	1,662,257	—
Community Development	HOAP loans & HOME program match	—	276,148
Emergency Contingency	Funding for Aid to Agency	338,850	338,850
Recreation Services	Sports Park maintenance	1,140,000	—
	Recreation programs	—	4,993,320
Cultural Services	Cultural services programs	—	979,968
Designated Revenues	Sister Cities support	—	1,000
	Sales Tax/Developer Incentives	—	2,000,000
	Hampden Town Center Denver	—	337,502
	Hampden Town Center Greenwood Village	—	450,369
	Heritage Eagle Bend	—	41,154
	Visitors Promotion Admin	—	131,229
	Other Tax Incentive Payments	—	1,584,446
	Aurora City Place	—	1,442,081
	Community Trees	—	60,000
	Merrick Incentive	—	61,843
	Art District loan program	20,000	—
TABOR Reserve	Snow removal	1,101,201	—
City Debt Service	Sports Park Debt Service	—	1,761,100
Surplus and Deficiency	SID-related salary costs	41,500	—
City Capital Projects	Capital improvement projects	—	22,637,894
Fleet Management	Compensation Reserve	—	7,400
Print Shop	Compensation Reserve	—	500
Risk Management	Loss Fund	—	446,239
AURA Debt Service	General Fund Administration	250,000	—
ACLCL Debt Service	Facilities lease payments	—	5,476,927
Total General Fund		4,553,808	43,054,994
City Capital Projects			
General Fund	Capital improvement projects	22,637,894	—
Enhanced E-911	Radiosystem expansion	—	1,046,140
Designated Revenues	Aurora Mall	—	155,629
	Southlands Reimbursement-Smoky Hill Bridge	—	78,376
Building Repair	Building repair operations	—	2,358,800
Total City Capital Projects		22,637,894	3,638,945
Other Governmental Funds			
<i>Gifts & Grants</i>			
General Fund	Intelligent Transport System	27,024	—
Cultural Services	Art administration and maintenance	—	20,000
<i>Development Review</i>			
General Fund	Indirect support costs	—	1,662,257

(continued)

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2006

11. INTERFUND TRANSACTIONS (continued)

2006 Interfund Transfers (continued)

Reporting Fund Fund transfer from/to	Purpose	Transfer In	Transfer Out
Governmental Activities (continued)			
<i>Community Development</i>			
General Fund	HOAP loans & Home program match	\$ 276,148	\$ —
<i>Enhanced E-911</i>			
City Capital Projects	Radio system expansion	1,046,140	—
ACLCL Debt Service	Communications equipment lease payment	—	1,708,631
<i>Emergency Contingency</i>			
General Fund	Funding for Aid to Agency	338,850	338,850
<i>Parks Development Fund</i>			
Designated Revenues	Adams County Open Space Signature Park	— —	837,808 82,000
<i>Arapahoe County Open Space</i>			
ACLCL Debt Service	Open Space COPs debt service	—	1,199,665
<i>Recreation Services</i>			
General Fund	Recreation programs Sports Park maintenance	4,993,320 —	— 1,140,000
<i>Cultural Services</i>			
General Fund	Cultural Services programs	979,968	—
Gifts & Grants	Art administration and maintenance	20,000	—
<i>Designated Revenues</i>			
General Fund	Sister Cities support	1,000	—
	Sales Tax/Developer Incentives	2,000,000	—
	Hampden Town Center Denver	337,502	—
	Hampden Town Center Greenwood Village	450,369	—
	Heritage Eagle Bend	41,154	—
	Visitors Promotion Admin	131,229	—
	Other Tax Incentive Payments	1,584,446	—
	Aurora City Place	1,442,081	—
	Community Trees	60,000	—
	Merrick Incentive	61,843	—
	Art District loan program	—	20,000
Parks Development Fund	Adams County Open Space Signature Park	837,808 82,000	— —
City Capital Projects	Aurora Mall	155,629	—
	Southlands Reimbursement-Smoky Hill Bridge	78,376	—
AURA Debt Service	ACLCL future lease funding	400,000	—
ACLCL Debt Service	Facilities lease payments	—	2,447,081

(continued)

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2006

11. INTERFUND TRANSACTIONS (continued)

2006 Interfund Transfers (continued)

Reporting Fund Fund transfer from/to	Purpose	Transfer In	Transfer Out
Governmental Activities (continued)			
<i>Policy Reserve</i>			
TABOR Reserve	Increase TABOR reserve to required amount	\$ —	\$ 162,588
<i>TABOR Reserve</i>			
Policy Reserve	Increase TABOR reserve to required amount	162,588	—
General Fund	Snow removal	—	1,101,201
<i>City Debt Service</i>			
General Fund	Sports Park debt service	1,761,100	—
Bond Proceeds Fund	Sports Park construction	—	93,000
<i>Surplus and Deficiency</i>			
General Fund	SID related salary costs	—	41,500
<i>AURA Debt Service</i>			
General Fund	General Fund Administration	—	250,000
Designated Revenues	ACLC future lease funding	—	400,000
<i>ACLC Debt Service</i>			
General Fund	Facilities lease payments	5,476,927	—
Enhanced E-911	Communications equipment lease payments	1,708,631	—
Arapahoe County Open Space	Open Space COPs debt service	1,199,665	—
Designated Revenues	Facilities lease payments	2,447,081	—
<i>Bond Proceeds</i>			
City Debt Service	Sports Park construction	93,000	—
<i>Building Repair</i>			
City Capital Projects	Building repair operations	2,358,800	—
Total Other Governmental Funds		30,552,679	11,504,581
Internal Service Funds			
<i>Fleet Management</i>			
General Fund	Compensation Reserve	7,400	—
<i>Print Shop</i>			
General Fund	Compensation Reserve	500	—
<i>Risk Management</i>			
General Fund	Loss Fund	446,239	—
Total Internal Service Funds		454,139	—
Total Governmental Activities		\$ 58,198,520	\$ 58,198,520

(concluded)

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2006

12. 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, 2006, the City had various commitments for the acquisition and construction of projects.

Summary of Construction Commitments - Project Inception to December 31, 2006

Number of Projects	Fund	Project Appropriations/ Committed Funds	Expended to December 31	Unexpended Balance
Governmental Activities				
City Capital Projects Fund				
100	City Capital Projects	\$ 242,338,724	\$ 227,564,134	\$ 14,774,590
Other Governmental Funds				
13	Gifts and Grants	25,571,359	24,158,912	1,412,447
32	Community Development	39,993,031	33,527,902	6,465,129
1	Community Maintenance	1,000,000	891,839	108,161
3	Enhanced E-911	9,933,745	8,812,721	1,121,024
6	Arapahoe County Open Space	5,165,645	3,152,743	2,012,902
8	Designated Revenues	12,767,834	2,022,655	10,745,179
23	Conservation Trust	20,397,123	15,541,143	4,855,980
10	Parks Development	2,345,351	1,445,849	899,502
11	Bond Proceeds	1,588,084	779,804	808,280
2	Building Repair	6,982,172	5,256,614	1,725,558
2	ACLIC Capital Projects	23,929,427	20,232,128	3,697,299
Total other governmental funds		149,673,771	115,822,310	33,851,461
Total Governmental Activities		<u>\$ 392,012,495</u>	<u>\$ 343,386,444</u>	<u>\$ 48,626,051</u>
Business-type Activities				
167	Water	\$ 350,274,003	\$ 240,032,682	\$ 110,241,321
109	Sewer	90,882,039	57,238,437	33,643,602
7	Golf	1,105,982	730,284	375,698
Total Business-type Activities		<u>\$ 442,262,024</u>	<u>\$ 298,001,403</u>	<u>\$ 144,260,621</u>

12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (continued)

B. Fitzsimons Golf Course Operations

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

C. Tax Incentive Agreements

The City enters into tax incentive agreements to encourage retail development within its borders. At December 31, 2006, the City had incentive agreements with the developers of the Heritage at Eagle Bend, Town Center at Aurora and Gander Mountain retail centers and Amazing Jake’s, a family restaurant and entertainment center.

Retail Development	Tax Incentive Payments Inception to December 31, 2006	Approximate Incentive Commitment
Heritage at Eagle Bend	\$ 141,625	\$ 5,415,000 (1)
Town Center at Aurora	873,862	15,000,000 (2)
Gander Mountain	108,745	300,000 (2)
Amazing Jake’s	—	2,000,000 (1)

- (1) Maximum payment
- (2) Maximum payment not including interest of 7%

12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (continued)

C. Tax Incentive Agreements (continued)

The City also enters into tax incentive agreements whereby City levied taxes are waived as an incentive to encourage industrial enterprise expansion in the City. At December 31, 2006, the City has entered into such incentive agreements with Raytheon Company, Merrick and Company, Kroger Company, Corporate Express and Furniture Row.

Industrial Expansion	Tax Incentive Refunds Inception to December 31, 2006	Maximum Incentive Commitment
Raytheon Company	\$ 387,922	\$ 1,450,000
Merrick and Company	127,645	497,500
Kroger Company	665,920	881,250
Corporate Express	—	203,000
Furniture Row	—	253,125

13. 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 is not the trustee for the deferred compensation plans and its fiduciary responsibility is one of “due care” in selecting the third-party administration.

14. 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)

14. PENSION PLANS (continued)

Covered and Total payroll for 2006

Plan Name	Covered Payroll
GERP	\$ 75,130,120
Old Hire - Fire	1,264,812
Old Hire - Police	1,404,699
New Hire - Fire	17,626,831
New Hire - Police	39,220,831
ERP	3,992,006
EOEP	1,981,768
	<hr/>
Total covered payroll	140,621,067
	<hr/>
Total 2006 payroll	\$ 156,502,512
	<hr/> <hr/>

Contributions for 2006

Plan Name	Employees	City	Totals
GERP	\$ 4,153,386	\$ 4,146,212	\$ 8,299,598
Old Hire - Fire	—	1,442,060	1,442,060
Old Hire - Police	—	3,134,136	3,134,136
New Hire - Fire	1,762,687	1,762,687	3,525,374
New Hire - Police	3,930,735	3,930,735	7,861,470
ERP	399,200	399,200	798,400
EOEP	—	375,669	375,669
	<hr/>	<hr/>	<hr/>
Totals	\$ 10,246,008	\$ 15,190,699	\$ 25,436,707
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF AURORA, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2006

14. PENSION PLANS (continued)

The City's Annual Pension Cost for 2006 and Related Information

	GERP	EOEP	Old Hire - Fire	Old Hire - Police
Annual required contribution (ARC)	\$ 5,253,328	\$ 375,669	\$ 1,442,060	\$ 3,134,136
Interest on net pension obligation (NPO)	(318,746)	—	(26,686)	34,083
Adjustment to ARC	236,551	—	34,593	(44,182)
Annual pension cost	5,171,133	375,669	1,449,967	3,124,037
Contribution made	(4,146,212)	(375,669)	(1,442,060)	(3,134,136)
Increase (decrease) in NPO	1,024,921	—	7,907	(10,099)
NPO (asset) - beginning of year	(3,761,071)	(97,277)	(305,175)	(6,357)
NPO (asset) - end of year	<u>\$ (2,736,150)</u>	<u>\$ (97,277)</u>	<u>\$ (297,268)</u>	<u>\$ (16,456)</u>
Actuarial valuation date	1/1/06	1/1/05	1/1/06	1/1/06
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percent - open	Level dollar - open	Level dollar - open	Level dollar - open
Remaining amortization period	20 years	30 years	16 years	16 years
Asset valuation method	3-year smoothing	Market	3 -year smoothed market	3 -year smoothed market
Actuarial assumptions:				
Investment rate of return	8.0%	8.0%	8.0%	8.0%
Projected salary increases	4.5 to 7.5%	n/a	4.75 to 13.25%	4.75 to 13.25%
Includes inflation at	3.75%	3.75%	3.50%	3.50%
Cost of living adjustment	5.0%	5.0%	3.00 to 4.00%	3.00 to 4.00%

14. PENSION PLANS (continued)

Three Year Trend Information

	<u>Year ended December 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
GERP	2004	\$ 5,006,370	78.46%	\$ (6,854,962)
	2005	7,099,051	56.42%	(3,761,071)
	2006	5,171,133	80.18%	(2,736,150)
EOEP	2004	419,304	100.00%	(91,277)
	2005	422,000	101.42%	(97,277)
	2006	375,669	100.00%	(97,277)
Old Hire - Fire	2004	689	—	(306,863)
	2005	1,442,748	99.95%	(305,175)
	2006	1,449,967	99.45%	(297,268)
Old Hire - Police	2004	459,406	100.00%	(6,371)
	2005	3,134,150	100.00%	(6,357)
	2006	3,124,037	100.32%	(16,456)

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 supplement benefits. Employees with less than five years of credited service at date of termination receive a refund of their contributions, including interest, plus their vested City contribution, which is a 25% match of the employee's contributions and interest for less than one year of credited service, increasing by 5% for each year of credited service completed. Employees with at least five years of credited service at date of termination may choose a refund or a deferred vested benefit. If termination occurs before age 65, an employee with between 5 and 10 years of

14. PENSION PLANS (continued)

A. General Employees' Retirement Plan (continued)

2) Plan Benefits (continued)

credited service is eligible for a deferred vested benefit, in which monthly payments will begin at age 65. If termination occurs after an employee has obtained 10 years of credited service, monthly payments may begin anytime between the ages of 50 and 65. Benefits may be reduced when a participant retires before age 65, depending on the participant's age and length of service.

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

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

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

A medical supplement is provided for all participants who have five or more years of credited service and is prorated for service less than 20 years. Both the 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. All 2006 contributions were for normal costs. A funded ratio of 105.32% existed on December 31, 2006.

14. PENSION PLANS (continued)

B. Fire and Police Pension Plans - Old Hire

1) Description of Plans

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

2) Plan Benefits

a) Old Hire - Fire

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

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

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

A 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.

14. 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.

A 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

14. 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, 2006.

C. Police and Fire Pension Plans - New Hire

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

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

The City establishes contribution requirements for the employer and the employees. Employee contributions and earnings on those contributions are non-forfeitable. City contributions and earnings on those contributions are distributable to the employee based on the employee's years of service. Employees receive no City contributions until they have completed five years of service, at which time they are 100% vested. 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 (ERP)

ERP is a defined contribution money purchase plan for City executive personnel that is administered by ICMA-RC. The plan is qualified as a tax-exempt defined contribution plan under section 401(a) of the Internal Revenue Code. Contributions for the employer and the employee were established by resolution.

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

E. Elected Officials' and Executive Personnel Defined Benefit Plan

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

14. 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). The City currently has 22 retirees and others receiving benefits with 44 active plan members. There are ten terminated employees that are entitled to receive benefits in the future.

With respect to elected officials in office before January 1, 2001, normal retirement age means the latter of age 60 or the date on which the elected official has accrued six years of service. With respect to elected officials in office after January 1, 2001, normal retirement age means the latter of age 56 or the date on which the elected official has accrued six years of service. Base benefits are paid at the rate of \$24.89 per month for each year of qualifying service prior to November 11, 1991, \$31.67 per month for service from November 11, 1991 through November 11, 1999 and \$62.22 for service after that date. For 2006 the supplemental benefit is equal to \$227.51 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 \$227.51 per month for 2006 subject to a cost of living adjustment.

EOEP	
STATEMENT OF FIDUCIARY NET ASSETS	
December 31, 2006	
ASSETS	
<i>Current assets</i>	
Cash and cash equivalents	\$ 45,994
Investments	
Equity securities and funds	1,778,805
U.S. government and U.S. government agency obligations	1,086,650
Real estate funds	329,149
Receivables (net of allowance)	3,481
Total assets	<u>3,244,079</u>
LIABILITIES	
<i>Current Liabilities</i>	
Accounts payable and other current liabilities	<u>2,904</u>
Total liabilities	<u>2,904</u>
NET ASSETS	
Held in trust for pension benefits	<u>3,241,175</u>
Total net assets	<u>\$ 3,241,175</u>

14. 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, 2006	
ADDITIONS	
<i>Contributions</i>	
City	\$ 375,669
Total contributions	<u>375,669</u>
<i>Investment activity</i>	
Investment income	376,660
Investment expense	<u>(9,608)</u>
Net investment income	<u>367,052</u>
Total additions	<u>742,721</u>
DEDUCTIONS	
Benefits	138,928
Administrative expenses	<u>8,883</u>
Total deductions	<u>147,811</u>
CHANGE IN NET ASSETS	594,910
NET ASSETS - January 1	<u>2,646,265</u>
NET ASSETS - December 31	<u>\$ 3,241,175</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 up to Medicare age. City retirees pay 100% of the blended premium cost of their participation.

15. OPERATING LEASES

The City is committed under various leases for buildings, office and storage space, and equipment. All leases are cancelable and must be re-appropriated annually. These leases are considered for accounting purposes to be operating leases. Payment on these leases during 2006 totaled \$780,427.

Future Minimum Payments on Operating Leases

Year	Minimum Lease Payments
2007	\$ 843,961
2008	711,160
2009	537,386
2010	368,479
2011	261,210
Total	<u>\$ 2,722,196</u>

16. RISK MANAGEMENT

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

The City retains risk up to the levels where it has been determined that commercial insurance is more cost beneficial. The insurance companies promise payments of claims in excess of stated deductibles, with variable limits depending upon the specific line of coverage. For payment to be made by the insurance company the claim must fall under the insuring agreements and coverage, the insured must meet the insurer’s conditions, and certain claims are excluded under certain conditions. The Colorado Governmental Immunity Act establishes limits for claims made against governmental entities. These limits are \$150,000 per person up to a maximum of \$600,000 per occurrence. These stated limitations do not apply to federal claims. 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 and do not include incremental claims adjustment expenses. 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 4.50% interest return over the life of the liabilities. The City reports the current and noncurrent portions of the accrued claims liability and related claim settlements and judgments within the Risk Management Fund.

16. RISK MANAGEMENT (continued)

**Summary of the Accrued Claims Liability
 December 31, 2006**

Self Insured Program	Case Reserves	IBNR	Total	Discounted
Worker's compensation	\$ 2,742,214	\$ 2,950,034	\$ 5,692,248	\$ 4,843,343
Multi-line liability	1,614,850	899,384	2,514,234	2,312,571
Totals	<u>\$ 4,357,064</u>	<u>\$ 3,849,418</u>	<u>\$8,206,482</u>	<u>\$ 7,155,914</u>

**Reconciliation of Claims Liability
 December 31, 2006**

Year	Balance January 1	Current Year Accrued Claims	Claim Payments	Recoveries	Balance December 31
2005	\$ 8,203,241	\$ 4,075,631	\$ (3,747,636)	\$ 324,897	\$ 8,856,133
2006	8,856,133	2,185,333	(4,826,667)	941,115	7,155,914

17. CONTINGENT LIABILITIES

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

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

17. CONTINGENT LIABILITIES (continued)

**Outstanding Principal of Defeased Debt Issues
 December 31, 2006**

Issue Description	Date of Issue	Series	Balance
Aurora Capital Leasing Corporation (ACLC) Certificates of Participation	8/8/00	2000	\$ 74,160,000
Aurora Colorado Municipal Building Corporation (ACMBC) Refunding bonds	4/1/78	—	5,320,000
Water Fund			
General obligation water bonds	11/1/64	1964	180,000
General obligation water bonds	9/1/65	1965	285,000

18. CONDUIT DEBT OBLIGATIONS

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

As of December 31, 2006, there were sixteen series of revenue bonds outstanding, which included five Hospital Revenue Bonds payable from operating revenues, one Educational Development Bond payable from lease payments, seven 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 \$398,270,000.

19. TAXPAYER BILL OF RIGHTS (TABOR)

In November 1992, Colorado voters approved a State constitutional amendment, TABOR, the general purpose of which is to restrain government growth (as measured by revenues and expenditures) without a vote of the local citizens. The key mechanisms for restraining growth without a vote are: 1) the prohibition of revenue and expenditure growth other than for inflation and a component for new construction growth, 2) the prohibition of new taxes or higher tax rates, 3) the prohibition of new debt, and 4) the refunding of any revenues collected in excess of the revenue limitations. In 2006, property tax revenue and general revenue collections were below the limits imposed by the TABOR Amendment.

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

TABOR further requires emergency reserves of at least 3% of fiscal year spending (excluding bonded debt service). The City maintains the required reserves in the TABOR Reserve Fund, a Special Revenue fund. TABOR specifies that local governments are permitted to use reserve funds for “emergencies” with the requirement that the reserve funds be restored to 3% of fiscal year spending in the following fiscal year. City TABOR Reserve funds of \$1.1 million were used in 2006 to meet a snow emergency, providing an immediate source for the emergency expenditure while also providing the flexibility to restore the TABOR reserve in 2007 out of “best available” fund sources. The amount recorded in the TABOR Reserve Fund at December 31, 2006, was \$6,189,980, or 2.6% of fiscal year spending.

As TABOR allows use of the TABOR reserve for emergency purposes and the City intends to restore the reserve to 3% of fiscal year spending in 2007, the City’s management believes the City is in compliance with the provisions of TABOR at December 31, 2006.

* * * * *



Required Supplementary Information

CITY OF AURORA, COLORADO
DEFINED BENEFIT PENSION PLANS
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2006

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (Funding Excess) (b - a)	Funded Ratio (a / b)	Projected Covered Payroll (c)	UAAL as a Percent of Covered Payroll (b-a) / (c)
<u>Old Hire - Fire Plan</u>						
1/1/02	\$ 102,091,395	\$ 93,169,516	\$ (8,921,879)	109.58%	\$ 1,536,052	(580.83)%
1/1/04	85,014,289	99,587,091	14,572,802	85.37%	1,330,722	1095.10%
1/1/06	92,918,056	99,466,498	6,548,442	93.42%	647,157	1011.88%
<u>Old Hire - Police Plan</u>						
1/1/02	109,285,846	114,157,050	4,871,204	95.73%	1,569,478	310.37%
1/1/04	89,956,249	121,678,839	31,722,590	73.93%	859,811	3689.48%
1/1/06	98,845,438	116,106,755	17,261,317	85.13%	241,569	7145.50%
<u>GERP</u>						
1/1/04	223,140,793	223,126,549	(14,244)	100.01%	71,415,709	(0.02)%
1/1/05	241,818,542	243,234,592	1,416,050	99.42%	72,821,091	1.94%
1/1/06	268,566,265	255,005,107	(13,561,158)	105.32%	75,383,664	(17.99)%
<u>EOEP</u>						
1/1/03	2,342,205	3,772,442	1,430,237	62.09%	—	—
1/1/05	2,182,694	3,793,673	1,610,979	57.54%	—	—

CITY OF AURORA, COLORADO

**ELECTED OFFICIALS' AND EXECUTIVE PERSONNEL DEFINED BENEFIT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2006**

Year	Annual Required Contribution (ARC)	Percentage Contributed
2003	\$ 397,307	122.97%
2004	419,304	100.00%
2005	422,000	101.42%
2006	375,669	100.00%

Actuarial studies were performed for this plan beginning in 2003.



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, 2006

SOURCES	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
Taxes				
Property	\$ 22,656,619	\$ 22,656,619	\$ 23,077,227	\$ 420,608
Sales	115,706,567	115,706,567	120,218,294	4,511,727
Use	28,073,242	32,308,276	29,202,205	(3,106,071)
Lodgers	3,206,109	3,206,109	3,919,444	713,335
Franchise	10,779,141	10,779,141	11,566,625	787,484
Other	9,266,081	9,266,081	11,285,236	2,019,155
Total taxes	189,687,759	193,922,793	199,269,031	5,346,238
Intergovernmental	10,563,233	10,563,233	11,601,812	1,038,579
Licenses and permits	3,786,572	3,786,572	4,758,928	972,356
Charges for services	5,472,619	5,472,619	5,741,311	268,692
Fines and forfeitures	6,530,773	6,530,773	6,223,958	(306,815)
Investment income	750,000	750,000	1,260,905	510,905
Other revenues	739,961	739,961	998,279	258,318
Proceeds from sales of assets	—	—	349,329	349,329
Transfers in	2,950,590	4,628,808	4,553,808	(75,000)
TOTAL SOURCES	220,481,507	226,394,759	234,757,361	8,362,602
USES				
<i>Municipal Court</i>				
Judicial	1,809,601	1,835,232	1,824,302	10,930
Court Administration	6,227,090	6,361,742	6,316,721	45,021
Public Defender	574,716	583,121	566,209	16,912
Total municipal court	8,611,407	8,780,095	8,707,232	72,863
<i>City Attorney</i>	4,173,966	4,390,134	4,230,779	159,355
<i>General Management Group</i>				
City Council	826,701	849,973	753,879	96,094
Civil Service	506,866	561,329	561,329	—
General Management	1,040,458	1,000,352	963,427	36,925
Communications	689,352	697,766	686,915	10,851
Management Support	1,160,549	1,254,776	1,252,621	2,155
Development Services	770,596	781,591	779,607	1,984
Total general management group	4,994,522	5,145,787	4,997,778	148,009

	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
<i>Administrative Services Group</i>				
Human Resources	\$ 1,191,686	\$ 1,250,570	\$ 1,162,086	\$ 88,484
Finance	4,469,724	4,525,324	4,524,887	437
Information Technology	6,158,843	6,203,121	5,924,827	278,294
Internal Services	10,104,007	10,204,963	10,112,787	92,176
Total administrative services group	21,924,260	22,183,978	21,724,587	459,391
<i>Operations Group</i>				
Public Works	17,723,738	17,845,502	17,311,911	533,591
Parks and Open Space	12,260,279	12,607,074	12,586,485	20,589
Planning	1,119,340	1,133,934	1,119,623	14,311
Total operations group	31,103,357	31,586,510	31,018,019	568,491
<i>Community Services Group</i>				
Library, Recreation and Cultural Services	11,189,696	11,328,521	11,314,959	13,562
Police	66,810,921	66,830,575	66,771,018	59,557
Public Safety Communications	3,925,042	4,317,432	4,171,223	146,209
Fire	29,360,935	30,220,017	29,362,355	857,662
Neighborhood Services	3,243,065	3,758,919	3,755,172	3,747
Total community services group	114,529,659	116,455,464	115,374,727	1,080,737
<i>Non-departmental</i>	35,140,424	44,959,409	44,871,710	87,699
TOTAL USES	220,477,595	233,501,377	230,924,832	2,576,545
CHANGE IN FUNDS AVAILABLE	3,912	(7,106,618)	3,832,529	10,939,147
FUNDS AVAILABLE - January 1	6,578,333	9,562,295	9,562,295	—
FUNDS AVAILABLE - December 31	<u>\$ 6,582,245</u>	<u>\$ 2,455,677</u>	13,394,824	<u>\$ 10,939,147</u>
Less: Designations			(13,394,824)	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ —</u>	
RECONCILIATION OF FUNDS AVAILABLE TO U.S. GAAP FUND BALANCE				
FUNDS AVAILABLE (BUDGETARY BASIS) - December 31			\$ 13,394,824	
Add: Sales, use and lodgers tax accrual			16,659,291	
Current year encumbrances			1,298,394	
Less: Deferred revenues			(45,000)	
Adjustment of investments to fair value			(98,950)	
FUND BALANCE (U.S. GAAP BASIS) - DECEMBER 31			<u>\$ 31,208,559</u>	

GENERAL FUND BUDGETARY INFORMATION

Budget Policies

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

Since expenditures may not legally exceed budgeted appropriations, appropriation amendments require City Council approval by ordinance. Budget transfers within a department may be made with administrative approval. Transfers between departments require City Council approval by resolution.

The City budgets on a “funds available” basis. Budgetary basis revenues and other financing sources are considered increases in funds available and budgetary basis expenditures and other financing uses are considered uses of funds available. In general, funds available are defined as current assets minus current liabilities.

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

Budgets for the General Fund are reported on the same basis as described above, except as follows:

- a) Encumbrances are treated as expenditures in the year they are encumbered, not when the expenditure occurs.
- b) Grants are considered revenue when awarded, not when earned.
- c) Sales, use and lodgers taxes are considered revenue when received rather than when earned.
- d) Proceeds from capital leases and related capital expenditures are not budgeted.
- e) The value received on the trade-in of fixed assets and the related capital expenditures are not budgeted.
- f) Changes in investment income due to recording investments at fair value are not budgeted.



Combining and Individual Fund Statements and Schedules

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

CITY OF AURORA, COLORADO
OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2006

	Total Non-major Special Revenue	Total Non-major Debt Service	Total Non-major Capital Projects	Total Other Governmental
ASSETS				
Cash and cash equivalents	\$ 5,271,214	\$ 69,349	\$ 1,023,749	\$ 6,364,312
Investments	54,553,121	1,088,689	2,030,917	57,672,727
Receivables (net of allowance)	5,028,836	1,712,254	—	6,741,090
Due from other funds	80,605	—	—	80,605
Restricted assets	24,948,243	12,009,675	3,759,638	40,717,556
Notes receivable	11,626,341	—	—	11,626,341
Total assets	<u>\$ 101,508,360</u>	<u>\$ 14,879,967</u>	<u>\$ 6,814,304</u>	<u>\$ 123,202,631</u>
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>				
Accounts payable and other current liabilities	\$ 1,231,539	\$ —	\$ 376,797	\$ 1,608,336
Due to other funds	1,309,420	—	—	1,309,420
Deferred revenues	14,049,561	1,712,254	—	15,761,815
Payable from restricted assets	433,623	6,346,783	62,339	6,842,745
Total liabilities	<u>17,024,143</u>	<u>8,059,037</u>	<u>439,136</u>	<u>25,522,316</u>
<i>Fund balances</i>				
<i>Reserved</i>				
Encumbrances	2,916,348	—	1,110,587	4,026,935
Construction	14,277,721	—	3,697,299	17,975,020
Police	649,829	—	—	649,829
Debt related	—	5,409,074	—	5,409,074
Arbitrage	—	136,900	—	136,900
Agreements	9,587,071	—	—	9,587,071
Urban renewal	—	116,918	—	116,918
<i>Unreserved</i>				
Designated	15,121,382	470,000	1,423,251	17,014,633
Undesignated	41,931,866	688,038	144,031	42,763,935
Total fund balances	<u>84,484,217</u>	<u>6,820,930</u>	<u>6,375,168</u>	<u>97,680,315</u>
Total liabilities and fund balances	<u>\$ 101,508,360</u>	<u>\$ 14,879,967</u>	<u>\$ 6,814,304</u>	<u>\$ 123,202,631</u>

CITY OF AURORA, COLORADO

OTHER GOVERNMENTAL FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Total Non-major Special Revenue	Total Non-major Debt Service	Total Non-major Capital Projects	Total Other Governmental
REVENUES				
<i>Taxes</i>				
Sales	\$ —	\$ 494,607	\$ —	\$ 494,607
Property	—	6,665,727	—	6,665,727
Occupational privilege	—	66,015	—	66,015
Charges for services	9,492,114	—	37,000	9,529,114
Licenses and permits	8,362,946	—	—	8,362,946
Fines and forfeitures	1,323,373	—	—	1,323,373
Special assessments	—	292,474	—	292,474
Intergovernmental revenues	19,680,583	—	—	19,680,583
Surcharges	2,790,662	—	—	2,790,662
Miscellaneous revenues	13,221,227	—	7,948	13,229,175
Investment earnings	3,658,875	490,967	258,555	4,408,397
Total revenues	<u>58,529,780</u>	<u>8,009,790</u>	<u>303,503</u>	<u>66,843,073</u>
EXPENDITURES				
<i>Current</i>				
General government	470,316	2,021,726	2,019,292	4,511,334
Judicial	91,941	—	—	91,941
Police	3,474,321	—	—	3,474,321
Fire	477,547	—	—	477,547
Other public safety	2,068,188	—	—	2,068,188
Public works	10,461,105	—	—	10,461,105
Economic development	13,115,347	3,036	—	13,118,383
Community services	5,792,826	—	—	5,792,826
Culture and recreation	13,388,916	—	87,676	13,476,592
<i>Debt service</i>				
Principal	—	12,510,000	—	12,510,000
Interest	—	6,789,152	—	6,789,152
Capital outlay	6,184,845	—	1,468,932	7,653,777
Total expenditures	<u>55,525,352</u>	<u>21,323,914</u>	<u>3,575,900</u>	<u>80,425,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,004,428</u>	<u>(13,314,124)</u>	<u>(3,272,397)</u>	<u>(13,582,093)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	15,507,475	12,593,404	2,451,800	30,552,679
Transfers out	(10,720,081)	(784,500)	—	(11,504,581)
Refunding certificates of participation issued	—	81,205,000	—	81,205,000
Payment to refunded debt escrow agent	—	(80,665,691)	—	(80,665,691)
Sale of capital assets	1,368	—	—	1,368
Market premium on debt issue	—	797,089	—	797,089
Total other financing sources	<u>4,788,762</u>	<u>13,145,302</u>	<u>2,451,800</u>	<u>20,385,864</u>
NET CHANGE IN FUND BALANCES	7,793,190	(168,822)	(820,597)	6,803,771
FUND BALANCES - January 1	<u>76,691,027</u>	<u>6,989,752</u>	<u>7,195,765</u>	<u>90,876,544</u>
FUND BALANCES - December 31	<u>\$ 84,484,217</u>	<u>\$ 6,820,930</u>	<u>\$ 6,375,168</u>	<u>\$ 97,680,315</u>

OTHER (NON-MAJOR) GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

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

Gifts and Grants Fund

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

Development Review Fund

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

Abatement Fund

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

Community Maintenance Fund

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

Community Development Fund

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

Enhanced E-911 Fund

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

Conservation Trust Fund

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

Emergency Contingency Fund

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

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

Parks Development Fund

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

Arapahoe County Open Space Fund

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

Recreation Services Fund

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

Cultural Services Fund

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

Designated Revenues Fund

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

Policy Reserve Fund

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

TABOR Reserve Fund

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

Aurora Urban Renewal Authority (AURA) General Fund

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

CITY OF AURORA, COLORADO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2006

	<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	\$ 1,791,930	\$ 320,336	\$ 249,586	\$ 8,404	\$ —
Investments	—	5,167,306	—	135,572	—
Receivables (net of allowance)	923,848	—	577,858	138,131	2,033,121
Due from other funds	—	—	—	—	—
Restricted assets	649,829	—	—	—	—
Notes receivable	657,424	—	—	—	10,826,827
Total assets	<u>\$ 4,023,031</u>	<u>\$ 5,487,642</u>	<u>\$ 827,444</u>	<u>\$ 282,107</u>	<u>\$ 12,859,948</u>
LIABILITIES AND FUND BALANCES					
<i>Liabilities</i>					
Accounts payable and other current liabilities	\$ 165,731	\$ 159,718	\$ 6,331	\$ —	\$ 204,539
Due to other funds	—	—	—	—	1,309,420
Deferred revenues	2,323,985	—	104,600	22,632	11,345,989
Payable from restricted assets	—	—	—	—	—
Total liabilities	<u>2,489,716</u>	<u>159,718</u>	<u>110,931</u>	<u>22,632</u>	<u>12,859,948</u>
<i>Fund balances</i>					
<i>Reserved</i>					
Encumbrances	252,982	233,986	35,148	—	61,665
Construction	—	—	—	—	—
Police	649,829	—	—	—	—
Agreements	—	—	—	—	—
<i>Unreserved</i>					
Designated	630,504	1,481,718	26,363	108,161	—
Undesignated	—	3,612,220	655,002	151,314	(61,665)
Total fund balances	<u>1,533,315</u>	<u>5,327,924</u>	<u>716,513</u>	<u>259,475</u>	<u>—</u>
Total liabilities and fund balances	<u>\$ 4,023,031</u>	<u>\$ 5,487,642</u>	<u>\$ 827,444</u>	<u>\$ 282,107</u>	<u>\$ 12,859,948</u>

(continued)

CITY OF AURORA, COLORADO
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2006

	<u>Enhanced E-911</u>	<u>Conservation Trust</u>	<u>Emergency Contingency</u>	<u>Parks Development</u>	<u>Arapahoe County Open Space</u>
ASSETS					
Cash and cash equivalents	\$ 296,977	\$ 53,137	\$ 46,862	\$ 210,656	\$ 243,668
Investments	4,790,502	5,217,755	755,936	3,398,068	3,930,566
Receivables (net of allowance)	244,912	673,539	—	—	—
Due from other funds	—	—	—	—	36,693
Restricted assets	—	1,170,000	—	—	2,620,176
Notes receivable	—	—	—	—	—
Total assets	<u>\$ 5,332,391</u>	<u>\$ 7,114,431</u>	<u>\$ 802,798</u>	<u>\$ 3,608,724</u>	<u>\$ 6,831,103</u>
LIABILITIES AND FUND BALANCES					
<i>Liabilities</i>					
Accounts payable and other current liabilities	\$ 42,486	\$ 141,787	\$ —	\$ 19,774	\$ 28,503
Due to other funds	—	—	—	—	—
Deferred revenues	—	—	—	—	—
Payable from restricted assets	—	—	—	—	—
Total liabilities	<u>42,486</u>	<u>141,787</u>	<u>—</u>	<u>19,774</u>	<u>28,503</u>
<i>Fund balances</i>					
<i>Reserved</i>					
Encumbrances	124,598	1,697,178	—	31,250	77,876
Construction	—	1,170,000	—	—	2,620,177
Police	—	—	—	—	—
Agreements	—	—	—	—	—
<i>Unreserved</i>					
Designated	1,101,333	3,158,803	—	868,252	3,982,195
Undesignated	4,063,974	946,663	802,798	2,689,448	122,352
Total fund balances	<u>5,289,905</u>	<u>6,972,644</u>	<u>802,798</u>	<u>3,588,950</u>	<u>6,802,600</u>
Total liabilities and fund balances	<u>\$ 5,332,391</u>	<u>\$ 7,114,431</u>	<u>\$ 802,798</u>	<u>\$ 3,608,724</u>	<u>\$ 6,831,103</u>

<u>Recreation Services</u>	<u>Cultural Services</u>	<u>Designated Revenues</u>	<u>Policy Reserve</u>	<u>TABOR Reserve</u>	<u>AURA General</u>	<u>Total Non-major Special Revenue</u>
\$ 341,283	\$ 1,322,208	\$ 385,531	\$ —	\$ —	\$ 636	\$ 5,271,214
—	—	5,887,429	19,108,656	6,151,063	10,268	54,553,121
8,231	44,392	215,002	130,885	38,917	—	5,028,836
—	—	43,912	—	—	—	80,605
—	—	20,508,238	—	—	—	24,948,243
29,500	—	112,590	—	—	—	11,626,341
<u>\$ 379,014</u>	<u>\$ 1,366,600</u>	<u>\$ 27,152,702</u>	<u>\$ 19,239,541</u>	<u>\$ 6,189,980</u>	<u>\$ 10,904</u>	<u>\$ 101,508,360</u>

\$ 217,124	\$ 41,816	\$ 203,730	\$ —	\$ —	\$ —	\$ 1,231,539
—	—	—	—	—	—	1,309,420
36,912	102,853	112,590	—	—	—	14,049,561
—	—	433,623	—	—	—	433,623
<u>254,036</u>	<u>144,669</u>	<u>749,943</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>17,024,143</u>

41,417	—	360,248	—	—	—	2,916,348
—	—	10,487,544	—	—	—	14,277,721
—	—	—	—	—	—	649,829
—	—	9,587,071	—	—	—	9,587,071
—	86,424	3,677,629	—	—	—	15,121,382
83,561	1,135,507	2,290,267	19,239,541	6,189,980	10,904	41,931,866
<u>124,978</u>	<u>1,221,931</u>	<u>26,402,759</u>	<u>19,239,541</u>	<u>6,189,980</u>	<u>10,904</u>	<u>84,484,217</u>
<u>\$ 379,014</u>	<u>\$ 1,366,600</u>	<u>\$ 27,152,702</u>	<u>\$ 19,239,541</u>	<u>\$ 6,189,980</u>	<u>\$ 10,904</u>	<u>\$ 101,508,360</u>

(concluded)

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, 2006

	Gifts and Grants	Development Review	Abatement	Community Maintenance	Community Development
REVENUES					
Charges for services	\$ 217,055	\$ 1,976,109	\$ 573,916	\$ —	\$ 1,077,719
Licenses and permits	—	8,241,989	—	—	—
Fines and forfeitures	—	—	—	—	—
Intergovernmental revenues	6,583,308	—	—	—	4,458,745
Surcharges	—	—	—	—	—
Miscellaneous revenues	8,940,674	570	—	140,000	4,458
Investment earnings	126,275	318,072	12,937	3,977	—
Total revenues	<u>15,867,312</u>	<u>10,536,740</u>	<u>586,853</u>	<u>143,977</u>	<u>5,540,922</u>
EXPENDITURES					
<i>Current</i>					
General government	11,941	—	—	—	—
Judicial	5,254	—	—	—	—
Police	2,359,897	—	—	—	—
Fire	428,260	—	—	—	—
Other public safety	—	—	—	—	—
Public works	10,220,544	—	—	239,687	—
Economic development	681,834	8,816,070	—	—	1,084,068
Community services	550,200	—	385,847	—	4,339,907
Culture and recreation	614,126	—	—	—	—
Capital outlay	927,732	22,520	—	—	393,095
Total expenditures	<u>15,799,788</u>	<u>8,838,590</u>	<u>385,847</u>	<u>239,687</u>	<u>5,817,070</u>
Excess (deficiency) of revenues over (under) expenditures	67,524	1,698,150	201,006	(95,710)	(276,148)
OTHER FINANCING SOURCES (USES)					
Transfers in	27,024	—	—	—	276,148
Transfers out	(20,000)	(1,662,257)	—	—	—
Sale of capital assets	1,368	—	—	—	—
Total other financing sources (uses)	<u>8,392</u>	<u>(1,662,257)</u>	<u>—</u>	<u>—</u>	<u>276,148</u>
NET CHANGE IN FUND BALANCES	75,916	35,893	201,006	(95,710)	—
FUND BALANCES - January 1	<u>1,457,399</u>	<u>5,292,031</u>	<u>515,507</u>	<u>355,185</u>	<u>—</u>
FUND BALANCES - December 31	<u>\$ 1,533,315</u>	<u>\$ 5,327,924</u>	<u>\$ 716,513</u>	<u>\$ 259,475</u>	<u>\$ —</u>

c

Enhanced E-911	Conservation Trust	Emergency Contingency	Parks Development	Arapahoe County Open Space	Recreation Services	Cultural Services
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,849,082	\$ 545,050
—	—	—	—	—	—	—
—	—	—	—	—	117	—
—	3,045,473	—	—	5,096,336	—	—
2,445,576	—	—	—	—	—	—
663,860	—	—	982,599	150,825	84,606	429,473
201,653	253,260	38,071	159,967	376,378	—	61,251
<u>3,311,089</u>	<u>3,298,733</u>	<u>38,071</u>	<u>1,142,566</u>	<u>5,623,539</u>	<u>3,933,805</u>	<u>1,035,774</u>
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
1,983,128	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	654,921	—	—	867,562	7,808,926	2,315,048
105,756	1,957,160	—	288,899	817,596	—	—
<u>2,088,884</u>	<u>2,612,081</u>	<u>—</u>	<u>288,899</u>	<u>1,685,158</u>	<u>7,808,926</u>	<u>2,315,048</u>
1,222,205	686,652	38,071	853,667	3,938,381	(3,875,121)	(1,279,274)
1,046,140	—	338,850	—	—	4,993,320	999,968
(1,708,631)	—	(338,850)	(919,808)	(1,199,665)	(1,140,000)	—
—	—	—	—	—	—	—
<u>(662,491)</u>	<u>—</u>	<u>—</u>	<u>(919,808)</u>	<u>(1,199,665)</u>	<u>3,853,320</u>	<u>999,968</u>
559,714	686,652	38,071	(66,141)	2,738,716	(21,801)	(279,306)
<u>4,730,191</u>	<u>6,285,992</u>	<u>764,727</u>	<u>3,655,091</u>	<u>4,063,884</u>	<u>146,779</u>	<u>1,501,237</u>
<u>\$ 5,289,905</u>	<u>\$ 6,972,644</u>	<u>\$ 802,798</u>	<u>\$ 3,588,950</u>	<u>\$ 6,802,600</u>	<u>\$ 124,978</u>	<u>\$ 1,221,931</u>

(continued)

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, 2006

	Designated Revenues	Policy Reserve	TABOR Reserve	AURA General	Total Non-major Special Revenue
REVENUES					
Charges for services	\$ 1,253,183	\$ —	\$ —	\$ —	\$ 9,492,114
Licenses and permits	120,957	—	—	—	8,362,946
Fines and forfeitures	1,323,256	—	—	—	1,323,373
Intergovernmental revenues	496,721	—	—	—	19,680,583
Surcharges	345,086	—	—	—	2,790,662
Miscellaneous revenues	1,824,162	—	—	—	13,221,227
Investment earnings	1,104,172	657,965	344,444	453	3,658,875
Total revenues	6,467,537	657,965	344,444	453	58,529,780
EXPENDITURES					
<i>Current</i>					
General government	458,375	—	—	—	470,316
Judicial	86,687	—	—	—	91,941
Police	1,114,424	—	—	—	3,474,321
Fire	49,287	—	—	—	477,547
Other public safety	85,060	—	—	—	2,068,188
Public works	874	—	—	—	10,461,105
Economic development	2,533,375	—	—	—	13,115,347
Community services	516,872	—	—	—	5,792,826
Culture and recreation	1,128,333	—	—	—	13,388,916
Capital outlay	1,672,087	—	—	—	6,184,845
Total expenditures	7,645,374	—	—	—	55,525,352
Excess (deficiency) of revenues over (under) expenditures	(1,177,837)	657,965	344,444	453	3,004,428
OTHER FINANCING SOURCES (USES)					
Transfers in	7,663,437	—	162,588	—	15,507,475
Transfers out	(2,467,081)	(162,588)	(1,101,201)	—	(10,720,081)
Sale of capital assets	—	—	—	—	1,368
Total other financing sources (uses)	5,196,356	(162,588)	(938,613)	—	4,788,762
NET CHANGE IN FUND BALANCES	4,018,519	495,377	(594,169)	453	7,793,190
FUND BALANCES - January 1	22,384,240	18,744,164	6,784,149	10,451	76,691,027
FUND BALANCES - December 31	<u>\$ 26,402,759</u>	<u>\$ 19,239,541</u>	<u>\$ 6,189,980</u>	<u>\$ 10,904</u>	<u>\$ 84,484,217</u>

(concluded)

OTHER (NON-MAJOR) GOVERNMENTAL FUNDS DEBT SERVICE FUNDS

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

City Debt Service Fund

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

Special Improvement District (SID) Debt Service Fund

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

Surplus and Deficiency Fund

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

Aurora Urban Renewal Authority (AURA) Debt Service Fund

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

Aurora Capital Leasing Corporation (ACLIC) Debt Service Fund

ACLIC 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 ACLIC. Revenues are from lease payments (transfers) from the General Fund.

CITY OF AURORA, COLORADO
NON-MAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2006

	<u>City Debt</u>	<u>SID Debt</u>	<u>Surplus and</u>	<u>AURA Debt</u>	<u>ACLIC Debt</u>	<u>Total</u>
	<u>Service</u>	<u>Service</u>	<u>Deficiency</u>	<u>Service</u>	<u>Service</u>	<u>Non-major</u>
						<u>Debt</u>
						<u>Service</u>
ASSETS						
Cash and cash equivalents	\$ —	\$ 12,662	\$ 43,312	\$ 13,375	\$ —	\$ 69,349
Investments	—	174,261	698,679	215,749	—	1,088,689
Receivables (net of allowance)	—	1,605,892	106,362	—	—	1,712,254
Restricted assets	<u>7,570,575</u>	<u>30,000</u>	<u>—</u>	<u>868,098</u>	<u>3,541,002</u>	<u>12,009,675</u>
Total assets	<u>\$ 7,570,575</u>	<u>\$ 1,822,815</u>	<u>\$ 848,353</u>	<u>\$ 1,097,222</u>	<u>\$ 3,541,002</u>	<u>\$ 14,879,967</u>
LIABILITIES AND FUND BALANCES						
<i>Liabilities</i>						
Deferred revenues	\$ —	\$ 1,605,892	\$ 106,362	\$ —	\$ —	\$ 1,712,254
Payable from restricted assets	<u>6,266,178</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>80,605</u>	<u>6,346,783</u>
Total liabilities	<u>6,266,178</u>	<u>1,605,892</u>	<u>106,362</u>	<u>—</u>	<u>80,605</u>	<u>8,059,037</u>
<i>Fund balances</i>						
<i>Reserved</i>						
Debt related	1,202,497	30,000	—	751,180	3,425,397	5,409,074
Arbitrage	101,900	—	—	—	35,000	136,900
Urban renewal	—	—	—	116,918	—	116,918
<i>Unreserved</i>						
Designated	—	—	470,000	—	—	470,000
Undesignated	<u>—</u>	<u>186,923</u>	<u>271,991</u>	<u>229,124</u>	<u>—</u>	<u>688,038</u>
Total fund balances	<u>1,304,397</u>	<u>216,923</u>	<u>741,991</u>	<u>1,097,222</u>	<u>3,460,397</u>	<u>6,820,930</u>
Total liabilities and fund balances	<u>\$ 7,570,575</u>	<u>\$ 1,822,815</u>	<u>\$ 848,353</u>	<u>\$ 1,097,222</u>	<u>\$ 3,541,002</u>	<u>\$ 14,879,967</u>

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, 2006

	City Debt Service	SID Debt Service	Surplus and Deficiency	AURA Debt Service	ACLIC Debt Service	Total Non-major Debt Service
REVENUES						
<i>Taxes</i>						
Sales	\$ —	\$ —	\$ —	\$ 494,607	\$ —	\$ 494,607
Property	6,368,245	—	—	297,482	—	6,665,727
Occupational privilege	—	—	—	66,015	—	66,015
Total taxes	6,368,245	—	—	858,104	—	7,226,349
Special assessments	—	273,590	18,884	—	—	292,474
Investment earnings	162,346	111,776	43,187	60,930	112,728	490,967
Total revenues	6,530,591	385,366	62,071	919,034	112,728	8,009,790
EXPENDITURES						
<i>Current</i>						
General government	433,133	133,466	—	—	1,455,127	2,021,726
Economic development	—	—	—	3,036	—	3,036
<i>Debt service</i>						
Principal	5,255,000	85,000	—	335,000	6,835,000	12,510,000
Interest and fiscal charges	2,690,490	45,681	—	60,275	3,992,706	6,789,152
Total expenditures	8,378,623	264,147	—	398,311	12,282,833	21,323,914
Excess (deficiency) of revenues over (under) expenditures	(1,848,032)	121,219	62,071	520,723	(12,170,105)	(13,314,124)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,761,100	—	—	—	10,832,304	12,593,404
Transfers out	(93,000)	—	(41,500)	(650,000)	—	(784,500)
Refunding COPs issued	—	—	—	—	81,205,000	81,205,000
Payment to refunded escrow	—	—	—	—	(80,665,691)	(80,665,691)
Market premium on debt issue	—	—	—	—	797,089	797,089
Total other financing sources (uses)	1,668,100	—	(41,500)	(650,000)	12,168,702	13,145,302
NET CHANGE IN FUND BALANCES	(179,932)	121,219	20,571	(129,277)	(1,403)	(168,822)
FUND BALANCES - January 1	1,484,329	95,704	721,420	1,226,499	3,461,800	6,989,752
FUND BALANCES - December 31	\$ 1,304,397	\$ 216,923	\$ 741,991	\$ 1,097,222	\$ 3,460,397	\$ 6,820,930

OTHER (NON-MAJOR) GOVERNMENTAL FUNDS CAPITAL PROJECTS FUNDS

Bond Proceeds Fund

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

Building Repair Fund

The Building Repair Fund accounts for monies of the City used for major repairs and maintenance, renovations, remodeling and expansion of City-operated buildings and other similar facilities, whether owned or leased. Revenues are from operating transfers from the City Capital Projects Fund.

Aurora Capital Leasing Corporation (ACLC) Capital Projects Fund

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

CITY OF AURORA, COLORADO
NON-MAJOR CAPITAL PROJECTS
COMBINING BALANCE SHEET
DECEMBER 31, 2006

	<u>Bond Proceeds</u>	<u>Building Repair</u>	<u>ACLIC Capital Projects</u>	<u>Total Non-major Capital Projects</u>
ASSETS				
Cash and cash equivalents	\$ 897,846	\$ 125,903	\$ —	\$ 1,023,749
Investments	—	2,030,917	—	2,030,917
Restricted assets	—	—	3,759,638	3,759,638
Total assets	<u>\$ 897,846</u>	<u>\$ 2,156,820</u>	<u>\$ 3,759,638</u>	<u>\$ 6,814,304</u>
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>				
Accounts payable and other current liabilities	\$ 30,781	\$ 346,016	\$ —	\$ 376,797
Payable from restricted assets	—	—	62,339	62,339
Total liabilities	<u>30,781</u>	<u>346,016</u>	<u>62,339</u>	<u>439,136</u>
<i>Fund balances</i>				
<i>Reserved</i>				
Encumbrances	115,307	995,280	—	1,110,587
Construction	—	—	3,697,299	3,697,299
<i>Unreserved</i>				
Designated	692,973	730,278	—	1,423,251
Undesignated	58,785	85,246	—	144,031
Total fund balances	<u>867,065</u>	<u>1,810,804</u>	<u>3,697,299</u>	<u>6,375,168</u>
Total liabilities and fund balances	<u>\$ 897,846</u>	<u>\$ 2,156,820</u>	<u>\$ 3,759,638</u>	<u>\$ 6,814,304</u>

CITY OF AURORA, COLORADO

NON-MAJOR CAPITAL PROJECTS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Bond Proceeds	Building Repair	ACLC Capital Projects	Total Non-major Capital Projects
REVENUES				
Charges for services	\$ —	\$ 37,000	\$ —	\$ 37,000
Miscellaneous revenues	—	7,948	—	7,948
Investment earnings	31,309	40,930	186,316	258,555
Total revenues	31,309	85,878	186,316	303,503
EXPENDITURES				
<i>Current</i>				
General government	—	2,019,292	—	2,019,292
Culture and recreation	83,971	—	3,705	87,676
Capital outlay	482,998	—	985,934	1,468,932
Total expenditures	566,969	2,019,292	989,639	3,575,900
Deficiency of revenues under expenditures	(535,660)	(1,933,414)	(803,323)	(3,272,397)
OTHER FINANCING SOURCES				
Transfers in	93,000	2,358,800	—	2,451,800
Total other financing sources	93,000	2,358,800	—	2,451,800
NET CHANGE IN FUND BALANCES	(442,660)	425,386	(803,323)	(820,597)
FUND BALANCES - January 1	1,309,725	1,385,418	4,500,622	7,195,765
FUND BALANCES - December 31	<u>\$ 867,065</u>	<u>\$ 1,810,804</u>	<u>\$ 3,697,299</u>	<u>\$ 6,375,168</u>

INTERNAL SERVICE FUNDS

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

Fleet Management Fund

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

Print Shop Fund

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

Risk Management Fund

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

CITY OF AURORA, COLORADO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	Fleet Management	Print Shop	Risk Management	Total Internal Service
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 35,085	\$ 18,569	\$ 733,021	\$ 786,675
Investments	565,952	299,530	11,824,247	12,689,729
Receivables (net of allowance)	—	1,800	81,676	83,476
Inventories	486,362	23,948	—	510,310
Total current assets	<u>1,087,399</u>	<u>343,847</u>	<u>12,638,944</u>	<u>14,070,190</u>
<i>Capital assets, (net of accumulated depreciation)</i>				
Infrastructure	418,631	—	—	418,631
Machinery and equipment	112,623	30,147	—	142,770
Total capital assets	<u>531,254</u>	<u>30,147</u>	<u>—</u>	<u>561,401</u>
Total assets	<u>1,618,653</u>	<u>373,994</u>	<u>12,638,944</u>	<u>14,631,591</u>
LIABILITIES				
<i>Current liabilities</i>				
Accounts payable and other current liabilities	272,079	66,119	92,288	430,486
Due to other funds	274,329	—	—	274,329
Current portion long-term liabilities	9,773	27,153	4,828,000	4,864,926
Total current liabilities	<u>556,181</u>	<u>93,272</u>	<u>4,920,288</u>	<u>5,569,741</u>
<i>Noncurrent liabilities</i>				
Due beyond one year	261,247	14,752	2,397,009	2,673,008
Total liabilities	<u>817,428</u>	<u>108,024</u>	<u>7,317,297</u>	<u>8,242,749</u>
NET ASSETS				
Invested in capital assets net of related debt	531,254	10,957	—	542,211
Unrestricted	269,971	255,013	5,321,647	5,846,631
Total net assets	<u>\$ 801,225</u>	<u>\$ 265,970</u>	<u>\$ 5,321,647</u>	<u>\$ 6,388,842</u>



CITY OF AURORA, COLORADO

INTERNAL SERVICE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Fleet Management	Print Shop	Risk Management	Total Internal Service
OPERATING REVENUES				
Charges for services	\$ 7,021,622	\$ 708,915	\$ 5,814,508	\$ 13,545,045
OPERATING EXPENSES				
Cost of sales and service	6,873,322	538,520	2,585,997	9,997,839
Claims losses	—	—	3,126,448	3,126,448
Administrative expenses	50,642	13,607	44,978	109,227
Depreciation	54,796	48,683	—	103,479
Total operating expenses	<u>6,978,760</u>	<u>600,810</u>	<u>5,757,423</u>	<u>13,336,993</u>
Operating income	<u>42,862</u>	<u>108,105</u>	<u>57,085</u>	<u>208,052</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	(651)	7,851	551,391	558,591
Miscellaneous non-operating revenues	14,277	2,561	944,240	961,078
Interest expense	—	(1,347)	—	(1,347)
Gain on sale of capital assets	817	—	—	817
Net nonoperating revenues	<u>14,443</u>	<u>9,065</u>	<u>1,495,631</u>	<u>1,519,139</u>
Income before transfers	57,305	117,170	1,552,716	1,727,191
Transfers in	<u>7,400</u>	<u>500</u>	<u>446,239</u>	<u>454,139</u>
CHANGE IN NET ASSETS	64,705	117,670	1,998,955	2,181,330
NET ASSETS - January 1	<u>736,520</u>	<u>148,300</u>	<u>3,322,692</u>	<u>4,207,512</u>
NET ASSETS - December 31	<u>\$ 801,225</u>	<u>\$ 265,970</u>	<u>\$ 5,321,647</u>	<u>\$ 6,388,842</u>

CITY OF AURORA, COLORADO

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Fleet Management	Print Shop	Risk Management	Total Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Cash received from:</i>				
Customers and others	\$ 24,366	\$ 5,990	\$ 944,240	\$ 974,596
Interfund services provided	7,011,532	705,486	5,814,507	13,531,525
<i>Cash payments to:</i>				
Employees	(2,178,600)	(185,200)	(613,487)	(2,977,287)
Suppliers of goods and services	(4,338,473)	(380,840)	(6,824,731)	(11,544,044)
Net cash provided by (used in) operating activities	518,825	145,436	(679,471)	(15,210)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash transfers in	7,400	500	446,239	454,139
Net cash provided by financing activities	7,400	500	446,239	454,139
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
<i>Payments for:</i>				
Capital assets	(32,490)	—	—	(32,490)
Principal on capital debt	—	(37,294)	—	(37,294)
Interest on capital debt	—	(1,829)	—	(1,829)
Net cash used in capital and related financing activities	(32,490)	(39,123)	—	(71,613)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in equity in pooled investments	(465,274)	(104,530)	(58,200)	(628,004)
Interest received	1,698	7,001	466,214	474,913
Net cash provided by (used in) investing activities	(463,576)	(97,529)	408,014	(153,091)

	<u>Fleet Management</u>	<u>Print Shop</u>	<u>Risk Management</u>	<u>Total Internal Service</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	30,159	9,284	174,782	214,225
TOTAL CASH AND CASH EQUIVALENTS, January 1	<u>4,926</u>	<u>9,285</u>	<u>558,239</u>	<u>572,450</u>
TOTAL CASH AND CASH EQUIVALENTS, December 31	<u>\$ 35,085</u>	<u>\$ 18,569</u>	<u>\$ 733,021</u>	<u>\$ 786,675</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income	<u>\$ 42,862</u>	<u>\$ 108,105</u>	<u>\$ 57,085</u>	<u>\$ 208,052</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation	54,796	48,683	—	103,479
Miscellaneous nonoperating revenues	14,277	2,561	944,240	961,078
<i>Changes in operating assets and liabilities</i>				
Inventories	(52,112)	2,078	—	(50,034)
Accounts payable other current liabilities	<u>459,002</u>	<u>(15,991)</u>	<u>(1,680,796)</u>	<u>(1,237,785)</u>
Total adjustments	<u>475,963</u>	<u>37,331</u>	<u>(736,556)</u>	<u>(223,262)</u>
Net cash provided by (used in) operations	<u>\$ 518,825</u>	<u>\$ 145,436</u>	<u>(679,471)</u>	<u>(15,210)</u>
NONCASH INVESTING, CAPITAL AND AND FINANCING ACTIVITIES				
Increase in fair value of investments	\$ —	\$ 851	\$ 93,930	94,781
Decrease in fair value of investments	(2,349)	—	—	(2,349)



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.

CITY OF AURORA, COLORADO
PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2006

	<u>GERP</u>	<u>EOEP</u>	<u>Total Pension Trust</u>
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ 4,604,432	\$ 45,994	\$ 4,650,426
Investments			
Equity securities and funds	167,509,981	1,778,805	169,288,786
U.S. government and U.S. government agency obligations	15,398,820	1,086,650	16,485,470
Corporate bonds and funds	75,627,124	—	75,627,124
Real estate funds	31,113,476	329,149	31,442,625
Alternative investments	6,022,892	—	6,022,892
Receivables (net of allowance)	1,044,874	3,481	1,048,355
 Total assets	 <u>301,321,599</u>	 <u>3,244,079</u>	 <u>304,565,678</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable and other current liabilities	332,686	2,904	335,590
 Total liabilities	 <u>332,686</u>	 <u>2,904</u>	 <u>335,590</u>
NET ASSETS			
Held in trust for pension benefits	300,988,913	3,241,175	304,230,088
 Total net assets	 <u>\$ 300,988,913</u>	 <u>\$ 3,241,175</u>	 <u>\$ 304,230,088</u>

CITY OF AURORA, COLORADO

PENSION TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>GERP</u>	<u>EOEP</u>	<u>Total Pension Trust</u>
ADDITIONS			
<i>Contributions</i>			
City	\$ 4,146,212	\$ 375,669	\$ 4,521,881
Plan members	4,153,386	—	4,153,386
Total contributions	<u>8,299,598</u>	<u>375,669</u>	<u>8,675,267</u>
<i>Investment activity</i>			
Investment income	35,709,066	376,660	36,085,726
Investment expense	(662,196)	(9,608)	(671,804)
Net investment income	<u>35,046,870</u>	<u>367,052</u>	<u>35,413,922</u>
Other income	<u>19,045</u>	—	<u>19,045</u>
Total additions	<u>43,365,513</u>	<u>742,721</u>	<u>44,108,234</u>
DEDUCTIONS			
Benefits	10,347,020	138,928	10,485,948
Administrative expenses	404,466	8,883	413,349
Total deductions	<u>10,751,486</u>	<u>147,811</u>	<u>10,899,297</u>
CHANGE IN NET ASSETS	32,614,027	594,910	33,208,937
NET ASSETS - January 1	<u>268,374,886</u>	<u>2,646,265</u>	<u>271,021,151</u>
NET ASSETS - December 31	<u>\$ 300,988,913</u>	<u>\$ 3,241,175</u>	<u>\$ 304,230,088</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.

CITY OF AURORA, COLORADO

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Payroll Clearing Fund			
	Balance January 1	Additions	Deductions	Balance December 31
ASSETS				
Cash and cash equivalents	\$ 1,897,989	\$ 198,455,437	\$ (198,384,269)	\$ 1,969,157
Total assets	<u>\$ 1,897,989</u>	<u>\$ 198,455,437</u>	<u>\$ (198,384,269)</u>	<u>\$ 1,969,157</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 1,897,989	\$ 199,842,610	\$ (199,771,442)	\$ 1,969,157
Total liabilities	<u>\$ 1,897,989</u>	<u>\$ 199,842,610</u>	<u>\$ (199,771,442)</u>	<u>\$ 1,969,157</u>



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



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, 2006

	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Taxes				
Property	\$ 22,656,619	\$ 22,656,619	\$ 23,077,227	\$ 420,608
Sales	115,706,567	115,706,567	120,218,294	4,511,727
Use	28,073,242	32,308,276	29,202,205	(3,106,071)
Lodgers	3,206,109	3,206,109	3,919,444	713,335
Franchise	10,779,141	10,779,141	11,566,625	787,484
Other	9,266,081	9,266,081	11,285,236	2,019,155
Total taxes	189,687,759	193,922,793	199,269,031	5,346,238
Intergovernmental	10,563,233	10,563,233	11,601,812	1,038,579
Licenses and permits	3,786,572	3,786,572	4,758,928	972,356
Charges for services	5,472,619	5,472,619	5,741,311	268,692
Fines and forfeitures	6,530,773	6,530,773	6,223,958	(306,815)
Investment income	750,000	750,000	1,260,905	510,905
Other revenues	739,961	739,961	998,279	258,318
Proceeds from sales of assets	—	—	349,329	349,329
Transfers in	2,950,590	4,628,808	4,553,808	(75,000)
TOTAL SOURCES	220,481,507	226,394,759	234,757,361	8,362,602
USES				
<i>Municipal Court</i>				
Judicial	1,809,601	1,835,232	1,824,302	10,930
Court Administration	6,227,090	6,361,742	6,316,721	45,021
Public Defender	574,716	583,121	566,209	16,912
Total municipal court	8,611,407	8,780,095	8,707,232	72,863
<i>City Attorney</i>	4,173,966	4,390,134	4,230,779	159,355
<i>General Management Group</i>				
City Council	826,701	849,973	753,879	96,094
Civil Service	506,866	561,329	561,329	—
General Management	1,040,458	1,000,352	963,427	36,925
Communications	689,352	697,766	686,915	10,851
Management Support	1,160,549	1,254,776	1,252,621	2,155
Development Services	770,596	781,591	779,607	1,984
Total general management group	4,994,522	5,145,787	4,997,778	148,009

	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
<i>Administrative Services Group</i>				
Human Resources	\$ 1,191,686	\$ 1,250,570	\$ 1,162,086	\$ 88,484
Finance	4,469,724	4,525,324	4,524,887	437
Information Technology	6,158,843	6,203,121	5,924,827	278,294
Internal Services	10,104,007	10,204,963	10,112,787	92,176
Total administrative services group	21,924,260	22,183,978	21,724,587	459,391
<i>Operations Group</i>				
Public Works	17,723,738	17,845,502	17,311,911	533,591
Parks and Open Space	12,260,279	12,607,074	12,586,485	20,589
Planning	1,119,340	1,133,934	1,119,623	14,311
Total operations group	31,103,357	31,586,510	31,018,019	568,491
<i>Community Services Group</i>				
Library, Recreation and Cultural Services	11,189,696	11,328,521	11,314,959	13,562
Police	66,810,921	66,830,575	66,771,018	59,557
Public Safety Communications	3,925,042	4,317,432	4,171,223	146,209
Fire	29,360,935	30,220,017	29,362,355	857,662
Neighborhood Services	3,243,065	3,758,919	3,755,172	3,747
Total community services group	114,529,659	116,455,464	115,374,727	1,080,737
<i>Non-departmental</i>	35,140,424	44,959,409	44,871,710	87,699
TOTAL USES	220,477,595	233,501,377	230,924,832	2,576,545
CHANGE IN FUNDS AVAILABLE	3,912	(7,106,618)	3,832,529	10,939,147
FUNDS AVAILABLE - January 1	6,578,333	9,562,295	9,562,295	—
FUNDS AVAILABLE - December 31	\$ 6,582,245	\$ 2,455,677	13,394,824	\$ 10,939,147
Less: Designations			(13,394,824)	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ —	
RECONCILIATION OF FUNDS AVAILABLE TO U.S. GAAP FUND BALANCE				
FUNDS AVAILABLE (BUDGETARY BASIS) - December 31			\$ 13,394,824	
Add: Sales, use and lodgers tax accrual			16,659,291	
Current year encumbrances			1,298,394	
Less: Deferred revenues			(45,000)	
Adjustment of investments to fair value			(98,950)	
FUND BALANCE (U.S. GAAP BASIS) - DECEMBER 31			\$ 31,208,559	

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, 2006

	Gifts and Grants			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Intergovernmental revenues	\$ 2,531,119	\$ 3,007,998	\$ 3,611,829	\$ 603,831
Licenses and permits	—	—	—	—
Charges for services	—	—	3,873	3,873
Fines and forfeitures	—	—	—	—
Investment income	2,050	3,050	91,797	88,747
Miscellaneous revenues	2,704,500	11,255,696	8,442,537	(2,813,159)
Proceeds from sale of assets	—	—	1,158	1,158
Transfers in	—	27,024	27,024	—
TOTAL SOURCES	5,237,669	14,293,768	12,178,218	(2,115,550)
USES				
<i>Operating Costs</i>				
Municipal Court	14,000	14,000	5,254	8,746
General Management Group	579,293	799,533	711,731	87,802
Administrative Services Group	—	—	—	—
Operations Group	1,020,000	1,053,353	105,289	948,064
Community Services Group	4,889,322	5,285,443	3,448,100	1,837,343
Non-Departmental	903	217,903	213,289	4,614
<i>Continuing Appropriations</i>				
Administrative Services Group	—	—	—	—
Community Services Group	—	—	—	—
Non-Departmental	—	—	—	—
Operations Group	—	8,690,724	8,690,724	—
TOTAL USES	6,503,518	16,060,956	13,174,387	2,886,569
CHANGE IN FUNDS AVAILABLE	(1,265,849)	(1,767,188)	(996,169)	771,019
FUNDS AVAILABLE - January 1	4,070,492	4,302,936	4,302,936	—
FUNDS AVAILABLE - December 31	\$ 2,804,643	\$ 2,535,748	3,306,767	\$ 771,019
Less: Reservations			(3,306,767)	
Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ —	
RECONCILIATION OF FUNDS AVAILABLE TO U.S. GAAP FUND BALANCE				
FUNDS AVAILABLE (BUDGETARY BASIS) - December 31			\$ 3,306,767	
Add: Current year operating encumbrances			76,702	
Carryforward of continuing appropriations			1,412,446	
Seizure funds			649,829	
Adjust investments to fair value			—	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			(3,912,429)	
FUND BALANCE (U.S. GAAP BASIS) - December 31			\$ 1,533,315	

Development Review				Abatement			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
6,671,936	6,671,936	8,241,989	1,570,053	—	—	—	—
3,182,896	3,182,896	1,976,109	(1,206,787)	330,000	455,000	573,916	118,916
—	—	—	—	—	—	—	—
102,024	102,024	275,266	173,242	5,125	5,125	12,937	7,812
—	—	570	570	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
<u>9,956,856</u>	<u>9,956,856</u>	<u>10,493,934</u>	<u>537,078</u>	<u>335,125</u>	<u>460,125</u>	<u>586,853</u>	<u>126,728</u>
—	—	—	—	—	—	—	—
6,297,060	6,690,382	6,486,268	204,114	—	—	—	—
—	—	—	—	—	—	—	—
3,762,433	4,273,543	4,067,436	206,107	80,000	80,000	7,116	72,884
—	—	—	—	181,101	406,877	354,342	52,535
97,147	9,212	—	9,212	576	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
<u>10,156,640</u>	<u>10,973,137</u>	<u>10,553,704</u>	<u>419,433</u>	<u>261,677</u>	<u>486,877</u>	<u>361,458</u>	<u>125,419</u>
(199,784)	(1,016,281)	(59,770)	956,511	73,448	(26,752)	225,395	252,147
<u>3,819,187</u>	<u>5,189,103</u>	<u>5,189,103</u>	<u>—</u>	<u>333,444</u>	<u>455,970</u>	<u>455,970</u>	<u>—</u>
<u>\$ 3,619,403</u>	<u>\$ 4,172,822</u>	<u>5,129,333</u>	<u>\$ 956,511</u>	<u>\$ 406,892</u>	<u>\$ 429,218</u>	<u>681,365</u>	<u>\$ 252,147</u>
—	—	(1,481,718)	—	—	—	(26,363)	—
—	—	<u>\$ 3,647,615</u>	—	—	—	<u>\$ 655,002</u>	—
—	—	\$ 5,129,333	—	—	—	\$ 681,365	—
—	—	233,986	—	—	—	35,148	—
—	—	—	—	—	—	—	—
—	—	(35,395)	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	<u>\$ 5,327,924</u>	—	—	—	<u>\$ 716,513</u>	—

(continued)

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, 2006

	Community Maintenance			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Intergovernmental revenues	\$ —	\$ —	\$ —	\$ —
Licenses and permits	—	—	—	—
Charges for services	—	—	—	—
Fines and forfeitures	—	—	—	—
Investment income	—	—	4,899	4,899
Miscellaneous revenues	—	—	140,000	140,000
Proceeds from sale of assets	—	—	—	—
Transfers in	—	—	—	—
TOTAL SOURCES	—	—	144,899	144,899
USES				
<i>Operating Costs</i>				
Municipal Court	—	—	—	—
General Management Group	—	—	—	—
Administrative Services Group	—	—	—	—
Operations Group	—	—	—	—
Community Services Group	—	—	—	—
Non-Departmental	—	—	—	—
<i>Continuing Appropriations</i>				
Administrative Services Group	—	—	—	—
Community Services Group	—	—	—	—
Non-Departmental	—	—	—	—
Operations Group	—	—	—	—
TOTAL USES	—	—	—	—
CHANGE IN FUNDS AVAILABLE	—	—	144,899	144,899
FUNDS AVAILABLE - January 1	—	7,337	7,337	—
FUNDS AVAILABLE - December 31	\$ —	\$ 7,337	152,236	\$ 144,899
Less: Reservations			—	
Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			\$ 152,236	
RECONCILIATION OF FUNDS AVAILABLE TO U.S. GAAP FUND BALANCE				
FUNDS AVAILABLE (BUDGETARY BASIS) - December 31			\$ 152,236	
Add: Current year operating encumbrances			—	
Carryforward of continuing appropriations			108,161	
Seizure funds			—	
Adjust investments to fair value			(922)	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			—	
FUND BALANCE (U.S. GAAP BASIS) - December 31			\$ 259,475	

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, 2006

	Conservation Trust			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Intergovernmental revenues	\$ 2,472,000	\$ 2,472,000	\$ 3,045,472	\$ 573,472
Licenses and permits	—	—	—	—
Charges for services	—	—	—	—
Fines and forfeitures	—	—	—	—
Investment income	150,000	150,000	211,609	61,609
Miscellaneous revenues	—	—	—	—
Proceeds from sale of assets	—	—	—	—
Transfers in	—	—	—	—
TOTAL SOURCES	<u>2,622,000</u>	<u>2,622,000</u>	<u>3,257,081</u>	<u>635,081</u>
USES				
<i>Operating Costs</i>				
Municipal Court	—	—	—	—
General Management Group	—	—	—	—
Administrative Services Group	—	—	—	—
Operations Group	478,965	483,462	463,495	19,967
Community Services Group	18,350	23,950	1,808	22,142
Non-Departmental	5,159	1,492	—	1,492
<i>Continuing Appropriations</i>				
Administrative Services Group	—	—	—	—
Community Services Group	1,327,194	1,499,194	1,499,194	—
Non-Departmental	—	—	—	—
Operations Group	1,113,000	1,061,250	1,061,250	—
TOTAL USES	<u>2,942,668</u>	<u>3,069,348</u>	<u>3,025,747</u>	<u>43,601</u>
CHANGE IN FUNDS AVAILABLE	(320,668)	(447,348)	231,334	678,682
FUNDS AVAILABLE - January 1	<u>373,158</u>	<u>751,070</u>	<u>751,070</u>	<u>—</u>
FUNDS AVAILABLE - December 31	<u>\$ 52,490</u>	<u>\$ 303,722</u>	<u>982,404</u>	<u>\$ 678,682</u>
Less: Reservations			—	
Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 982,404</u>	
RECONCILIATION OF FUNDS AVAILABLE TO U.S. GAAP FUND BALANCE				
FUNDS AVAILABLE (BUDGETARY BASIS) - December 31			\$ 982,404	
Add: Current year operating encumbrances			—	
Carryforward of continuing appropriations			4,855,981	
Seizure funds			—	
Adjust investments to fair value			(35,741)	
Assets not available for appropriations			1,170,000	
Less: Deferred revenue - Federal grants			—	
FUND BALANCE (U.S. GAAP BASIS) - December 31			<u>\$ 6,972,644</u>	

Emergency Contingency				Parks Development			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
30,000	30,000	32,340	2,340	20,000	20,000	130,964	110,964
—	—	—	—	250,000	250,000	982,599	732,599
—	—	—	—	—	—	—	—
—	338,850	338,850	—	—	—	—	—
30,000	368,850	371,190	2,340	270,000	270,000	1,113,563	843,563
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	338,850	338,850	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	405,000	687,834	687,834	—
—	338,850	338,850	—	405,000	687,834	687,834	—
30,000	30,000	32,340	2,340	(135,000)	(417,834)	425,729	843,563
790,146	775,620	775,620	—	2,013,231	2,286,993	2,286,993	—
<u>\$ 820,146</u>	<u>\$ 805,620</u>	807,960	<u>\$ 2,340</u>	<u>\$ 1,878,231</u>	<u>\$ 1,869,159</u>	2,712,722	<u>\$ 843,563</u>
		—				—	
		—				—	
		<u>\$ 807,960</u>				<u>\$ 2,712,722</u>	
		\$ 807,960				\$ 2,712,722	
		—				—	
		—				899,502	
		—				—	
		(5,162)				(23,274)	
		—				—	
		—				—	
		<u>\$ 802,798</u>				<u>\$ 3,588,950</u>	

(continued)

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, 2006

	Arapahoe County Open Space			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Intergovernmental revenues	\$ 4,675,500	\$ 4,675,500	\$ 5,096,336	\$ 420,836
Licenses and permits	—	—	—	—
Charges for services	—	—	—	—
Fines and forfeitures	—	—	—	—
Investment income	150,000	150,000	167,020	17,020
Miscellaneous revenues	—	—	—	—
Proceeds from sale of assets	—	—	—	—
Transfers in	—	—	—	—
TOTAL SOURCES	<u>4,825,500</u>	<u>4,825,500</u>	<u>5,263,356</u>	<u>437,856</u>
USES				
<i>Operating Costs</i>				
Municipal Court	—	—	—	—
General Management Group	—	—	—	—
Administrative Services Group	—	—	—	—
Operations Group	2,188,772	2,192,006	2,118,045	73,961
Community Services Group	—	—	—	—
Non-Departmental	1,664	—	—	—
<i>Continuing Appropriations</i>				
Administrative Services Group	—	—	—	—
Community Services Group	—	—	—	—
Non-Departmental	—	—	—	—
Operations Group	3,500,645	3,500,645	3,500,645	—
TOTAL USES	<u>5,691,081</u>	<u>5,692,651</u>	<u>5,618,690</u>	<u>73,961</u>
CHANGE IN FUNDS AVAILABLE	(865,581)	(867,151)	(355,334)	511,817
FUNDS AVAILABLE - January 1	<u>2,319,327</u>	<u>2,528,561</u>	<u>2,528,561</u>	—
FUNDS AVAILABLE - December 31	<u>\$ 1,453,746</u>	<u>\$ 1,661,410</u>	2,173,227	<u>\$ 511,817</u>
Less: Reservations			—	
Designations			<u>(2,023,937)</u>	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 149,290</u>	
RECONCILIATION OF FUNDS AVAILABLE TO U.S. GAAP FUND BALANCE				
FUNDS AVAILABLE (BUDGETARY BASIS) - December 31			\$ 2,173,227	
Add: Current year operating encumbrances			23,232	
Carryforward of continuing appropriations			2,012,902	
Seizure funds			—	
Adjust investments to fair value			(26,937)	
Assets not available for appropriations			2,620,176	
Less: Deferred revenue - Federal grants			—	
FUND BALANCE (U.S. GAAP BASIS) - December 31			<u>\$ 6,802,600</u>	

Recreation Services				Cultural Services			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 335,620	\$ 335,620
—	—	—	—	—	—	—	—
4,248,187	4,263,187	3,849,082	(414,105)	526,900	525,900	545,050	19,150
—	—	117	117	—	—	—	—
—	—	—	—	23,400	23,400	61,250	37,850
270,079	270,079	84,606	(185,473)	744,600	745,600	169,251	(576,349)
—	—	—	—	—	—	—	—
4,958,120	4,993,320	4,993,320	—	913,568	999,968	999,968	—
9,476,386	9,526,586	8,927,125	(599,461)	2,208,468	2,294,868	2,111,139	(183,729)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
9,421,549	9,526,152	8,965,281	560,871	2,726,546	2,749,946	2,310,805	439,141
51,973	9,464	—	9,464	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
9,473,522	9,535,616	8,965,281	570,335	2,726,546	2,749,946	2,310,805	439,141
2,864	(9,030)	(38,156)	(29,126)	(518,078)	(455,078)	(199,666)	255,412
148,399	121,717	121,717	—	1,018,997	1,559,480	1,559,480	—
\$ 151,263	\$ 112,687	83,561	\$ (29,126)	\$ 500,919	\$ 1,104,402	1,359,814	\$ 255,412
—	—	—	—	—	—	—	—
—	—	—	—	—	—	(86,424)	—
—	—	\$ 83,561	—	—	—	\$ 1,273,390	—
—	—	\$ 83,561	—	—	—	\$ 1,359,814	—
—	—	41,417	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	(137,883)	—
—	—	\$ 124,978	—	—	—	\$ 1,221,931	—

(continued)

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, 2006

	Designated Revenues			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Intergovernmental revenues	\$ 202,000	\$ 232,000	\$ 496,721	\$ 264,721
Licenses and permits	—	140,000	120,957	(19,043)
Charges for services	1,675,098	1,701,004	1,595,244	(105,760)
Fines and forfeitures	879,927	1,574,108	1,323,256	(250,852)
Investment income	34,580	35,580	927,682	892,102
Miscellaneous revenues	894,890	913,740	1,827,187	913,447
Proceeds from sale of assets	—	—	—	—
Transfers in	6,448,026	8,367,834	7,663,437	(704,397)
TOTAL SOURCES	10,134,521	12,964,266	13,954,484	990,218
USES				
<i>Operating Costs</i>				
Municipal Court	122,241	124,019	86,687	37,332
General Management Group	4,457,172	4,533,438	1,240,678	3,292,760
Administrative Services Group	132,512	191,812	170,133	21,679
Operations Group	556,074	569,180	447,638	121,542
Community Services Group	2,102,878	3,036,277	2,278,370	757,907
Non-Departmental	5,679,748	5,583,922	4,337,831	1,246,091
<i>Continuing Appropriations</i>				
Administrative Services Group	—	—	—	—
Community Services Group	—	—	—	—
Non-Departmental	—	—	—	—
Operations Group	828,000	828,000	828,000	—
TOTAL USES	13,878,625	14,866,648	9,389,337	5,477,311
CHANGE IN FUNDS AVAILABLE	(3,744,104)	(1,902,382)	4,565,147	6,467,529
FUNDS AVAILABLE - January 1	19,408,337	10,941,191	10,941,191	—
FUNDS AVAILABLE - December 31	<u>\$ 15,664,233</u>	<u>\$ 9,038,809</u>	15,506,338	<u>\$ 6,467,529</u>
Less: Reservations			(9,607,373)	
Designations			(3,485,553)	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 2,413,412</u>	
RECONCILIATION OF FUNDS AVAILABLE TO U.S. GAAP FUND BALANCE				
FUNDS AVAILABLE (BUDGETARY BASIS) - December 31			\$ 15,506,338	
Add: Current year operating encumbrances			294,689	
Carryforward of continuing appropriations			10,745,179	
Seizure funds			—	
Adjust investments to fair value			(143,447)	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			—	
FUND BALANCE (U.S. GAAP BASIS) - December 31			<u>\$ 26,402,759</u>	

Policy Reserve				Tabor Reserve			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
724,000	724,000	778,257	54,257	263,000	263,000	285,653	22,653
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	28,616	162,588	162,588	—
724,000	724,000	778,257	54,257	291,616	425,588	448,241	22,653
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
28,616	162,588	162,588	—	—	1,101,201	1,101,201	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
28,616	162,588	162,588	—	—	1,101,201	1,101,201	—
695,384	561,412	615,669	54,257	291,616	(675,613)	(652,960)	22,653
18,733,588	18,754,830	18,754,830	—	6,877,415	6,885,087	6,885,087	—
<u>\$ 19,428,972</u>	<u>\$ 19,316,242</u>	19,370,499	<u>\$ 54,257</u>	<u>\$ 7,169,031</u>	<u>\$ 6,209,474</u>	6,232,127	<u>\$ 22,653</u>
		—				—	
		—				—	
		<u>\$ 19,370,499</u>				<u>\$ 6,232,127</u>	
		\$ 19,370,499				\$ 6,232,127	
		—				—	
		—				—	
		(130,958)				(42,147)	
		—				—	
		—				—	
		<u>\$ 19,239,541</u>				<u>\$ 6,189,980</u>	

(concluded)

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, 2006

	City Debt Service			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Property taxes	\$ 6,246,663	\$ 6,246,663	\$ 6,368,245	\$ 121,582
Special assessment taxes	—	—	—	—
Investment income	51,800	51,800	156,156	104,356
Funds from restricted assets	—	—	—	—
Transfers in	1,761,100	1,761,100	1,761,100	—
TOTAL SOURCES	8,059,563	8,059,563	8,285,501	225,938
USES				
<i>Operating Costs</i>				
Administrative Services Group	—	—	—	—
Non-Departmental	8,007,391	8,100,391	8,091,462	8,929
TOTAL USES	8,007,391	8,100,391	8,091,462	8,929
CHANGE IN FUNDS AVAILABLE	52,172	(40,828)	194,039	234,867
FUNDS AVAILABLE - January 1	851,235	1,016,823	1,016,823	—
FUNDS AVAILABLE - December 31	<u>\$ 903,407</u>	<u>\$ 975,995</u>	1,210,862	<u>\$ 234,867</u>
Less: Reservations			(1,210,862)	
Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ —</u>	
RECONCILIATION OF FUNDS AVAILABLE TO U.S. GAAP FUND BALANCE				
FUNDS AVAILABLE (BUDGETARY BASIS) - December 31			\$ 1,210,862	
Add: Assets not available for appropriation			101,900	
Less: Adjust investments to fair value			(8,365)	
FUND BALANCE (U.S. GAAP BASIS) - December 31			<u>\$ 1,304,397</u>	

SID Debt Service				Surplus and Deficiency			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
435,035	435,035	273,590	(161,445)	16,350	16,350	18,884	2,534
54,195	54,195	108,355	54,160	28,550	28,550	37,682	9,132
—	—	(30,000)	(30,000)	—	—	—	—
—	—	—	—	—	—	—	—
489,230	489,230	351,945	(137,285)	44,900	44,900	56,566	11,666
—	—	—	—	41,500	41,500	41,500	—
476,555	476,555	264,147	212,408	—	—	—	—
476,555	476,555	264,147	212,408	41,500	41,500	41,500	—
12,675	12,675	87,798	75,123	3,400	3,400	15,066	11,666
162,618	100,508	100,508	—	750,186	731,695	731,695	—
<u>\$ 175,293</u>	<u>\$ 113,183</u>	188,306	<u>\$ 75,123</u>	<u>\$ 753,586</u>	<u>\$ 735,095</u>	746,761	<u>\$ 11,666</u>
		—				—	
		—				(470,000)	
		<u>\$ 188,306</u>				<u>\$ 276,761</u>	
		\$ 188,306				\$ 746,761	
		30,000				—	
		(1,383)				(4,770)	
		<u>\$ 216,923</u>				<u>\$ 741,991</u>	

CITY OF AURORA, COLORADO

CAPITAL PROJECTS FUNDS

SCHEDULE OF SOURCES, USES AND CHANGES IN FUNDS AVAILABLE

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2006

	City Capital Projects			
	Budgets		Budgetary	Variance
	Original	Final	Actual	with Final
SOURCES				
Special assessment taxes	\$ —	\$ —	\$ —	\$ —
Intergovernmental revenues	1,839,311	1,839,311	2,691,191	851,880
Charges for services	—	—	—	—
Investment income	1,000,000	1,000,000	1,150,327	150,327
Miscellaneous revenues	385,000	387,724	1,270,793	883,069
Proceeds from sale of assets	—	—	—	—
Proceeds from long term borrowing	—	—	—	—
Transfers in	15,756,721	22,938,264	22,637,894	(300,370)
Release of prior year designation for capital project overspending	—	—	6,165	6,165
TOTAL SOURCES	18,981,032	26,165,299	27,756,370	1,591,071
USES				
<i>Operating Costs</i>				
Administrative Services Group	1,519,058	1,519,058	1,519,058	—
Non-Departmental	2,258,800	2,758,800	2,514,429	244,371
<i>Continuing Appropriations</i>				
General Management	250,000	250,000	250,000	—
Administrative Services Group	495,000	713,215	713,215	—
Operations Group	15,928,228	14,611,468	14,611,468	—
Community Services Group	530,000	1,193,950	1,193,950	—
Non-Departmental	200,000	392,584	392,584	—
TOTAL USES	21,181,086	21,439,075	21,194,704	244,371
CHANGE IN FUNDS AVAILABLE	(2,200,054)	4,726,224	6,561,666	1,835,442
FUNDS AVAILABLE - January 1	12,266,742	15,294,250	15,294,250	—
FUNDS AVAILABLE - December 31	<u>\$ 10,066,688</u>	<u>\$ 20,020,474</u>	21,855,916	<u>\$ 1,835,442</u>
Less: Reservations			(1,607,832)	
Designations			<u>(4,600,339)</u>	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 15,647,745</u>	
RECONCILIATION OF FUNDS AVAILABLE TO U.S. GAAP FUND BALANCE				
FUNDS AVAILABLE (BUDGETARY BASIS) - December 31			\$ 21,855,916	
Add: Carry forward of continuing appropriations			14,774,590	
Assets not available for appropriations			—	
Less: Deferred revenue - Federal grants			(2,136,821)	
Adjust investments to fair value			<u>(211,150)</u>	
FUND BALANCE (U.S. GAAP BASIS) - December 31			<u>\$ 34,282,535</u>	

Bond Proceeds				Building Repair			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	37,000	37,000	37,000	—
32,000	32,000	31,309	(691)	22,000	22,000	30,542	8,542
—	—	—	—	—	—	7,948	7,948
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	93,000	93,000	—	1,858,800	2,358,800	2,358,800	—
—	—	—	—	—	—	—	—
32,000	125,000	124,309	(691)	1,917,800	2,417,800	2,434,290	16,490
—	—	—	—	110,139	110,139	110,139	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	2,022,177	2,706,434	2,706,434	—
—	335,200	335,200	—	—	—	—	—
—	64,628	64,628	—	—	—	—	—
—	—	—	—	—	—	—	—
—	399,828	399,828	—	2,132,316	2,816,573	2,816,573	—
32,000	(274,828)	(275,519)	(691)	(214,516)	(398,773)	(382,283)	16,490
853,514	334,304	334,304	—	503,990	481,447	481,447	—
<u>\$ 885,514</u>	<u>\$ 59,476</u>	58,785	<u>\$ (691)</u>	<u>\$ 289,474</u>	<u>\$ 82,674</u>	99,164	<u>\$ 16,490</u>
		—				—	
		—				—	
		<u>\$ 58,785</u>				<u>\$ 99,164</u>	
		\$ 58,785				\$ 99,164	
		808,280				1,725,558	
		—				—	
		—				—	
		—				(13,918)	
		<u>\$ 867,065</u>				<u>\$ 1,810,804</u>	

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, 2006

	Water			
	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Charges for services	\$ 72,964,479	\$ 72,964,479	\$ 74,655,303	\$ 1,690,824
Intergovernmental	—	—	265,023	265,023
Licenses and permits	63,581	63,581	142,130	78,549
Investment income	779,596	779,596	9,753,888	8,974,292
Miscellaneous revenues	32,089,124	32,089,124	46,594,768	14,505,644
Proceeds from sale of assets	55,486	55,486	75,735	20,249
Proceeds from long-term borrowings	139,000,000	—	—	—
Transfers in	16,750,000	—	—	—
Funds from restricted assets	—	—	(48,372)	(48,372)
TOTAL SOURCES	261,702,266	105,952,266	131,438,475	25,486,209
USES				
<i>Operating Costs</i>				
Operations Group	80,593,307	72,740,982	63,054,274	9,686,708
Non-Departmental	148,932	—	—	—
<i>Continuing Appropriations</i>				
Operations Group	272,947,000	97,886,654	106,432,222	(8,545,568)
TOTAL USES	353,689,239	170,627,636	169,486,496	1,141,140
CHANGE IN FUNDS AVAILABLE	(91,986,973)	(64,675,370)	(38,048,021)	26,627,349
FUNDS AVAILABLE - January 1	120,090,281	126,334,666	126,334,666	—
FUNDS AVAILABLE - December 31	<u>\$ 28,103,308</u>	<u>\$ 61,659,296</u>	88,286,645	<u>\$ 26,627,349</u>
Less: Reservations			(5,501,890)	
Designations			—	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 82,784,755</u>	
RECONCILIATION OF FUNDS AVAILABLE TO U.S. GAAP FUND BALANCE				
FUNDS AVAILABLE (BUDGETARY BASIS) - December 31			\$ 88,286,645	
Add: Current year operating encumbrances			1,329,388	
Carryforward of continuing appropriations			118,786,890	
Deferred charges			1,349,084	
Assets not available for appropriation			6,300,000	
Long-term interfund receivables			—	
Equity in joint venture			2,537,832	
Capital assets net of depreciation			757,756,180	
Inventories			—	
Less: Current portion of long-term debt			(10,437,750)	
Long-term debt			(245,130,052)	
Adjust investments to fair value			(1,136,342)	
NET ASSETS (U.S. GAAP BASIS) - December 31			<u>\$ 719,641,875</u>	

Sewer				Golf			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ 31,277,117	\$ 32,982,105	\$ 33,286,941	\$ 304,836	\$ 9,684,000	\$ 9,684,000	\$ 9,055,305	(628,695)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
644,440	644,440	3,458,615	2,814,175	100,000	100,000	111,641	11,641
9,134,618	9,484,618	8,191,939	(1,292,679)	292,300	292,300	186,508	(105,792)
11,490	11,490	7,577	(3,913)	—	—	1,753	1,753
33,500,000	33,500,000	59,943,695	26,443,695	—	—	—	—
1,960,988	256,000	256,000	—	—	—	—	—
—	—	(3,749,250)	(3,749,250)	—	—	(16,704)	(16,704)
<u>76,528,653</u>	<u>76,878,653</u>	<u>101,395,517</u>	<u>24,516,864</u>	<u>10,076,300</u>	<u>10,076,300</u>	<u>9,338,503</u>	<u>(737,797)</u>
48,549,925	33,091,478	30,016,076	3,075,402	9,554,983	9,601,582	9,353,451	248,131
107,343	31,209	—	31,209	39,926	3,127	—	3,127
<u>28,669,000</u>	<u>18,522,604</u>	<u>18,522,604</u>	<u>—</u>	<u>345,000</u>	<u>345,000</u>	<u>345,000</u>	<u>—</u>
<u>77,326,268</u>	<u>51,645,291</u>	<u>48,538,680</u>	<u>3,106,611</u>	<u>9,939,909</u>	<u>9,949,709</u>	<u>9,698,451</u>	<u>251,258</u>
(797,615)	25,233,362	52,856,837	27,623,475	136,391	126,591	(359,948)	(486,539)
<u>8,167,081</u>	<u>8,895,577</u>	<u>8,895,577</u>	<u>—</u>	<u>921,880</u>	<u>1,367,821</u>	<u>1,367,821</u>	<u>—</u>
<u>\$ 7,369,466</u>	<u>\$ 34,128,939</u>	61,752,414	<u>\$ 27,623,475</u>	<u>\$ 1,058,271</u>	<u>\$ 1,494,412</u>	1,007,873	<u>\$ (486,539)</u>
		(2,505,227)				—	
		<u>—</u>				<u>(449,298)</u>	
		<u>\$ 59,247,187</u>				<u>\$ 558,575</u>	
		\$ 61,752,414				\$ 1,007,873	
		436,292				842	
		33,643,600				371,698	
		368,131				70,594	
		10,819,953				477,216	
		4,864,000				—	
		—				—	
		312,036,713				32,824,392	
		—				268,431	
		(1,653,767)				(1,055,392)	
		(72,041,405)				(9,111,642)	
		<u>(334,872)</u>				<u>(25,432)</u>	
		<u>\$ 349,891,059</u>				<u>\$ 24,828,580</u>	

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, 2006

	Fleet Management			
	Budgets		Budgetary Actual	Variance with Final
	Original	Final		
SOURCES				
Charges for services	\$ 6,150,414	\$ 6,820,414	\$ 7,021,622	\$ 201,208
Investment income	1,000	1,000	1,698	698
Miscellaneous revenues	5,000	5,000	14,277	9,277
Proceeds from sale of assets	350,000	350,000	—	(350,000)
Transfers in	—	7,400	7,400	—
TOTAL SOURCES	6,506,414	7,183,814	7,044,997	(138,817)
USES				
<i>Operating Costs</i>				
Administrative Services Group	6,395,912	7,100,901	7,025,861	75,040
Non-departmental	28,469	880	—	880
TOTAL USES	6,424,381	7,101,781	7,025,861	75,920
CHANGE IN FUNDS AVAILABLE	82,033	82,033	19,136	(62,897)
FUNDS AVAILABLE - January 1	82,263	4,243	4,243	—
FUNDS AVAILABLE - December 31	<u>\$ 164,296</u>	<u>\$ 86,276</u>	23,379	<u>\$ (62,897)</u>
Less: Designations			<u>—</u>	
FUNDS AVAILABLE FOR APPROPRIATION AFTER RESERVATIONS AND COUNCIL DESIGNATIONS - December 31			<u>\$ 23,379</u>	
RECONCILIATION OF FUNDS AVAILABLE TO U.S. GAAP FUND BALANCE				
FUNDS AVAILABLE (BUDGETARY BASIS) - December 31			\$ 23,379	
Add: Capital assets net of depreciation			531,254	
Inventories			486,362	
Current year operating encumbrances			35,121	
Less: Current portion of long-term debt			(9,773)	
Long-term debt			(261,247)	
Adjust investments to fair value			<u>(3,871)</u>	
NET ASSETS - (U.S. GAAP BASIS) - December 31			<u>\$ 801,225</u>	

Print Shop				Risk Management			
Budgets		Budgetary	Variance	Budgets		Budgetary	Variance
Original	Final	Actual	with Final	Original	Final	Actual	with Final
\$ 725,570	\$ 725,570	\$ 708,915	(16,655)	\$ 5,814,227	\$ 5,814,227	\$ 5,814,509	\$ 282
7,000	7,000	7,000	—	409,000	409,000	457,459	48,459
—	—	2,561	2,561	166,000	645,933	944,240	298,307
—	—	—	—	—	—	—	—
—	500	500	—	—	446,239	446,239	—
<u>732,570</u>	<u>733,070</u>	<u>718,976</u>	<u>(14,094)</u>	<u>6,389,227</u>	<u>7,315,399</u>	<u>7,662,447</u>	<u>347,048</u>
726,182	729,209	605,943	123,266	7,316,736	7,804,990	5,762,586	2,042,404
3,110	583	—	583	7,874	1,553	—	1,553
<u>729,292</u>	<u>729,792</u>	<u>605,943</u>	<u>123,849</u>	<u>7,324,610</u>	<u>7,806,543</u>	<u>5,762,586</u>	<u>2,043,957</u>
3,278	3,278	113,033	109,755	(935,383)	(491,144)	1,899,861	2,391,005
<u>126,776</u>	<u>129,453</u>	<u>129,453</u>	<u>—</u>	<u>3,790,810</u>	<u>3,519,208</u>	<u>3,519,208</u>	<u>—</u>
<u>\$ 130,054</u>	<u>\$ 132,731</u>	242,486	<u>\$ 109,755</u>	<u>\$ 2,855,427</u>	<u>\$ 3,028,064</u>	5,419,069	<u>\$ 2,391,005</u>
		—				(841,954)	
		<u>\$ 242,486</u>				<u>\$ 4,577,115</u>	
		\$ 242,486				\$ 5,419,069	
		30,147				—	
		23,948				—	
		13,345				52,695	
		(27,153)				(1,333)	
		(14,752)				(67,762)	
		<u>(2,051)</u>				<u>(81,022)</u>	
		<u>\$ 265,970</u>				<u>\$ 5,321,647</u>	





Statistical Section

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operating Information

FINANCIAL TRENDS STATISTICS

These schedules provide financial trend information, which shows how the City's financial performance has changed over time.

Exhibit A-1 **Net Assets by Component**

Exhibit A-2 **Changes in Net Assets**

Exhibit A-3 **Fund Balances, Governmental Funds**

Exhibit A-4 **Changes in Fund Balances, Governmental Funds**

Exhibit A-5 **Total Sales and Use Tax Revenues**

Sources: Unless otherwise noted, the information in these schedules is derived from Comprehensive Annual Financial Reports for the relevant years.



City of Aurora

Exhibit A-1

Net Assets by Component

Last Five Years

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 2,275,203,538	\$ 2,333,052,302	\$ 2,479,755,028	\$ 2,564,482,012	\$ 2,711,545,994
Restricted					
Construction (a)	1,464,086	3,310,450	-	11,624,224	15,432,018
Police (b)	6,901,872	1,040,402	840,769	441,853	649,829
E-911 Equipment & Services	3,996,089	3,227,306	4,181,097	4,730,191	5,289,905
Parks and Recreation (c)	5,545,882	6,948,069	9,792,734	13,679,692	13,537,324
Emergencies	6,134,321	6,339,676	6,587,427	6,784,149	6,189,980
Gifts and Grants (d)	4,422,877	8,655,457	7,345,087	6,754,529	4,706,420
Agreements	4,750,398	5,325,373	5,251,278	4,442,130	9,587,071
Urban Renewal (e)	1,750,963	2,110,891	1,170,124	721,486	127,822
Unrestricted	91,381,281	87,399,854	76,870,105	76,210,900	85,548,045
Total governmental activities net assets	<u>\$ 2,401,551,307</u>	<u>\$ 2,457,409,780</u>	<u>\$ 2,591,793,649</u>	<u>\$ 2,689,871,166</u>	<u>\$ 2,852,614,408</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 589,713,105	\$ 647,248,248	\$ 675,344,617	\$ 764,659,039	\$ 876,261,788
Restricted					
Construction	104,185	3,994,407	4,199,838	1,984,417	13,762,820
Debt related	3,100,000	3,100,000	3,100,000	2,500,000	2,500,000
Other	672,952	-	-	-	-
Unrestricted	121,493,852	115,611,638	161,607,602	182,168,952	201,213,673
Total business-type activities net assets	<u>\$ 715,084,094</u>	<u>\$ 769,954,293</u>	<u>\$ 844,252,057</u>	<u>\$ 951,312,408</u>	<u>\$ 1,093,738,281</u>

(continued)

Primary government

Invested in capital assets, net of related debt	\$	2,864,916,643	\$	2,980,300,550	\$	3,155,099,645	\$	3,329,141,051	\$	3,587,807,782
Restricted										
Construction (f)		1,568,271		7,304,857		4,199,838		13,608,641		29,194,838
Police		6,901,872		1,040,402		840,769		441,853		649,829
E-911 Equipment & Services		3,996,089		3,227,306		4,181,097		4,730,191		5,289,905
Parks and Recreation		5,545,882		6,948,069		9,792,734		13,679,692		13,537,324
Emergencies		6,134,321		6,339,676		6,587,427		6,784,149		6,189,980
Gifts and Grants		4,422,877		8,655,457		7,345,087		6,754,529		4,706,420
Debt related		3,100,000		3,100,000		3,100,000		2,500,000		2,500,000
Agreements		5,423,350		5,325,373		5,251,278		4,442,130		9,587,071
Urban Renewal		1,750,963		2,110,891		1,170,124		721,486		127,822
Unrestricted		212,875,133		203,011,492		238,477,707		258,379,852		286,761,718
Total primary government net assets	\$	3,116,635,401	\$	3,227,364,073	\$	3,436,045,706	\$	3,641,183,574	\$	3,946,352,689

Note: The City is retroactively reporting years beginning with 2002, the year in which GASB34 was implemented.

- (a) In 2004, no receipts restricted for county road and bridge improvements remained unspent at yearend. In 2005, noise mitigation court settlements were received and restricted for capital related purchases (mainly land acquisitions).
- (b) Reserves for police were spent down from 2002 to 2003. Police restricted equity from 2003 through 2006 represents seizure funds.
- (c) Increase from 2003 to 2004 represents Conservation Trust and Park Development revenue growth. Increase from 2004 to 2005 represents new Arapahoe County Open Space tax receipts.
- (d) The increase in 2003 is attributable to restriction of the unspent City match for the Sand Creek Project.
- (e) Activity reflects the spend down of funds dedicated to the Fletcher Plaza Enhancement Area.
- (f) For 2002 through 2005 increases represent funds set aside for storm drainage projects. In 2006, increase represent unspent bond proceeds.

(concluded)

Exhibit A-2

City of Aurora

Changes in Net Assets

Last Five Years

Fiscal Year

Expenses		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<i>Governmental activities:</i>						
General government	(a)	\$ 24,153,407	\$ 32,106,373	\$ 34,865,194	\$ 53,727,660	\$ 32,428,420
Judicial		6,108,249	6,412,905	6,891,787	6,955,078	7,182,054
Police		61,059,499	64,279,691	64,975,624	67,694,840	71,983,533
Fire		28,287,789	30,113,236	29,082,202	29,227,035	30,915,945
Other public safety	(b)	4,209,271	5,847,178	9,465,582	10,351,525	10,813,970
Public works		27,001,770	25,023,998	28,175,551	39,425,303	42,713,262
Economic development		15,840,176	15,822,183	14,095,722	15,214,633	16,873,516
Community services		7,410,045	9,049,017	9,407,800	9,632,404	9,964,733
Culture and recreation		31,302,143	31,612,407	34,217,470	35,608,066	35,750,658
Unallocated depreciation		943,937	2,528,558	2,741,752	2,944,641	3,305,620
Interest on long-term debt		9,625,237	9,478,162	8,958,150	8,610,617	6,949,427
Total governmental activities expenses		215,941,523	232,273,708	242,876,834	279,391,802	268,881,138
<i>Business-type activities:</i>						
Water	(c)	34,046,181	40,784,896	46,903,285	58,689,242	60,675,340
Sewer	(d)	22,269,398	24,807,909	26,173,594	30,141,125	33,453,356
Golf		8,641,960	8,545,279	8,729,124	8,696,129	8,990,266
Total business-type activities expenses		64,957,539	74,138,084	81,806,003	97,526,496	103,118,962
Total primary government expenses		\$ 280,899,062	\$ 306,411,792	\$ 324,682,837	\$ 376,918,298	\$ 372,000,100
Program Revenues						
<i>Governmental activities:</i>						
Charges for services						
General government	(e)	\$ 1,723,963	\$ 1,766,942	\$ 1,499,724	\$ 5,101,144	\$ 1,794,049
Judicial	(f)	4,985,565	5,473,368	5,419,785	7,290,726	7,254,834
Police		1,597,194	1,640,253	1,728,947	1,756,746	2,310,862
Fire		541,088	522,448	548,843	521,594	612,917
Other public safety		-	900	-	3,060	169,371
Public works		353,714	360,109	485,472	971,021	1,626,995
Economic development	(g)	10,228,777	10,214,741	13,247,894	16,228,709	12,976,173
Community services	(h)	1,708,174	2,554,164	2,193,055	3,531,460	1,504,620
Culture and recreation		5,355,502	5,321,819	5,331,250	5,625,750	5,734,638
Operating grants & contribution	(i)	33,318,184	31,364,667	31,554,456	49,966,351	47,522,357
Capital grants & contributions	(j)	33,547,825	44,542,305	125,614,269	86,963,191	136,709,120
Total governmental activities program revenues		93,359,986	103,761,716	187,623,695	177,959,752	218,215,936
<i>Business-type activities:</i>						
Charges for services						
Water	(k)	39,612,430	40,231,989	50,924,714	64,603,833	74,797,433
Sewer		24,252,421	25,580,371	26,327,715	29,059,182	33,286,941
Golf		9,174,718	8,205,072	8,266,180	8,737,191	9,055,305
Operating grants & contribution	(l)	59,298	1,452,549	1,757,856	2,957,447	12,866,255
Capital grants & contributions	(m)	53,568,608	51,868,133	67,566,320	96,735,378	113,381,835
Total business-type activities program revenues		126,667,475	127,338,114	154,842,785	202,093,031	243,387,769
Total primary government program revenues		\$ 220,027,461	\$ 231,099,830	\$ 342,466,480	\$ 380,052,783	\$ 461,603,705

(continued)

Net (Expense)/Revenue										
Governmental activities	\$	(122,581,537)	\$	(128,511,992)	\$	(55,253,139)	\$	(101,432,050)	\$	(50,665,202)
Business-type activities		61,709,936		53,200,030		73,036,782		104,566,535		140,268,807
Total primary government net expense	\$	(60,871,601)	\$	(75,311,962)	\$	17,783,643	\$	3,134,485	\$	89,603,605
General Revenues & Other Changes in Net Assets										
<i>Governmental activities:</i>										
Taxes										
Sales & use taxes	\$	130,722,511	\$	128,687,061	\$	135,610,392	\$	143,592,080	\$	149,931,394
Property taxes		26,732,855		29,799,273		28,033,332		28,644,691		29,742,954
Franchise taxes		8,777,935		10,183,683		10,606,171		11,224,526		11,566,625
Lodgers taxes		3,231,779		3,044,341		3,130,347		3,344,153		4,008,854
Occupational privilege taxes		3,824,913		3,684,159		3,755,667		3,950,531		4,058,928
Other taxes		4,430,407		4,864,920		5,361,765		5,366,799		7,292,324
Nonspecific grants & contributions		883,670		832,315		862,890		793,718		855,949
Unrestricted investment earnings		7,396,774		3,264,743		2,276,444		2,793,069		5,951,416
Transfers		2,438		9,970		-		(200,000)		-
Total governmental activities general revenues		186,003,282		184,370,465		189,637,008		199,509,567		213,408,444
<i>Business-type activities:</i>										
Unrestricted investment earnings		5,807,397		1,680,139		1,260,982		2,293,816		2,157,066
Transfers		(2,438)		(9,970)		-		200,000		-
Total business-type activities		5,804,959		1,670,169		1,260,982		2,493,816		2,157,066
Total primary government	\$	191,808,241	\$	186,040,634	\$	190,897,990	\$	202,003,383	\$	215,565,510
Change in Net Assets										
Governmental activities	\$	63,421,745	\$	55,858,473	\$	134,383,869	\$	98,077,517	\$	162,743,242
Business-type activities		67,514,895		54,870,199		74,297,764		107,060,351		142,425,873
Change in net assets	\$	130,936,640	\$	110,728,672	\$	208,681,633	\$	205,137,868	\$	305,169,115

Note: The City is retroactively reporting years beginning with 2002, the year in which GASB34 was implemented.

- (a) Increase from 2004 to 2005 results from: the early payoff of a tax incentive; payment of excation fees collected on behalf of another government; and a Net Pension Asset writedown (see also note (f) on exhibit i).
- (b) Increase from 2002 to 2003 represents moving detention center costs from police. Increase from 2003 to 2004 represents moving police & fire communications costs from police and fire. Increase from 2004 to 2005 represents new dispatch center operating costs and an increase in E-911 contract costs.
- (c) Increase from 2004 to 2006 results from expansion of the water system.
- (d) Increase from 2004 to 2006 results from an increase in sewer treatment expense and an increase in sewer personnel.
- (e) Increase from 2004 to 2005 represents exaction fees collected to offset bridge widening costs.
- (f) Increase from 2004 to 2005 represents an increase in the court fines schedule.
- (g) Increase from 2004 to 2005 represents an increase in developer review activity and permit revenue growth.
- (h) Increase from 2004 to 2005 represents an increase in Dam West SID receipts to fund neighborhood fence costs.
- (i) Increase from 2004 to 2005 results from federal reimbursement for a landfill cleanup and a court settlement to mitigate airport noise.
- (j) Increase from 2003 to 2004 represents streets donated by developers.
- (k) Increases attributable to new water rate schedule.
- (l) Increase from 2005 to 2006 attributable to interest earnings on development revenues and bond proceeds.
- (m) Increases attributable to developer tap fee revenue and developer contributed water and sewer mains

(concluded)



Exhibit A-3

City of Aurora
Fund Balances, Governmental Funds
Last Ten Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 16,574,954	\$ 12,173,876	\$ 13,308,521	\$ 13,522,647	\$ 10,552,694	\$ 6,956,701	\$ 1,711,075	\$ 992,384	\$ 1,318,383	\$ 1,298,394
Unreserved	25,780,863	29,011,752	24,082,648	24,492,485	21,592,048	31,631,227	27,223,539	23,433,917	26,290,788	29,910,165
Total general fund	<u>42,355,817</u>	<u>41,185,628</u>	<u>37,391,169</u>	<u>38,015,132</u>	<u>32,144,742</u>	<u>38,587,928</u>	<u>28,934,614</u>	<u>24,426,301</u>	<u>27,609,171</u>	<u>31,208,559</u>
Unreserved, reported in:										
Special revenue funds										
Policy reserve (a)	-	-	14,134,222	15,470,863	16,945,902	17,748,258	18,109,610	18,275,311	18,744,164	19,239,541
TABOR reserve (a)	-	-	5,057,863	5,393,012	5,826,763	6,134,321	6,339,676	6,587,427	6,784,149	6,189,980
Total general, policy & TABOR reserve funds	<u>\$ 42,355,817</u>	<u>\$ 41,185,628</u>	<u>\$ 56,583,254</u>	<u>\$ 58,879,007</u>	<u>\$ 54,917,407</u>	<u>\$ 62,470,507</u>	<u>\$ 53,383,900</u>	<u>\$ 49,289,039</u>	<u>\$ 53,137,484</u>	<u>\$ 56,638,080</u>
All Other Governmental Funds										
Reserved	11,074,321	22,693,118	30,366,096	146,757,408	131,319,918	85,741,579	65,025,259	36,701,725	42,655,158	45,371,137
Unreserved, reported in:										
Special revenue funds (b)	10,305,138	8,587,299	14,361,177	9,917,889	15,687,402	13,963,613	17,466,800	21,441,259	31,503,230	31,623,727
Debt service funds	10,923,038	6,861,983	3,054,733	3,075,573	3,105,575	660,519	724,289	788,296	907,313	1,158,038
Capital projects funds	15,443,560	21,363,057	19,968,626	35,875,724	39,963,289	41,357,853	28,891,430	28,225,242	24,577,647	28,380,427
Total all other governmental funds	<u>47,746,057</u>	<u>59,505,457</u>	<u>67,750,632</u>	<u>195,626,594</u>	<u>190,076,184</u>	<u>141,723,564</u>	<u>112,107,778</u>	<u>87,156,522</u>	<u>99,643,348</u>	<u>106,533,329</u>
Total fund balances	<u>\$ 90,101,874</u>	<u>\$ 100,691,085</u>	<u>\$ 124,333,886</u>	<u>\$ 254,505,601</u>	<u>\$ 244,993,591</u>	<u>\$ 204,194,071</u>	<u>\$ 165,491,678</u>	<u>\$ 136,445,561</u>	<u>\$ 152,780,832</u>	<u>\$ 163,171,409</u>

(a) The TABOR and Policy reserve funds were not created until 1999.

(b) Excluding TABOR and Policy reserve funds.

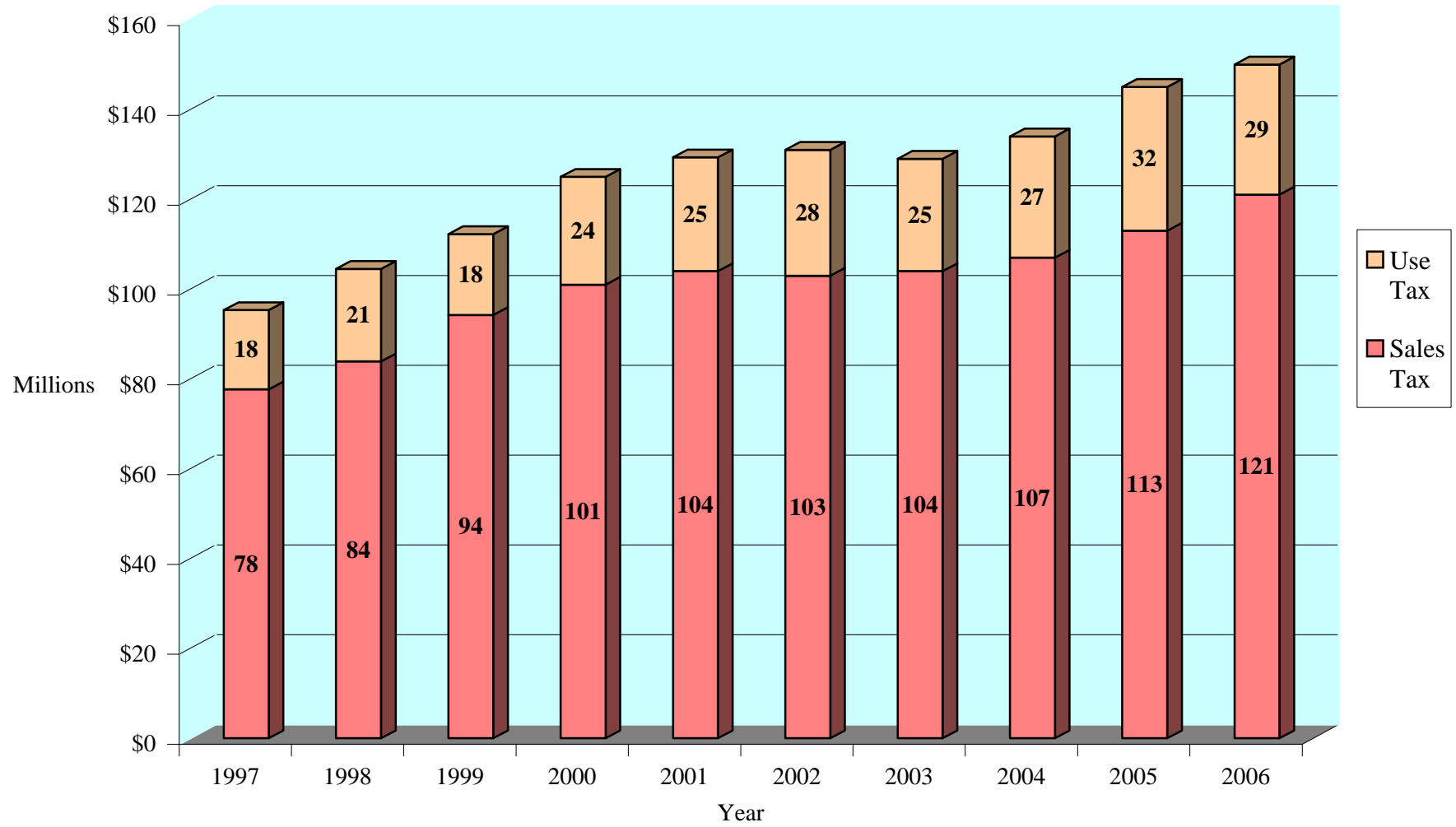
Note: The Policy and TABOR reserve are being shown with the General Fund to show the emergency reserves available to the City.

City of Aurora
Changes in Fund Balances, Governmental Funds
Last Ten Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
REVENUES										
<i>Taxes</i>										
Sales and use	\$ 95,345,013	\$ 104,496,321	\$ 112,612,925	\$ 124,670,054	\$ 128,794,583	\$ 131,175,237	\$ 128,674,426	\$ 134,245,043	\$ 145,134,048	\$ 149,526,922
Property	15,615,588	16,378,085	18,225,450	19,429,113	25,138,146	26,732,855	29,799,273	28,033,332	28,644,691	29,742,954
Franchise	7,363,530	7,626,706	8,030,548	8,560,036	10,117,112	8,777,935	10,183,683	10,606,171	11,224,526	11,566,625
Lodgers	2,495,304	2,904,587	3,480,224	3,808,955	3,438,213	3,231,779	3,044,341	3,130,347	3,344,153	4,008,854
Occupational privilege	3,225,205	3,324,441	3,448,211	3,679,334	3,657,773	3,824,913	3,684,159	3,755,667	3,950,531	4,058,928
Other	3,584,763	3,782,492	3,081,293	3,804,754	4,207,334	4,430,407	4,864,920	5,361,765	5,366,799	7,292,324
Charges for services	10,325,247	11,438,078	11,702,854	10,662,570	12,670,536	14,453,021	15,298,469	18,951,376	19,902,708	15,408,472
Licenses and permits	4,093,884	4,703,725	5,373,101	6,005,710	7,140,457	9,394,758	8,902,351	10,974,896	13,710,827	13,121,874
Fines and forfeitures	3,068,732	3,883,813	4,038,670	4,099,854	4,742,280	4,858,917	5,312,628	5,195,033	7,081,565	7,547,331
Special assessments	706,626	667,666	473,694	433,235	318,617	192,493	264,002	47,795	1,024,193	292,474
Intergovernmental	23,172,683	19,619,408	21,439,172	21,110,332	22,258,953	24,455,505	22,780,958	28,557,034	36,785,824	35,509,439
Surcharges	1,101,471	1,303,438	1,440,582	1,501,376	2,716,398	2,693,191	2,604,231	2,650,587	2,694,385	2,790,662
Miscellaneous	2,438,799	1,165,612	6,439,036	3,553,612	2,978,342	5,509,569	4,283,746	5,174,348	16,033,741	15,473,953
Investment earnings	5,326,987	6,108,022	3,921,313	10,827,210	15,023,970	14,867,221	5,327,877	4,099,535	3,692,282	7,027,993
Total revenues	177,863,832	187,402,394	203,707,073	222,146,145	243,202,714	254,597,801	245,025,064	260,782,929	298,590,273	303,368,805
EXPENDITURES										
<i>Current</i>										
General government	18,778,057	18,333,837	21,267,721	22,364,376	22,361,989	25,271,995	32,974,743	34,809,025	51,361,370	34,353,933
Judicial	4,527,730	4,823,742	5,101,551	5,455,373	5,745,870	6,110,996	6,296,055	6,867,461	6,818,969	7,175,054
Police	50,040,149	50,114,775	53,020,967	54,624,074	57,845,300	59,326,105	61,411,745	62,661,168	65,764,443	70,298,998
Fire	22,047,080	21,621,083	23,137,014	25,150,075	26,767,183	27,972,743	28,758,598	27,840,562	28,195,821	29,977,336
Other public safety	391,508	690,903	494,574	2,082,171	1,281,460	3,927,902	5,260,630	9,038,844	10,106,404	10,506,510
Public works	22,602,759	23,172,588	30,177,441	37,714,179	30,306,245	21,598,825	19,260,674	20,605,607	30,631,449	32,304,425
Economic development	8,569,693	9,329,376	10,447,573	12,581,764	14,443,774	15,940,491	15,753,059	14,102,957	15,305,193	16,695,677
Community services	5,829,947	6,799,399	7,496,958	7,842,842	8,024,127	7,233,833	8,829,366	9,257,105	9,493,039	9,724,207
Culture and recreation	23,902,684	25,449,192	27,376,586	26,054,568	28,574,815	29,599,895	29,364,362	31,825,342	32,766,693	32,886,396
<i>Debt Service</i>										
Principal	6,825,985	5,544,612	6,000,330	5,625,474	6,675,508	6,679,071	7,652,362	8,921,242	10,577,968	13,036,135
Interest	2,766,745	2,440,873	2,842,798	4,643,108	9,672,964	9,506,354	9,528,666	9,046,758	8,598,608	6,874,792
Capital outlay	12,753,584	18,657,436	8,718,653	13,780,493	39,349,089	102,817,652	61,302,114	50,060,333	38,591,864	33,354,866
Total expenditures	179,035,921	186,977,816	196,082,166	217,918,497	251,048,324	315,985,862	286,392,374	285,036,404	308,211,821	297,188,329
Excess (deficiency) of revenues over (under) expenditures	(1,172,089)	424,578	7,624,907	4,227,648	(7,845,610)	(61,388,061)	(41,367,310)	(24,253,475)	(9,621,548)	6,180,476
OTHER FINANCING SOURCES (USES)										
Transfers in	25,784,261	42,462,056	56,187,962	49,273,414	47,975,096	43,664,588	55,204,349	57,960,594	83,160,614	57,744,381
Transfers out	(27,156,065)	(43,634,444)	(57,909,505)	(51,753,472)	(50,404,651)	(41,196,352)	(55,294,379)	(57,885,594)	(82,745,807)	(58,198,520)
Premium(discount) on debt issues	-	-	-	-	-	-	-	187,611	(179,797)	797,089
Proceeds from debt issues	-	10,250,000	17,470,000	126,475,000	-	15,421,826	2,549,559	8,750,000	24,535,000	539,309
Payment to refunded bond escrow agent	-	-	-	-	-	-	(2,490,000)	(14,975,000)	-	-
Proceeds from capital leases	499,899	819,229	-	1,239,232	343,677	-	-	944,280	915,600	2,912,974
Proceeds from disposal of capital assets	411,979	267,792	269,437	340,850	419,478	2,698,480	2,695,389	225,467	271,209	414,868
Total other financing sources (uses)	(459,926)	10,164,633	16,017,894	125,575,024	(1,666,400)	20,588,542	2,664,918	(4,792,642)	25,956,819	4,210,101
Net change in fund balances	\$ (1,632,015)	\$ 10,589,211	\$ 23,642,801	\$ 129,802,672	\$ (9,512,010)	\$ (40,799,519)	\$ (38,702,392)	\$ (29,046,117)	\$ 16,335,271	\$ 10,390,577
Debt service as a percentage of noncapital expenditures (a)	5.77%	4.74%	4.72%	5.03%	7.72%	7.59%	7.63%	7.65%	7.11%	7.55%

(a) This calculation is performed as follows: Total debt service (principal plus interest) divided by total noncapital expenditures (total expenditures less capital outlay).

Total Sales and Use Tax Revenues





REVENUE CAPACITY STATISTICS

These schedules provide additional information about sales and use taxes and property taxes, the City's most significant local revenue sources.

Exhibit A-6

Sales and Use Tax Receipts by Business Sector

Exhibit A-7

Direct and Overlapping Sales Tax Rates

Exhibit A-8

Top Ten Sales and Use Tax Payers by Industry Group

Exhibit A-9

Assessed and Estimated Actual Value of Taxable Property

Exhibit A-10

Property Tax Rates – Direct and Primary Overlapping Governments

Exhibit A-11

Top Ten Principal Property Tax Payers

Exhibit A-12

Property Tax Levies and Collections

Sources: Unless otherwise noted the information in these schedules is derived from Comprehensive Annual Financial Reports for the relevant years.

City of Aurora

Exhibit A-6

Sales and Use Tax Receipts by Business Sector

Last Seven Years

	Fiscal Year						
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Sales and Use Tax Receipts by Business Sector							
Retail trade	\$ 59,880,657	\$ 61,666,655	\$ 59,119,766	\$ 60,660,159	\$ 61,323,123	\$ 64,149,437	\$ 68,785,268
Accommodation & food services	11,148,645	11,643,288	11,842,340	12,060,851	12,688,329	13,521,657	14,209,309
Information/Media	9,610,289	10,757,972	9,089,360	7,410,538	8,410,406	9,404,063	10,084,979
Utilities	6,260,234	7,896,573	10,004,207	7,368,457	8,338,419	9,254,990	10,868,971
Real estate, rental & leasing	4,584,136	5,066,623	4,717,082	4,779,630	4,246,358	4,351,737	4,595,117
Manufacturing	4,224,016	3,862,112	3,593,335	3,387,378	3,505,429	3,220,917	3,560,554
Wholesale trade	2,187,058	2,769,157	3,855,464	4,341,125	4,166,333	4,806,379	5,428,407
Finance and insurance	1,706,488	1,675,830	1,655,349	1,286,834	1,036,981	908,032	985,344
Arts, entertainment & recreational	908,933	978,288	967,856	912,800	958,913	916,219	880,367
Professional, scientific and technical	819,190	930,322	648,743	801,065	728,034	1,025,581	958,251
Construction	760,707	693,967	1,040,284	1,083,967	1,083,516	2,206,861	1,987,942
Other services	4,145,471	4,202,351	4,363,934	4,537,029	4,408,874	4,340,091	4,758,881
Automobile use tax	10,157,743	11,438,366	11,469,004	10,948,897	10,215,871	10,284,541	9,834,375
Building materials use tax	8,507,397	7,782,462	10,291,664	8,629,048	11,955,724	15,459,058	13,645,196
Total Sales and Use Tax Receipts	\$ 124,900,964	\$ 131,363,966	\$ 132,658,388	\$ 128,207,778	\$ 133,066,310	\$ 143,849,563	\$ 150,582,961
City direct sales tax rate	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%

SOURCE: City of Aurora's Sales Tax Division, except for automobile and building material use tax which is tracked within the Finance Department.

Amounts shown on this table from the City Sales Tax Division include taxes received for both the General Fund and AURA.

The amounts reflected in this table are gross amounts received and will not necessarily reflect U.S. GAAP as recorded in the financial statements; differences include refunds and accruals.

Notes: Detailed data by business sector was not available before the year 2000

Exhibit A-7

City of Aurora

Direct and Overlapping Sales Tax Rates

Last Ten Years

Arapahoe County

Fiscal Year	City Direct Rate	State	RTD	Scientific & Cultural	(a) Football Stadium District	Open Space	Total Rate Arapahoe County
1997	3.75%	3.00%	0.60%	0.10%	0.10%	-	7.55%
1998	3.75%	3.00%	0.60%	0.10%	0.10%	-	7.55%
2000	3.75%	3.00%	0.60%	0.10%	0.10%	-	7.55%
2001	3.75%	2.90%	0.60%	0.10%	0.10%	-	7.45%
2002	3.75%	2.90%	0.60%	0.10%	0.10%	-	7.45%
2003	3.75%	2.90%	0.60%	0.10%	0.10%	-	7.45%
2004	3.75%	2.90%	0.60%	0.10%	0.10%	0.25%	7.70%
2005	3.75%	2.90%	1.00%	0.10%	0.10%	0.25%	8.10%
2006	3.75%	2.90%	1.00%	0.10%	0.10%	0.25%	8.10%

Adams County

Fiscal Year	City Direct Rate	State	RTD	Scientific & Cultural	(a) Football Stadium District	Open Space	Roads & Bridges	Total Rate Adams County
1997	3.75%	3.00%	0.60%	0.10%	0.10%	-	0.50%	8.05%
1998	3.75%	3.00%	0.60%	0.10%	0.10%	-	0.50%	8.05%
2000	3.75%	3.00%	0.60%	0.10%	0.10%	0.20%	0.50%	8.25%
2001	3.75%	2.90%	0.60%	0.10%	0.10%	0.20%	0.50%	8.15%
2002	3.75%	2.90%	0.60%	0.10%	0.10%	0.20%	0.50%	8.15%
2003	3.75%	2.90%	0.60%	0.10%	0.10%	0.20%	0.50%	8.15%
2004	3.75%	2.90%	0.60%	0.10%	0.10%	0.20%	0.50%	8.15%
2005	3.75%	2.90%	1.00%	0.10%	0.10%	0.20%	0.50%	8.55%
2006	3.75%	2.90%	1.00%	0.10%	0.10%	0.20%	0.50%	8.55%

SOURCE: City of Aurora's Tax & Licensing Division

(a) This was a "Baseball District Tax" through the year 2000.

Exhibit A-8

City of Aurora

Top Ten Principal Sales and Use Tax Payers by Industry Group
Current Year and Six Years Ago

	2006			2000		
	Sales & Use Tax Receipts	Rank	Percentage of Total City Sales & Use Tax Receipts	Sales & Use Tax Receipts	Rank	Percentage of Total City Sales & Use Tax Receipts
Department stores	\$ 16,689,593	1	11.08%	\$ 13,281,289	1	10.63%
Full-service restaurants	10,954,653	2	7.27%	10,347,586	2	8.28%
Electrical power generation, transmission distribution	10,617,946	3	7.05%	6,192,016	5	4.96%
Building materials & supplies stores	8,125,627	4	5.40%	5,733,398	6	4.59%
Telecommunications	7,168,152	5	4.76%	7,440,810	3	5.96%
Clothing stores	5,360,283	6	3.56%			
Automobile dealers	5,204,798	7	3.46%	6,373,534	4	5.10%
Other miscellaneous retail stores	4,795,492	8	3.18%	5,234,411	7	4.19%
Electronics and appliance stores	4,302,470	9	2.86%	3,564,209	10	2.85%
Other general merchandise stores	4,131,232	10	2.74%	4,924,476	8	3.94%
Grocery stores				3,682,863	9	2.95%
Total	\$ 77,350,246		51.37%	\$ 66,774,592		53.46%

SOURCE: City of Aurora's Sales Tax Division

Notes: Detailed data was not available before the year 2000.
Total City sales and use tax receipts were \$150,582,961 for 2006 and \$124,900,964 for the year 2000.

City of Aurora, Colorado

Exhibit A-9

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Years

Assessment/ Levy Year	Collection/ Budget Year	Real Property (a)			Total				Percent of Total Assessed Value to Estimated Actual Value	Total Direct Tax Rate
		Assessed Value Adams County	Assessed Value Arapahoe County (b)	Assessed Value Douglas County	Assessed Value	Percentage Change	Estimated Actual Value	Percentage Change		
1997	1998	\$ 215,086,006	\$ 1,292,289,910	\$ 2,360	\$ 1,507,378,276	16.8%	\$ 10,179,360,569	18.7%	14.8%	11.940
1998	1999	237,253,350	1,306,561,110	2,480	1,543,816,940	2.4%	10,420,035,339	2.4%	14.8%	11.507
1999	2000	292,819,650	1,594,238,220	2,480	1,887,060,350	22.2%	12,500,191,290	20.0%	15.1%	11.796
2000	2001	316,583,610	1,673,391,071	2,480	1,989,977,161	5.5%	12,917,885,512	3.3%	15.4%	10.594
2001	2002	382,141,380	1,947,164,470	2,600	2,329,308,450	17.1%	16,840,511,419	30.4%	13.8%	12.193
2002	2003	391,969,270	2,039,310,460	32,610	2,431,312,340	4.4%	17,631,037,265	4.7%	13.8%	11.409
2003	2004	415,203,720	2,069,917,070	48,550	2,485,169,340	2.2%	20,375,486,637	15.6%	12.2%	11.161
2004	2005	447,208,260	2,127,672,860	80,810	2,574,961,930	3.6%	21,018,710,901	3.2%	12.3%	11.079
2005	2006	487,883,880	2,223,143,550	81,270	2,711,108,700	5.3%	22,166,078,150	5.5%	12.2%	10.958
2006	2007	510,091,180	2,315,537,610	1,099,640	2,826,728,430	4.3%	23,166,543,343	4.5%	12.2%	10.867

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 2007 are based on the 2006 assessment, which itself is based on property values as of June 30, 2005.

The assessed valuation percentage is established each year and was as follows: Residential: 1997 through 2000 - 9.74%; 2001 and 2002 - 9.15%; and 2003 through 2006 - 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: \$2,069,310 - 1997; \$3,628,490 - 1998; \$8,090,420 - 1999; \$8,728,579 - 2000; \$8,168,440 - 2001; \$6,685,640 - 2002; \$5,813,860 - 2003; \$4,720,910 - 2004; \$5,164,460 - 2005 and \$5,453,930 - 2006.

City of Aurora, Colorado

Exhibit A-10

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
1997	1998	11.940	26.528	15.960	61.203	57.444	99.671	89.103	85.344
1998	1999	11.507	26.168	15.549	60.935	61.059	98.610	87.991	88.115
1999	2000	11.796	25.273	13.706	53.799	53.093	90.868	79.301	78.595
2000	2001	10.594	25.681	14.013	53.686	52.397	89.961	78.293	77.004
2001	2002	12.193	23.541	14.028	49.978	46.889	85.712	76.199	73.110
2002	2003	11.409	26.370	14.594	49.825	47.331	87.604	75.828	73.334
2003	2004	11.161	26.779	14.140	47.964	49.654	85.904	73.265	74.955
2004	2005	11.079	26.903	15.450	47.003	51.132	84.985	73.532	77.661
2005	2006	10.958	26.804	15.421	45.824	51.575	83.586	72.203	77.954
2006	2007	10.867	26.974	16.083	45.745	51.129	83.586	72.695	78.079

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

The County Assessor bases the assessed values on property values as of June 30 of the year prior to the assessment year. Thus the assessed values for the taxes associated with budget year 2006 are based on the 2005 assessment, which itself is based on property values as of June 30, 2004.

(1) The Adams and Arapahoe County Assessor's Offices report that property owners within these Counties' boundaries may be subject to a variety of different mill levies depending on the property's location. This schedule presents mill levies for Counties and School Districts only and may not represent the total tax rate for each property.

Exhibit A-11

City of Aurora

Top Ten Principal Property Tax Payers
Current Year and Nine Years Ago

	2006			1997		
	Assessed Valuation of Property	Rank	Percentage of Total Assessed Valuation	Assessed Valuation of Property	Rank	Percentage of Total Assessed Valuation
Xcel Energy	\$ 43,069,480	1	1.52%	\$ 29,842,968	2	1.98%
Qwest Communications	31,878,100	2	1.13%	32,682,950	1	2.17%
Blue Spruce Energy Center LLC	27,869,300	3	0.99%			
Medical Center of Aurora (formerly Columbia Health One, LLC)	23,351,980	4	0.83%	7,598,000	5	0.50%
Arapahoe Crossings	15,805,000	5	0.56%			
Verizon	11,787,910	6	0.42%			
Comcast of Colorado	11,084,620	7	0.39%			
Weingarten/Miller/Aurora II	10,921,400	8	0.39%			
Pro Logis	10,104,230	9	0.36%			
NRFC Denver Holding LLC	7,540,000	10	0.27%			
Corporate Property Investors				8,555,000	3	0.57%
Lucent Technologies				7,655,430	4	0.51%
Security Capital Industrial				7,293,600	6	0.48%
Aberdeen Land Company				6,815,000	7	0.45%
IBM Credit Corporation				6,524,420	8	0.43%
IRE-Aurora, Inc.				4,930,000	9	0.33%
Nationwide Hospitality				4,434,100	10	0.29%
Total	\$ 193,412,020		6.84%	\$ 116,331,468		7.72%

Source: Data obtained from Certifications of Valuations provided by Adams, Arapahoe and Douglas Counties. The total Assessed Value in assessment year 2006 is \$2,826,728,430 and 1997 was \$1,507,378,276. This total does not include the tax increment financing district assessed valuation for 2006 of \$5,453,930 or 1997 of \$2,069,310.

Exhibit A-12

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		
1996	1997	\$ 15,462,063	\$ 15,429,441	99.79%	\$ (1,516)	\$ 15,427,925	99.78%	\$ -	\$ -	\$ 187,664	\$ 15,615,589
1997	1998	17,974,286	17,862,322	99.38%	(3,337)	17,858,985	99.36%	(1,663,744)	-	182,844	16,378,085
1998	1999	17,726,529	17,575,493	99.15%	(79,042)	17,496,451	98.70%	(1,235,123)	1,649,456	314,666	18,225,450
1999	2000	22,170,875	22,041,571	99.42%	(11,747)	22,029,824	99.36%	(4,385,448)	1,154,154	630,583	19,429,113
2000	2001	21,016,790	20,528,208	97.68%	(186,875)	20,341,333	96.79%	-	4,134,476	662,337	25,138,146
2001	2002	28,340,445	28,112,473	99.20%	(195,833)	27,916,640	98.50%	(2,012,800)	218,559	610,456	26,732,855
2002	2003	27,738,843	27,468,922	99.03%	(164,695)	27,304,227	98.43%	- (d) -	2,008,487	486,559	29,799,273
2003	2004	27,736,975	27,577,434	99.42%	(51,454)	27,525,980	99.24%	-	-	507,352	28,033,332
2004	2005	28,528,003	28,331,940	99.31%	(34,316)	28,297,624	99.19%	-	-	347,067	28,644,691
2005	2006	29,708,330	29,573,589	99.55%	(128,117)	29,445,472	99.12%	-	-	297,482	29,742,954

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

The County Assessor bases the assessed values on property values as of June 30 of the year prior to the assessment year. Thus the assessed values for the taxes associated with budget year 2007 are based on the 2006 assessment, which itself is based on property values as of June 30, 2005.

- (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.



DEBT CAPACITY STATISTICS

These schedules provide detailed information about the City's current levels of outstanding debt, and can help the financial statement user assess the City's ability to issue additional debt in the future.

<u>Exhibit A-13</u>	Ratios of Outstanding Debt by Type
<u>Exhibit A-14</u>	Ratios of Net General Obligation Bonded Debt Outstanding
<u>Exhibit A-15</u>	Direct and Overlapping Governmental Activities Debt
<u>Exhibit A-16</u>	Legal Debt Margin Information
<u>Exhibit A-17</u>	Schedules of Revenue Bond Coverage – Water, Sewer and Golf

Sources: Unless otherwise noted the information in these schedules is derived from Comprehensive Annual Financial Reports for the relevant years.

Exhibit A-13

City of Aurora, Colorado

Ratios of Outstanding Debt by Type

Last Ten Years

Year	Governmental Activities					Business Activities					Total Primary Government	Percentage of Personal Income (b)	Per Capita	Population (a)
	General Obligation Bonds	Revenue Bonds	Special Assessments Notes	Certificates of Participation	Tax Increment Refunding Bonds	General Obligation Bonds	Revenue Bonds	Water Rights Notes	Golf Revenue Note					
1997	\$ 8,515,000	\$ -	\$ 1,160,000	\$ 29,995,000	\$ 3,190,000	\$ 124,040,000	\$ 17,145,000	\$ -	\$ -	\$ 184,045,000	-	\$ 705	261,089	
1998	16,695,000	-	840,000	27,085,000	2,965,000	115,030,000	14,730,000	-	-	177,345,000	-	663	267,685	
1999	14,460,000	17,470,000	520,000	24,115,000	2,730,000	105,610,005	51,324,260	503,112	-	216,732,377	-	795	272,642	
2000	63,095,000	17,300,000	235,000	97,565,000	2,480,000	95,750,000	46,193,710	452,801	-	323,071,511	-	1,169	276,393	
2001	59,480,000	16,800,000	-	96,070,000	2,220,000	85,615,000	42,309,735	402,489	-	302,897,224	-	1,064	284,606	
2002	56,110,000	15,855,000	-	109,875,000	1,950,000	75,185,000	38,287,762	352,178	-	297,614,940	9.4%	1,021	291,418	
2003	52,610,000	14,865,000	-	107,430,000	1,665,000	68,410,000	91,520,896	301,867	-	336,802,763	10.7%	1,153	292,158	
2004	48,870,000	13,825,000	-	97,745,000	1,365,000	59,155,000	128,820,266	7,640,006	1,023,519	358,443,791	10.2%	1,202	298,303	
2005	44,945,000	12,730,000	1,140,000	116,165,000	1,045,000	51,635,000	223,000,126	6,698,054	813,594	458,171,774	12.3%	1,508	303,833	
2006	40,840,000	11,580,000	1,055,000	115,780,000	710,000	43,910,000	275,355,094	5,756,102	594,031	495,580,227	12.8%	1,615	306,908	

Notes:

- (a) Data was provided by the City's Planning Department. The population for 1997 - 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 the Denver Regional Council of Governments (DRCOG). The population for 2003 through 2005 was provided by Clarion Associates. The population for 2006 was provided by the Aurora's Economic and Development Council.
- (b) See Exhibit A-18 (Demographic and Economic) for personal income totals. Personal income data not available before the year 2002.

City of Aurora, Colorado

Exhibit A-14

Ratios of Net General Obligation Bonded Debt Outstanding

Year	Last Ten Years								
	Population	Assessed Value	Governmental Activities	Business Activities	Gross General Obligation Bonded Debt	Less: Debt Service Fund Balance	Net General Obligation Bonded Debt	Net General Obligation Bonded Debt to Assessed Value	Net General Obligation Bonded Debt Per Capita
	(a)	(b)			(c)				
1997	261,089	\$ 1,507,378,276	\$ 8,515,000	\$ 124,040,000	\$ 132,555,000	\$ 65,959	\$ 132,489,041	8.8%	\$ 507
1998	267,685	1,543,816,940	16,695,000	115,030,000	131,725,000	294,476	131,430,524	8.5%	491
1999	272,642	1,887,060,350	14,460,000	105,610,005	120,070,005	446,998	119,623,007	6.3%	439
2000	276,393	1,989,977,161	63,095,000	95,750,000	158,845,000	564,549	158,280,451	8.0%	573
2001	284,606	2,329,308,450	59,480,000	85,615,000	145,095,000	464,815	144,630,185	6.2%	508
2002	291,418	2,431,312,340	56,110,000	75,185,000	131,295,000	1,394,136	129,900,864	5.3%	446
2003	292,158	2,485,169,340	52,610,000	68,410,000	121,020,000	1,260,224	119,759,776	4.8%	410
2004	298,303	2,574,961,930	48,870,000	59,155,000	108,025,000	1,298,621	106,726,379	4.1%	358
2005	303,833	2,711,108,700	44,945,000	51,635,000	96,580,000	1,484,328	95,095,672	3.5%	313
2006	306,908	2,826,728,430	40,840,000	43,910,000	84,750,000	1,304,397	83,445,603	3.0%	272

Notes:

- (a) Data was provided by the City's Planning Department. The population for 1997 - 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 the Denver Regional Council of Governments (DRCOG). The population for 2003 through 2005 was provided by Clarion Associates. The population for 2006 was provided by Aurora's Economic and Development Council.
- (b) Does not include tax increment financing district assessed valuation of: \$1,729,530 - 1996; \$2,069,310 - 1997; \$3,628,490 - 1998; \$8,090,420 - 1999; \$8,728,579 - 2000; \$8,168,440 - 2001; \$6,685,640 - 2002; \$5,813,860 for 2003; \$4,720,910 for 2004; \$5,164,460 for 2005 and \$5,453,930 for 2006. 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

Exhibit A-15

Direct and Overlapping Governmental Activities Debt

December 31, 2006

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable (d)	Estimated Share of Overlapping Debt
<i>Direct:</i>			
City of Aurora (a)			\$ 169,965,000
<i>Overlapping:</i>			
Debt repaid with property taxes			
Aurora Public School District			
General obligation bonds (b)	221,230,000	94.4%	208,889,890
Cherry Creek School District			
General obligation bonds (b)	402,325,000	27.9%	112,305,768
Other debt	7,285,765	27.9%	2,033,762
Other overlapping entities (c)			
General obligation bonds (b)	1,267,291,855	31.9%	403,746,750
Revenue bonds	3,510,000	41.1%	1,443,780
Other debt	120,856,177	29.4%	35,495,543
Debt repaid from other sources (e)			
Aurora Public School District	1,315,000	94.4%	1,241,650
Other overlapping entities (c)			
Revenue bonds	2,314,827,441	5.3%	123,230,433
Other debt	415,934,515	6.5%	26,932,593
			915,320,169
			\$ 1,085,285,169

Notes:

- (a) Includes all governmental activities debt of the City of Aurora such as, general obligation bonds, revenue bonds, certificates of participation, special assessments, and tax increment revenue bonds.
- (b) General obligation 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.
- (c) More than 160 other taxing entities overlap the City in whole or in part. Including but not limited to, Southlands Metropolitan District No. 1 & 2, Sand Creek Metropolitan District, Saddle Rock Metropolitan District, Eagle Bend Metropolitan District No. 2, Aurora Centretech Metropolitan District, and Tower Metropolitan District.
- (d) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used for all debt paid from other sources.
- (e) This category includes any remaining debt held by overlapping entities which is paid from sources other than property taxes (i.e., sales tax, tolls, facility fees, tap fees, etc.).

City of Aurora, Colorado

Exhibit A-16

Legal Debt Margin Information

In accordance with Aurora Charter Article XI

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed valuation, all Counties:	\$	2,826,728,430	
Debt limit - 3% of assessed valuation			84,801,853 (a)
Amount of debt outstanding: (a)			
Total bonded debt		372,740,096	
Other debt		126,543,987	
Total			499,284,083
Less: Fund balance in debt service funds		1,304,397	
Other deductions allowed by law:			
General obligation bonds exempt from limit		35,680,000 (b)	
General obligation water bonds		43,910,000	
Capitalized lease obligations		4,413,853	
Certificates of participation		115,780,000	
Revenue note		594,032	
Water rights		5,756,102	
Revenue bonds		286,935,096	
Special assessment		1,055,000	
Total deductions			495,428,480
Total amount of debt applicable to debt limit			3,855,603
Legal Debt Margin			80,946,250 (c)

	<u>Last Ten Fiscal Years</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	45,221,348	46,314,508	56,611,811	59,699,315	69,879,254	72,939,370	74,555,080	77,248,858	81,333,261	84,801,853
Total net debt applicable to limit	4,109,041	12,534,328	10,489,600	9,346,598	8,331,807	7,324,379	6,004,776	5,296,379	4,410,672	3,855,603
Legal debt margin	41,112,307	33,780,180	46,122,211	50,352,717	61,547,447	65,614,991	68,550,304	71,952,479	76,922,589	80,946,250
Total net debt applicable to the limit as a percentage of debt limit	9.1%	27.1%	18.5%	15.7%	11.9%	10.0%	8.1%	6.9%	5.4%	4.5%

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

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

(c) Article X, Section 20(4)(b) of the Colorado Constitution requires the City to receive voter approval in advance for the creation of any multiple fiscal year direct or indirect debt or other financial obligation, regardless of whether or not the City is at its legal debt margin. Typically, voter approval of additional debt includes a provision exempting the new debt from the debt margin. Consequently, the computation of the City's legal debt margin has little real significance.

Enterprises, as defined in Article X, Section 20(2)(d) of the Colorado Constitution, are not required to receive voter approval. An "enterprise" is a city-owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenues in grants from all Colorado state and local governments combined.

City of Aurora, Colorado

SCHEDULE OF WATER REVENUE BOND COVERAGE

Last Ten Years

Year	Debt Service Requirements										Coverage Ratios (g)				
	Gross Revenue (a)	Expenses (b)	Net Revenue Available For Debt Service	First Lien Revenue Obligations (c)		First & Second Lien Revenue Obligations (d)		Debt Secured by Net Pledged Revenues (e)		Debt Payable from System Revenues (f)		(c)	(d)	(e)	(f)
				Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest				
1997	\$ 39,283,694	\$ 11,707,171	\$ 27,576,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,114,615	\$ 5,636,510	-	-	-	1.87
1998	41,519,310	12,894,040	28,625,270	-	-	-	-	-	-	9,082,960	5,218,641	-	-	-	2.00
1999	47,467,930	15,578,617	31,889,313	-	37,500	-	37,500	-	37,500	9,457,502	4,844,044	850.38	850.38	850.38	2.23
2000	51,883,165	16,707,759	35,175,406	821,104	158,388	821,104	158,388	871,415	183,543	10,731,415	4,495,288	35.91	35.91	33.34	2.31
2001	63,681,217	21,965,001	41,716,216	837,204	445,986	837,204	445,986	887,515	468,626	11,022,515	4,460,819	32.51	32.51	30.76	2.69
2002	61,869,563	21,961,421	39,908,142	858,670	519,414	858,670	519,414	908,981	539,539	11,338,981	4,198,052	28.96	28.96	27.55	2.57
2003	67,083,106	28,694,146	38,388,960	885,504	495,735	885,504	495,735	935,815	513,344	7,130,815	3,823,128	27.79	27.79	26.49	3.50
2004	87,939,198	35,214,632	52,724,566	906,970	2,449,544	906,970	3,565,100	1,848,922	2,688,553	11,103,922	4,983,223	15.71	11.79	11.62	3.28
2005	120,569,923	45,166,591	75,403,332	3,458,804	2,934,269	3,458,804	3,960,158	4,400,756	4,309,474	11,920,756	6,246,059	11.79	10.16	8.66	4.15
2006	130,689,742	42,814,760	87,874,982	3,530,638	6,598,664	3,530,638	7,942,664	4,472,590	8,322,149	12,197,590	10,074,561	8.68	7.66	6.87	3.95

Note: Includes long-term debt payable from Water revenues, including General Obligation bonds, Revenue bonds, and Water Notes Payable.

- (a) Includes charges for services and other operating revenues, tap and development fees, and interest income. Excludes fair value adjustment and annexation fees.
- (b) Includes operating expenses such as personal services, supplies and other services and charges. Excludes depreciation expense.
- (c) Includes the City's portion of the Colorado Water Resources and Power Development Authority's Drinking Water Bonds Series 1999A and 2005D and the City's First Lien Water Improvement Revenue Bonds Series 2003A. The legal covenant for debt service coverage is 1.20.
- (d) Includes (c) above and Second Lien Water Improvement Revenue Bonds Series 2004A. The legal covenant for debt service coverage is 1.05.
- (e) Includes (d) above and all Water Rights Notes Payable. The legal covenant for debt service coverage is 1.05.
- (f) Includes (e) above and General Obligation Water Bonds which are payable from revenues of the system but are not secured by the Net Pledged Revenues. The legal covenant for debt service coverage is 1.00.
- (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 A-17

SCHEDULE OF SEWER REVENUE BOND COVERAGE

Last Ten Years

Year	Gross Revenue (a)	Expenses (b)	Net Revenue Available For Debt Service	Debt Service Requirements (c)			Coverage Ratio (d)
				Principal	Interest	Total	
1997	\$ 24,111,154	\$ 15,269,434	\$ 8,841,720	\$ 2,080,000	\$ 523,950	\$ 2,603,950	3.40
1998	24,722,245	14,678,050	10,044,195	2,170,000	439,697	2,609,697	3.85
1999	26,420,990	16,534,343	9,886,647	2,275,000	348,142	2,623,142	3.77
2000	27,764,451	16,986,157	10,778,294	4,044,451	692,984	4,737,435	2.28
2001	31,838,320	17,620,275	14,218,045	2,766,772	942,533	3,709,305	3.83
2002	30,971,483	19,018,629	11,952,854	2,868,303	865,023	3,733,326	3.20
2003	32,061,284	20,976,324	11,084,960	1,426,362	756,247	2,182,609	5.08
2004	34,241,386	21,806,876	12,434,510	1,458,658	725,224	2,183,882	5.69
2005	38,358,057	24,623,664	13,734,393	1,496,335	683,337	2,179,672	6.30
2006	44,101,003	26,130,780	17,970,223	1,539,395	1,250,162	2,789,557	6.44

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

- (a) Includes charges for services and other operating revenues, tap and development fees, and interest income. Excludes fair value adjustment and annexation fees.
- (b) Includes operating expenses such as personal services, supplies and other services and charges. Excludes depreciation expense.
- (c) The Debt Service Requirements consist of the First Lien Sewer Improvement Revenue Bonds, Series 2006, and the Colorado Water Resources and Power Development Authority's Clean Water Revenue Bonds, Series 1999A.
- (d) Net Revenue Available for Debt Service divided by Total Debt Service Requirements. The legal covenant for debt service coverage is 1.20.

(continued)

City of Aurora, Colorado

Exhibit A-17

SCHEDULE OF GOLF REVENUE BOND COVERAGE

Last Nine Years

Year	Gross Revenue (b)	Operating & Maintenance Expenses (c)	Net Revenue Available For Debt Service	Senior Debt Service Requirements (a)				Subordinate Debt Service Requirements (a)			
				Principal	Interest	Total	Coverage Ratio (d)	Principal	Interest	Total	Coverage Ratio (e)
1997	\$ 5,253,568	\$ 4,121,295	\$ 1,132,273	\$ 230,000	\$ 425,543	\$ 655,543	1.73	\$ -	\$ -	\$ -	-
1998	6,534,361	4,572,949	1,961,412	245,000	415,538	660,538	2.97	-	30,444	30,444	42.73
1999	8,571,543	6,065,401	2,506,142	255,000	404,268	659,268	3.80	-	315,688	315,688	5.85
2000	8,548,231	7,345,386	1,202,845	265,000	391,773	656,773	1.83	-	369,546	369,546	1.48
2001	9,635,480	7,457,920	2,177,560	280,000	378,257	658,257	3.31	256,000	371,987	627,987	2.42
2002	9,594,529	7,477,569	2,116,960	295,000	363,558	658,558	3.21	256,000	304,248	560,248	2.60
2003	8,710,254	7,470,858	1,239,396	315,000	347,628	662,628	1.87	256,000	227,021	483,021	1.19
2004	8,715,486	7,596,567	1,118,919	436,481	357,055	793,536	1.41	256,000	174,862	430,862	0.76
2005	9,083,314	7,452,160	1,631,154	524,924	311,925	836,849	1.95	256,000	184,687	440,687	1.80
2006	9,331,298	7,966,640	1,364,658	584,563	208,773	793,336	1.72	256,000	219,261	475,261	1.20

Notes: Includes long-term debt payable from Golf revenues, including Revenue bonds and long-term interfund payables.

- (a) The Senior Debt Service Requirement consists of the 1995 Golf Revenue Bonds and, beginning in 2004, the 2004 Golf Revenue Note. In 2005 the 1995 Golf Revenue Bonds were replaced by the 2005 Golf Revenue Refunding Bonds. The Subordinate Debt Service Requirement is the 1995 Interfund Loan Payable to the Sewer Fund.
- (b) Includes operating revenues, investment income, annexation fees, and miscellaneous non-operating revenues. Excludes fair value adjustment.
- (c) Includes operating expenses such as personal services, supplies, other services and charges, and for 2001 and after, the principal and interest on the golf cart capital leases. Excludes depreciation expense.
- (d) Net Revenue Available for Debt Service divided by Total Senior Debt Service Requirements. For years beginning with 2005 the legal covenant for debt service coverage is 1.35.
- (e) Net Revenue Available for Debt Service less Total Senior Debt Service Requirements, divided by Total Subordinate Debt Service Requirements. For years beginning with 2005 the legal covenant for debt service coverage is 1.00.

(concluded)



DEMOGRAPHIC AND ECONOMIC STATISTICS

These schedules present demographic and economic indicators to assist the financial statement user in understanding the environment in which the City's financial activities occur.

Exhibit A-18 **Demographic and Economic Statistics**

Exhibit A-19 **Principal Employers, Current Year and Nine
Years Ago**

Sources: Unless otherwise noted the information in these schedules is derived from Comprehensive Annual Financial Reports for the relevant years.

Exhibit A-18

City of Aurora, Colorado

Demographic and Economic Statistics

Last Ten Years

Year	General Population (a)	Personal Income (b)	Aurora Labor Force Population (c)	Personal Income Per Capita (Labor Force)	Unemployment Rate (d)
1997	261,089	\$ -	-	\$ -	2.6%
1998	267,685	-	-	-	3.0%
1999	272,642	-	-	-	2.5%
2000	276,393	-	-	-	2.2%
2001	284,606	-	-	-	3.5%
2002	291,418	3,159,127,720	165,200	19,123	6.1%
2003	292,158	3,156,972,760	168,276	18,761	6.6%
2004	298,303	3,524,922,668	160,148	22,010	6.9%
2005	303,833	3,728,443,396	168,139	22,175	5.2%
2006	306,908	3,875,932,660	171,065	22,658	5.3%

Notes:

- (a) Data was provided by the City's Planning Department. The population for 1997 - 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 the Denver Regional Council of Governments (DRCOG). The population for 2003 through 2005 was provided by Clarion Associates. The population for 2006 was provided by Aurora's Economic and Development Council.
- (b) Data was provided by the City's Planning Department. Personal income totals not available before 2002. Personal income totals provided to the City by the State of Colorado, Department of Labor and Employment, Quarterly Census of Employment and Wages. These totals are based on data provided to the State by businesses (for unemployment purposes) and do not include businesses with 3 or less employees.
- (c) Data provided by the City's Planning Department through the Colorado Department of Labor and Employment. Totals include any person working within the City of Aurora, whether employed or unemployed, sixteen years of age or older.
- (d) Data was provided by the City's Planning Department. Source - Colorado Department of Labor and Employment.

Exhibit A-19

City of Aurora, Colorado

Top Ten Principal Employers

Current Year and Nine Years Ago

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>(b) Percentage of Total City Employment</u>
Buckley Air Force Base (a)	12,817	1	11.36%	4,234	1	4.98%
City of Aurora	3,826	2	3.39%	2,249	2	2.65%
Aurora Public Schools	3,786	3	3.36%	2,200	3	2.59%
Univ. of Colo. Health Sciences Center	3,300	4	2.93%			
Cherry Creek Public Schools	2,736	5	2.43%	1,590	5	1.87%
Raytheon	2,600	6	2.30%			
ADT Security Systems	1,585	7	1.40%	1,100	6	1.29%
Kaiser Permanente	1,493	8	1.32%			
Univ. of Colo. Hospital	1,458	9	1.29%			
Medical Center of Aurora	1,380	10	1.22%	900	7	1.06%
Hughes Aircraft				1,600	4	1.88%
TRW				811	8	0.95%
OEA, Inc.				810	9	0.95%
US West Mrkt Info				750	10	0.88%

Note: Data provided by the Aurora Economic Development Council and the City of Aurora unless otherwise noted. This schedule does not include retail sector employers.

(a) Data provided by the Department of Defense. Buckley Air Force Base Includes: Air Force, Army, Marines, Navy, Dept. of Defense (civilians), Air Nat'l Guard, Active Duty Reserves, and other civilian employees.

(b) Total City employment for 2006 was 112,816 and for 1997 was 85,000. Total for 1997 was not available and had to be derived from Aurora's Economic and Development Council. They estimated growth in the area of total City employment at about 12% over a five year period.

OPERATING STATISTICS

These schedules contain service and infrastructure data to help the financial statement user understand how the information in the City's financial statements relates to the services the City provides.

Exhibit A-20 **Budgeted Full-time Equivalent City Government Employees by Function**

Exhibit A-21 **Operating Indicators by Function**

Exhibit A-22 **Capital Asset Statistics by Function**

Sources: Unless otherwise noted the information in these schedules is derived from Comprehensive Annual Financial Reports for the relevant years.

City of Aurora, Colorado

Exhibit A-20

Budgeted Full-time Equivalent City Government Employees by Function

		Last Ten Years									
		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government											
	City Council	13.00	13.00	13.00	13.00	13.00	13.00	14.00	14.00	13.00	13.00
	Finance	48.90	49.65	52.30	54.30	54.30	54.50	57.50	60.50	60.50	60.00
	General Management	29.00	28.50	39.50	41.50	44.50	42.50	40.50	44.80	131.80	125.30
	Human Resources (a)	-	-	-	-	-	29.00	28.00	27.00	26.00	24.00
	Information Technology	39.75	38.75	38.00	39.00	41.00	49.00	48.00	45.00	43.00	43.00
	Internal Services (b)	87.00	86.00	86.00	87.00	84.00	92.00	95.00	92.00	-	-
	Planning	38.92	39.12	40.10	42.10	42.12	49.12	49.12	46.12	45.12	44.10
Judicial											
	City Attorney	43.50	44.00	44.50	48.50	49.50	49.00	50.00	50.00	50.00	50.00
	Court Administration (c)	66.50	67.50	69.50	74.50	74.50	71.50	124.00	125.00	125.00	125.00
	Public Defender	6.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00
Police		735.80	745.30	754.00	763.00	775.00	797.00	787.00	732.00	740.00	759.00
Fire		297.30	313.30	320.00	327.00	333.00	356.00	346.00	318.00	309.00	325.00
Other Public Safety (d)		-	-	-	-	-	4.00	4.00	70.00	70.00	78.00
Public Works		172.00	173.00	176.00	180.00	183.00	189.00	189.00	186.00	185.00	185.00
Community Services											
	Neighborhood Services	114.97	126.95	135.20	147.20	158.20	178.20	177.20	163.60	165.60	160.50
	Parks & Open Space	179.40	179.40	198.40	212.90	220.40	199.80	203.30	196.30	193.50	187.50
Culture and Recreation		172.20	180.60	180.80	180.70	185.00	187.80	198.20	187.80	182.00	177.00
Water		137.53	143.31	149.30	154.80	156.75	167.25	183.16	195.37	206.00	241.00
Sewer		76.47	79.69	83.80	87.30	91.25	98.75	101.84	108.63	123.00	134.00
Total		2,258.24	2,315.07	2,387.40	2,459.80	2,512.52	2,634.42	2,702.82	2,669.12	2,675.52	2,739.40

- Notes:
- (a) Prior to 2002, Human Resources FTEs had been included in the public buildings positions in Parks & Open Space.
 - (b) Internal Services positions included in General Management starting 2005.
 - (c) Positions for detention center moved from Police and included in Court Administration beginning 2003.
 - (d) Additional positions created for the communications center beginning in 2004.

City of Aurora, Colorado

Exhibit A-21

Operating Indicators by Function

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
<i>Building Permits:</i>										
Permits Issued (a)	3,808	5,133	8,271	4,972	4,189	9,701	9,034	9,920	10,121	10,037
Value of Buildings (millions)	305	346	378	423	481	614	530	750	897	777
<i>Tax & Licensing:</i>										
New business licenses (c)	2,637	2,653	2,116	2,277	2,509	3,280	2,897	2,661	2,099	2,183
Police Protection:										
Number of Law Violations (Part I Crime) (b)	16,521	14,529	14,303	15,526	17,224	18,206	17,050	16,895	16,506	14,872
Total calls dispatched & officer initiated	n/a	n/a	140,035	143,668	157,653	254,153	268,712	276,441	288,682	300,953
Total moving violations	n/a	n/a	35,755	37,080	40,142	41,631	41,834	40,841	44,487	42,801
Total parking violations	n/a	n/a	6,310	6,543	8,914	8,697	8,054	6,713	7,898	7,433
Fire Protection: (c)										
Number of fire inspections	-	-	-	-	-	7,506	7,665	8,111	7,639	7,845
Total Fire calls (Fire, EMS, other)	-	-	-	-	-	23,268	24,042	23,857	26,011	26,870
Haz Mat calls	-	-	-	-	-	47	39	42	34	20
Community Services										
Total number of Code Enforcement Inspections (d)	-	-	61,162	68,639	72,465	80,745	84,127	90,382	86,477	84,599
Culture and Recreation (e)										
Library items circulated	-	-	-	-	-	-	1,001,651	1,136,356	1,152,630	1,173,261
Library patron visits	-	-	-	-	-	-	850,525	891,831	926,497	1,036,513
Recreational classes offered	-	-	-	-	-	-	7,407	8,013	8,363	8,229
Recreational attendance	-	-	-	-	-	-	314,485	306,898	289,539	286,292
Cultural services in house program attendance	-	-	-	-	-	-	221,464	174,673	186,783	186,976

Notes:

- (a) 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.
- (b) Part I crime includes both violent and property crime.
- (c) Data not available before 2002.
- (d) Data not available before 1999.

Exhibit A-22

City of Aurora, Colorado

Capital Asset Statistics by Function

Last Ten Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police Protection:										
Patrol Vehicles	126	123	127	132	138	138	138	156	165	167
Detention Facilities (a)	1	1	1	1	1	1	1	1	1	1
Fire Protection:										
Number of Fire Stations	11	11	11	12	12	12	13	13	13	15
Public Works										
Miles of Improved Streets	875	875	915	915	1,009	1,014	1,054	1,095	1,118	1,352
Tons of asphalt for patching & overlay	93,612	103,656	108,801	132,020	131,198	175,213	170,422	181,211	171,108	179,125
Square yards of street repair & overlay (b)	1,174,090	1,161,665	1,092,990	1,444,905	1,389,791	1,316,000	1,502,523	1,459,415	976,199	1,383,276
Culture and Recreation										
Number of Playgrounds (c)	64	64	65	65	65	65	65	75	78	79
Number of Golf Courses	5	6	6	7	7	7	7	7	7	7
Number of Swimming Pools	10	10	10	10	10	10	10	10	10	10
Parks - Number of Acres (c)	7,370	7,370	7,380	7,400	7,400	7,700	7,700	7,937	8,045	8,627
Water										
Number of Water Taps (d)	59,771	60,393	61,366	63,409	64,845	65,933	67,953	70,709	70,759	76,240
Miles of water mains constructed (e)	16	32	32	42	35	35	35	54	63	52
Sewer										
Number of Sanitary Sewer Taps	64,599	65,455	67,011	68,840	70,777	72,920	74,616	76,901	79,974	82,754
Miles of Sanitary Sewer constructed	7	12	18	23	21	27	24	25	47	38

- (a) As of 2003, this facility now falls under courts.
- (b) These totals include the following; reconstructive patching, in-place patching, slurry seal, chip seal and reconstructive planing. All work performed through the Capital Projects Fund by contract.
- (c) Includes parks, golf courses and open space. Beginning in 2004, the Parks & Open Space Department revised the methodology used to calculate totals.
- (d) Total includes inactive and stubbed taps.
- (e) Total includes newly constructed water mains during the period.





Other Schedules

Miscellaneous Schedules

Debt Continuing Disclosures

MISCELLANEOUS SCHEDULES (unaudited)

- Exhibit B-1*** ***Schedule of Indebtedness – All Funds***
This schedule provides a summary of all outstanding debt of the City at year-end.
- Exhibit B-2*** ***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.
- Exhibit B-3*** ***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.
- Exhibit B-4*** ***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.
- Exhibit B-5*** ***Schedule of Debt Ratings***
This schedule lists the debt rating on applicable outstanding debt.
- Exhibit B-6*** ***Schedule of Pooled Investments***
This schedule lists the investments held by the City in its pooled accounts at year-end.
- Exhibit B-7*** ***Local Highway Finance Report***
This report is required for all local governments that receive highway user taxes from the State of Colorado.
- Exhibit B-8*** ***Schedule of Insurance Coverages***
This schedule provides a summary of City insurance policies.
- Exhibit B-9*** ***Forecast Schedules – General Fund, Policy Reserve Fund and TABOR Reserve Fund***
These schedules provide forecasted financial information for the above-referenced funds.

EXHIBIT B-1

CITY OF AURORA, COLORADO

SCHEDULE OF INDEBTEDNESS - ALL FUNDS (unaudited)
DECEMBER 31, 2006

	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	2007 - 2012	\$ 10,000,000	\$ 5,160,000	\$ 765,000
Libraries, parks, public safety	4.60 - 5.00%	12/01/00	2007 - 2015	50,100,000	34,370,000	3,105,000
Public safety refunding	2.00 - 3.00%	10/01/03	2007 - 2009	2,530,000	1,310,000	425,000
Unamortized premium				—	6,520	—
Unamortized discount				—	(2,483)	—
Total supported by dedicated property tax				62,630,000	40,844,037	4,295,000
Supported by Water Fund revenues						
General obligation refunding	2.00 - 4.00%	10/01/03	2007 - 2014	62,775,000	43,910,000	6,635,000
Unamortized premium				—	723,049	—
Unamortized discount				—	(136,790)	—
Total supported by Water Fund revenues				62,775,000	44,496,259	6,635,000
REVENUE BONDS						
Supported by General Fund revenues						
Sports Park	4.75 - 5.125%	07/29/99	2007 - 2014	17,470,000	11,580,000	1,205,000
Supported by Water Fund revenues						
Governmental agency	4.75 - 4.875%	05/01/99	2007 - 2014	14,999,899	8,796,004	982,104
First-Lien Water Revenue	2.00 - 5.00%	10/15/03	2007 - 2021	55,860,000	50,765,000	2,625,000
Second-Lien Water Revenue	Auction rate	04/22/04	2021 - 2033	40,000,000	40,000,000	—
Governmental agency	3.20 - 5.00%	09/29/05	2011 - 2025	100,000,000	100,000,000	—
Unamortized premium				—	4,334,693	—
Unamortized discount				—	(404,954)	—
Total supported by Water Fund revenues				210,859,899	203,490,743	3,607,104
Supported by Sewer Fund revenues						
Governmental agency	5.00 - 5.125%	07/01/99	2007 - 2014	24,124,366	14,059,090	1,577,072
Governmental agency	4.00 - 5.00%	04/25/06	2007 - 2036	57,790,000	57,790,000	—
Unamortized premium				—	1,471,600	—
Unamortized discount				—	(205,727)	—
Total supported by Sewer Fund revenues				81,914,366	73,114,963	1,577,072
Supported by Golf Fund revenues						
Golf Course Enterprise System refunding	3.375 - 4.375%	07/26/05	2007 - 2015	4,625,000	3,945,000	375,000
Unamortized discount				—	(43,412)	—
Unamortized deferred amount on refunding				—	(120,105)	—
Total supported by Golf Fund revenues				4,625,000	3,781,483	375,000
NOTES						
Supported by Water Fund revenues						
Water Rights No. R/B-I-One	5.00%	11/19/99	2007 - 2009	253,987	76,195	25,399
Water Rights No. R/B-I-Two	5.00%	11/19/99	2007 - 2009	249,125	74,739	24,912
Water Rights Rocky Ford II	5.00%	various 2004	2007 - 2019	8,280,091	5,605,168	—
Total supported by Water Fund revenues				8,783,203	5,756,102	50,311
Supported by Golf Fund revenues						
Series 2004 Golf Revenue Note	4.54%	5/18/04	2007 - 2009	1,125,000	594,031	229,645
Supported by Special Assessments						
Special Improvement District - Dam West	4.89%	10/20/05	2007 - 2015	1,140,000	1,055,000	88,000
INCLUDABLE ENTITIES						
AURA tax increment revenue refunding bonds	4.10 - 5.80%	05/15/96	2007-2007	3,580,000	710,000	710,000
ACLCL certificates of participation	3.00 - 4.375%	05/01/02	2007 - 2013	15,380,000	10,645,000	1,590,000
ACLCL certificates of participation - refunding	3.00 - 3.25%	10/15/04	2007 - 2009	8,750,000	5,755,000	1,580,000
ACLCL certificates of participation	2.50 - 3.625%	03/01/05	2007 - 2014	23,395,000	19,915,000	2,105,000
ACLCL certificates of participation	4.00 - 5.00%	02/07/06	2007 - 2015	20,290,000	18,550,000	1,010,000
ACLCL certificates of participation	3.943%	02/10/06	2016 - 2030	60,915,000	60,915,000	—
Unamortized premium				—	897,116	—
Unamortized discount				—	(490,720)	—
Unamortized deferred amount on refunding				—	(5,703,817)	—
Total supported by includable entities				132,310,000	111,192,579	6,995,000
TOTAL INDEBTEDNESS				\$ 583,632,468	\$ 495,905,197	\$ 25,057,132

EXHIBIT B-2

CITY OF AURORA, COLORADO

SCHEDULE OF DEBT SERVICE REQUIREMENTS (unaudited)
 GOVERNMENTAL ACTIVITIES
 DECEMBER 31, 2006

Year	General Obligation Bonds Supported by General Fund Revenues		Revenue Bonds Supported by General Fund Revenues		Tax Increment Revenue Refunding Bonds Supported by AURA Revenues		Capitalized Leases Supported by General Fund Revenues	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	4,295,000	1,902,380	1,205,000	552,649	710,000	41,180	913,952	141,443
2008	4,500,000	1,714,500	1,270,000	490,774	—	—	948,320	107,075
2009	4,715,000	1,516,783	1,335,000	425,649	—	—	938,307	71,402
2010	4,480,000	1,307,933	1,400,000	357,274	—	—	711,777	37,368
2011	4,705,000	1,101,853	1,475,000	285,399	—	—	431,970	10,882
2007-2011	22,695,000	7,543,449	6,685,000	2,111,745	710,000	41,180	3,944,326	368,170
2012	4,940,000	882,610	1,550,000	209,774	—	—	—	—
2013	4,185,000	647,480	1,630,000	129,459	—	—	—	—
2014	4,400,000	446,600	1,715,000	43,947	—	—	—	—
2015	4,620,000	231,000	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—
2012-2016	18,145,000	2,207,690	4,895,000	383,180	—	—	—	—
2017	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—
2017-2021	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—	—
2024	—	—	—	—	—	—	—	—
2025	—	—	—	—	—	—	—	—
2026	—	—	—	—	—	—	—	—
2022-2026	—	—	—	—	—	—	—	—
2027	—	—	—	—	—	—	—	—
2028	—	—	—	—	—	—	—	—
2029	—	—	—	—	—	—	—	—
2030	—	—	—	—	—	—	—	—
2031	—	—	—	—	—	—	—	—
2026-2031	—	—	—	—	—	—	—	—
Totals	\$ 40,840,000	\$ 9,751,139	\$ 11,580,000	\$ 2,494,925	\$ 710,000	\$ 41,180	\$ 3,944,326	\$ 368,170

Notes Payable Supported by SID Revenues		Capitalized Leases Supported by Print Shop Revenues		Certificates of Participation Supported by ACLC Revenues		Total Principal and Interest Requirements to Maturity
Principal	Interest	Principal	Interest	Principal	Interest	
88,000	50,709	19,190	371	6,285,000	4,669,482	20,874,356
124,000	45,575	—	—	6,220,000	4,467,824	19,888,068
124,000	39,584	—	—	7,340,000	4,255,764	20,761,489
124,000	33,570	—	—	6,170,000	4,002,988	18,624,910
125,000	27,555	—	—	6,430,000	3,774,810	18,367,469
585,000	196,993	19,190	371	32,445,000	21,170,868	98,516,292
124,000	21,516	—	—	6,705,000	3,532,424	17,965,324
125,000	15,502	—	—	8,305,000	3,270,407	18,307,848
125,000	9,462	—	—	4,545,000	2,896,857	14,181,866
96,000	3,398	—	—	2,865,000	2,760,270	10,575,668
—	—	—	—	3,010,000	2,617,418	5,627,418
470,000	49,878	—	—	25,430,000	15,077,376	66,658,124
—	—	—	—	3,135,000	2,487,788	5,622,788
—	—	—	—	3,265,000	2,353,098	5,618,098
—	—	—	—	3,400,000	2,212,749	5,612,749
—	—	—	—	3,540,000	2,066,993	5,606,993
—	—	—	—	3,685,000	1,914,658	5,599,658
—	—	—	—	17,025,000	11,035,286	28,060,286
—	—	—	—	3,840,000	1,756,338	5,596,338
—	—	—	—	3,995,000	1,591,306	5,586,306
—	—	—	—	4,170,000	1,419,889	5,589,889
—	—	—	—	4,335,000	1,240,564	5,575,564
—	—	—	—	4,520,000	1,054,318	5,574,318
—	—	—	—	20,860,000	7,062,415	27,922,415
—	—	—	—	4,705,000	860,096	5,565,096
—	—	—	—	4,900,000	658,060	5,558,060
—	—	—	—	5,100,000	447,462	5,547,462
—	—	—	—	5,315,000	228,350	5,543,350
—	—	—	—	—	—	—
—	—	—	—	20,020,000	2,193,968	22,213,968
<u>1,055,000</u>	<u>\$ 246,871</u>	<u>\$ 19,190</u>	<u>\$ 371</u>	<u>\$ 115,780,000</u>	<u>\$ 56,539,913</u>	<u>\$ 243,371,085</u>

EXHIBIT B-3

CITY OF AURORA, COLORADO

SCHEDULE OF DEBT SERVICE REQUIREMENTS (unaudited)
 BUSINESS-TYPE ACTIVITIES
 DECEMBER 31, 2006

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	
2007	6,635,000	1,545,475	3,607,104	8,744,069	50,311	7,547	1,577,072	3,154,392	375,000	161,525	229,645	24,392	149,748	19,510	26,280,790
2008	6,840,000	1,363,013	3,708,938	8,641,668	941,953	285,290	2,625,133	3,114,598	385,000	146,525	240,187	13,847	125,196	13,228	28,444,576
2009	5,905,000	1,157,816	3,810,404	8,535,665	941,952	218,192	2,708,192	3,031,636	405,000	131,125	124,199	2,819	97,519	7,717	27,077,236
2010	6,120,000	965,900	3,962,238	8,384,551	587,494	191,094	2,796,635	2,936,281	420,000	114,925	—	—	77,874	3,461	26,560,452
2011	6,365,000	736,400	6,394,804	8,217,285	587,494	161,720	2,910,843	2,826,917	435,000	98,125	—	—	—	—	28,733,588
2007-2011	31,865,000	5,768,604	21,483,488	42,523,238	3,109,204	863,843	12,617,875	15,063,824	2,020,000	652,225	594,031	41,058	450,337	43,916	137,096,642
2012	6,640,000	481,800	6,647,372	7,970,455	587,494	132,345	3,004,285	2,727,614	455,000	80,725	—	—	—	—	28,727,090
2013	2,640,000	216,200	6,957,138	7,665,347	587,494	102,970	3,113,110	2,625,008	470,000	62,525	—	—	—	—	24,439,792
2014	2,765,000	110,600	7,293,006	7,329,767	587,494	73,595	3,308,820	2,519,879	490,000	43,138	—	—	—	—	24,521,299
2015	—	—	6,305,000	6,940,000	176,883	44,221	1,340,000	2,408,013	510,000	22,312	—	—	—	—	17,746,429
2016	—	—	6,620,000	6,624,750	176,883	35,377	1,390,000	2,354,413	—	—	—	—	—	—	17,201,423
2012-2016	12,045,000	808,600	33,822,516	36,530,319	2,116,248	388,508	12,156,215	12,634,927	1,925,000	208,700	—	—	—	—	112,636,033
2017	—	—	6,940,000	6,300,650	176,883	26,532	1,450,000	2,298,813	—	—	—	—	—	—	17,192,878
2018	—	—	7,285,000	5,960,875	176,883	17,688	1,510,000	2,239,000	—	—	—	—	—	—	17,189,446
2019	—	—	7,640,000	5,604,188	176,884	8,845	1,585,000	2,163,500	—	—	—	—	—	—	17,178,417
2020	—	—	8,005,000	5,150,113	—	—	1,665,000	2,084,250	—	—	—	—	—	—	16,904,363
2021	—	—	8,460,000	4,838,163	—	—	1,745,000	2,001,000	—	—	—	—	—	—	17,044,163
2017-2021	—	—	38,330,000	27,853,989	530,650	53,065	7,955,000	10,786,563	—	—	—	—	—	—	85,509,267
2022	—	—	8,840,000	4,490,900	—	—	1,830,000	1,918,113	—	—	—	—	—	—	17,079,013
2023	—	—	9,250,000	4,114,212	—	—	1,915,000	1,831,188	—	—	—	—	—	—	17,110,400
2024	—	—	6,140,000	3,719,838	—	—	2,005,000	1,740,225	—	—	—	—	—	—	13,605,063
2025	—	—	6,410,000	3,439,713	—	—	2,105,000	1,639,975	—	—	—	—	—	—	13,594,688
2026	—	—	6,695,000	3,147,025	—	—	2,210,000	1,534,725	—	—	—	—	—	—	13,586,750
2022-2026	—	—	37,335,000	18,911,688	—	—	10,065,000	8,664,226	—	—	—	—	—	—	74,975,914
2027	—	—	7,010,000	2,873,987	—	—	2,310,000	1,435,275	—	—	—	—	—	—	13,629,262
2028	—	—	7,305,000	2,588,187	—	—	2,425,000	1,319,775	—	—	—	—	—	—	13,637,962
2029	—	—	7,640,000	2,284,375	—	—	2,550,000	1,198,525	—	—	—	—	—	—	13,672,900
2030	—	—	7,955,000	1,966,688	—	—	2,675,000	1,071,025	—	—	—	—	—	—	13,667,713
2031	—	—	8,310,000	1,635,844	—	—	2,810,000	937,275	—	—	—	—	—	—	13,693,119
2027-2031	—	—	38,220,000	11,349,081	—	—	12,770,000	5,961,875	—	—	—	—	—	—	68,300,956
2032	—	—	8,670,000	1,290,250	—	—	2,950,000	796,775	—	—	—	—	—	—	13,707,025
2033	—	—	9,070,000	929,688	—	—	3,095,000	649,275	—	—	—	—	—	—	13,743,963
2034	—	—	6,180,000	552,562	—	—	3,250,000	494,525	—	—	—	—	—	—	10,477,087
2035	—	—	6,450,000	282,187	—	—	3,415,000	332,025	—	—	—	—	—	—	10,479,212
2036	—	—	—	—	—	—	3,575,000	169,813	—	—	—	—	—	—	3,744,813
2032-2036	—	—	30,370,000	3,054,687	—	—	16,285,000	2,442,413	—	—	—	—	—	—	52,152,100
Totals	\$ 43,910,000	\$ 6,577,204	\$ 199,561,004	\$ 140,223,002	\$ 5,756,102	\$ 1,305,416	\$ 71,849,090	\$ 55,553,828	\$ 3,945,000	\$ 860,925	\$ 594,031	\$ 41,058	\$ 450,337	\$ 43,916	\$ 530,670,912

EXHIBIT B-4

CITY OF AURORA, COLORADO

SCHEDULE OF CONDUIT DEBT OUTSTANDING (unaudited)
 DECEMBER 31, 2006

Issue Type*	Description	Issue Date	Funding Source	Outstanding December 31 2006	Trustee
EDB	Community College of Aurora Refunding Revenue Bonds, 2004	09/01/04	lease payment	\$ 8,075,000	JP Morgan Chase
HRB	The Children's Hospital Assoc. Project Hospital Revenue Bonds, Series 2006	05/24/06	operating revenues	50,000,000	US Bank
HRB	The Children's Hospital Assoc. Project Hospital Revenue Bonds, Series 2004A	01/22/04	operating revenues	68,750,000	US Bank
HRB	The Children's Hospital Assoc. Project Hospital Revenue Bonds, Series 2004B	01/22/04	operating revenues	68,750,000	US Bank
HRB	The Children's Hospital Assoc. Project Hospital Revenue Bonds, Series 2004C	01/22/04	operating revenues	68,750,000	US Bank
HRB	The Children's Hospital Assoc. Project Hospital Revenue Bonds, Series 2004D	01/22/04	operating revenues	68,750,000	US Bank
MF	Dayton 98 Series A	04/21/98	rental payment	7,950,000	US Bank
MF	Dayton 98 Series B	04/21/98	rental payment	810,000	US Bank
MF	Dayton 98 Series C	04/21/98	rental payment	410,000	US Bank
MF	Dayton 98 Series D	04/21/98	mortgage payment	550,000	US Bank
MF	Aurora Meadows Apartment Project Revenue Refunding 1996	08/01/96	mortgage payment	13,400,000	Wells Fargo Minnesota
MF	Multi-Family Housing Revenue Refunding Series 2005, Woodridge Apartments Project	12/20/05	mortgage payment	28,000,000	Wells Fargo Minnesota
MF	Multi-Family Housing Revenue Refunding Series 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	9,705,000	BNY
SF	Revenue Bonds, Series 1993 A	11/01/93	mortgage payment	525,000	Zions Bank
Total conduit debt outstanding				<u>\$ 398,270,000</u>	

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

EXHIBIT B-5

CITY OF AURORA, COLORADO

**SCHEDULE OF DEBT RATINGS (unaudited)
DECEMBER 31, 2006**

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

^(a) Series 2003 Bonds maturing in years 2007-2008, 2012 and 2013 are not insured and carry the unenhanced rating; Series 2003 Bonds maturing in years 2009, 2010, 2011 and 2014 are insured and carry the credit-enhanced rating

Debt Issue	Rating Agency	Enhanced Rating	Unenhanced Rating
City of Aurora, Colorado First-Lien Sewer Improvement Revenue Bonds, Series 2006	Moody's Investors Service Fitch	Aaa AAA	Aa3 AA-
City of Aurora, Colorado Aurora Capital Leasing Corporation Refunding Certificates of Participation, Series 2006A-1	Moody's Investors Service Standard and Poor's Fitch	Aaa AAA AAA	Aa3 N/A N/A
City of Aurora, Colorado Aurora Capital Leasing Corporation Refunding Certificates of Participation, Series 2006A-2	Moody's Investors Service Standard and Poor's Fitch	Aaa/VMIG 1 AAA/A-1+ AAA	Aa3 AA- N/A
Colorado Water Resources and Power Development Authority City of Aurora, Colorado Clean Water Revenue Bonds, 1999 Series A	Fitch Ratings Moody's Investors Service Standard and Poor's	AAA Aaa AAA	N/A N/A N/A
Colorado Water Resources and Power Development Authority City of Aurora, Colorado Drinking Water Revenue Bonds, 1999 Series A	Fitch Ratings Moody's Investors Service Standard and Poor's	AAA Aaa AAA	N/A N/A N/A
Colorado Water Resources and Power Development Authority City of Aurora, Colorado Water Resources Revenue Bond, 2005 Series D	Fitch Ratings Moody's Investors Service Standard and Poor's	AAA Aaa AAA	AA- A1 N/A

EXHIBIT B-6

CITY OF AURORA, COLORADO

SCHEDULE OF POOLED INVESTMENTS (unaudited)
DECEMBER 31, 2006

<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>
U.S. GOVERNMENT AND AGENCY SECURITIES							
Treasury Note	3.500	05/31/07	4,934,900	4,969,000	5,000,000	Aaa	AAA
	4.250	10/31/07	4,997,154	4,967,500	5,000,000	Aaa	AAA
	3.375	02/15/08	4,982,422	4,912,500	5,000,000	Aaa	AAA
	5.625	05/15/08	5,146,875	5,045,500	5,000,000	Aaa	AAA
Federal Agriculture Mtg. Co.	4.250	07/29/08	4,970,200	4,934,290	5,000,000	Aaa	AAA
Federal Farm Credit Bank	3.500	11/26/07	3,995,000	3,939,200	4,000,000	Aaa	AAA
	3.000	12/17/07	4,918,250	4,908,000	5,000,000	Aaa	AAA
	3.550	01/28/08	4,964,700	4,914,500	5,000,000	Aaa	AAA
	4.500	03/18/08	4,999,050	4,960,500	5,000,000	Aaa	AAA
Federal Home Loan Bank	2.520	01/05/07	2,447,875	2,499,250	2,500,000	Aaa	AAA
	2.750	03/23/07	3,000,000	2,983,800	3,000,000	Aaa	AAA
	3.000	04/23/07	5,000,000	4,967,000	5,000,000	Aaa	AAA
	3.125	08/15/07	4,988,650	4,935,500	5,000,000	Aaa	AAA
	3.500	09/14/07	4,993,750	4,936,500	5,000,000	Aaa	AAA
	3.375	10/05/07	4,985,000	4,931,000	5,000,000	Aaa	AAA
	4.125	10/26/07	4,972,500	4,956,000	5,000,000	Aaa	AAA
	3.500	11/15/07	4,993,075	4,926,500	5,000,000	Aaa	AAA
	3.250	12/17/07	4,947,400	4,902,000	5,000,000	Aaa	AAA
	3.850	12/28/07	4,999,000	4,933,500	5,000,000	Aaa	AAA
	4.500	01/23/08	3,492,825	3,474,450	3,500,000	Aaa	AAA
	4.075	03/10/08	4,000,000	3,949,600	4,000,000	Aaa	AAA
	5.925	04/09/08	5,124,695	5,046,000	5,000,000	Aaa	AAA
Federal Home Loan Mtg. Corp.	3.330	09/28/07	2,995,800	2,958,600	3,000,000	Aaa	AAA
	4.250	06/23/08	5,000,000	4,941,000	5,000,000	Aaa	AAA
Federal National Mortgage Assn	4.050	09/07/07	5,997,000	5,952,000	6,000,000	Aaa	AAA
Total U.S. Government and agency securities			<u>115,846,121</u>	<u>114,843,690</u>	<u>116,000,000</u>		
CERTIFICATES OF DEPOSIT							
Bank of the West	5.200	08/03/09	4,000,000	4,000,000	4,000,000		
Citywide Banks	5.500	11/02/09	4,000,000	4,000,000	4,000,000		
Citywide Banks	5.500	12/01/09	3,000,000	3,000,000	3,000,000		
Firstbank Colo	5.200	04/01/09	3,000,000	3,000,000	3,000,000		
Guaranty Bk	5.400	08/03/09	5,000,000	5,000,000	5,000,000		
Guaranty Bk	5.400	09/01/09	5,000,000	5,000,000	5,000,000		
Total Certificates of Deposit			<u>24,000,000</u>	<u>24,000,000</u>	<u>24,000,000</u>		

EXHIBIT B-6

CITY OF AURORA, COLORADO

SCHEDULE OF POOLED INVESTMENTS (unaudited)
DECEMBER 31, 2006

<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>
COMMERCIAL PAPER							
American Express	N/A	01/12/07	8,870,000	8,981,520	9,000,000	P1	A-1
Bear Stearns	N/A	02/02/07	9,867,544	9,955,667	10,000,000	P1	A-1
Citigroup	N/A	01/17/07	3,943,106	3,991,787	4,000,000	P1	A1+
GECC	N/A	02/09/07	5,912,833	5,960,100	6,000,000	P1	A1+
M&I Bank	N/A	03/02/07	9,867,292	9,911,333	10,000,000	P1	A-1
TMCC	N/A	02/07/07	3,939,564	3,973,400	4,000,000	P1	A1+
UBS	N/A	01/03/07	4,535,363	4,597,995	4,600,000	P1	A1+
UBS	N/A	01/08/07	9,883,778	9,988,222	10,000,000	P1	A1+
Total Commercial Paper			<u>56,819,480</u>	<u>57,360,024</u>	<u>57,600,000</u>		
CORPORATE NOTES							
AIG/ILF	3.125	05/03/07	3,923,720	3,970,800	4,000,000	A1	AA-
Allstate	5.250	02/01/07	2,716,902	2,559,744	2,560,000	Aa2	AA
Bank of America	4.625	09/15/08	3,458,105	3,458,000	3,500,000	Aa2	AA-
Bank of America	5.875	02/15/09	5,087,950	5,070,000	5,000,000	Aa2	AA-
Bank One	5.500	03/26/07	3,203,250	3,000,000	3,000,000	Aa2	AA-
Berkshire-Hathaway	3.400	07/02/07	5,004,850	4,956,000	5,000,000	Aaa	AAA
Citigroup	5.000	03/06/07	5,187,750	4,996,500	5,000,000	Aa1	AA-
HSBC Finance Corp	4.950	12/15/08	6,983,970	6,957,300	7,000,000	Aa3	AA-
Jackson Natl Life	5.250	03/15/07	1,178,888	994,300	1,125,000	A1	AA
John Hancock Gbl	3.500	01/30/09	3,854,779	3,828,668	3,970,000	Aa2	AAA
Kimberly-Clark	7.100	08/01/07	1,460,060	1,880,810	1,400,000	Aa2	AA-
Mass Mtl	3.250	06/15/07	4,937,650	4,953,500	5,000,000	Aa1	AAA
Merck	2.500	03/30/07	2,493,875	2,483,500	2,500,000	Aa3	AA-
Merrill Lynch	5.360	02/01/07	2,556,608	2,439,756	2,440,000	Aa3	AA-
Merrill Lynch	3.000	04/30/07	2,937,600	2,977,500	3,000,000	Aa3	AA-
Merrill Lynch	6.375	10/15/08	5,121,750	5,089,000	5,000,000	Aa3	AA-
Merrill Lynch	4.125	01/15/09	3,833,388	3,821,220	3,900,000	Aa3	AA-
MMM	5.125	11/06/09	3,000,840	3,000,300	3,000,000	AA1	AA
Monument Gbl Fdg	3.450	11/30/07	4,811,400	4,856,445	4,950,000	Aa3	AA
Nationwide	2.750	05/15/07	7,766,600	7,924,000	8,000,000	Aa3	AA-
National City Bk	3.300	05/15/08	1,587,672	1,598,282	1,645,000	Aa3	A+
Pfizer	2.500	03/15/07	998,960	1,125,675	1,000,000	Aa1	AAA
Protective Life	3.700	11/24/08	3,413,795	3,325,000	3,500,000	Aa3	AA
TIAA	5.000	03/01/07	4,556,825	4,372,375	4,375,000	Aaa	AAA
TIAA	4.125	11/15/07	2,112,309	2,052,383	2,075,000	Aaa	AAA
US Bank	2.870	02/01/07	3,940,000	3,991,600	4,000,000	Aa1	AA
US Bank	3.700	08/01/07	1,897,758	1,413,440	1,900,000	Aa1	AA
US Bank	7.125	12/01/09	5,278,300	5,257,500	5,000,000	Aa2	AA-
Wachovia Bank	4.850	07/30/07	5,160,800	4,983,500	5,000,000	Aa2	AA-
Wachovia Bank	4.375	08/15/08	2,993,910	2,957,100	3,000,000	Aa2	AA-
Wal-Mart	4.375	07/12/07	5,132,050	4,981,000	5,000,000	Aa2	AA
Wells Fargo	5.125	02/15/07	4,254,000	3,998,400	4,000,000	Aa1	AA-
Wells Fargo	5.250	12/01/07	1,050,400	998,900	1,000,000	Aa1	AA-
Total Corporate Notes			<u>121,896,714</u>	<u>120,272,498</u>	<u>120,840,000</u>		

(continued)

EXHIBIT B-6

CITY OF AURORA, COLORADO

SCHEDULE OF POOLED INVESTMENTS (unaudited)
DECEMBER 31, 2006

<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>
TAXABLE MUNICIPAL DEBT							
Erie Cty NY GO	5.500	12/01/07	3,333,527	3,295,889	3,290,000	Aaa	AAA
Erie Cty NY GO	4.930	11/01/09	4,999,750	4,967,200	5,000,000	Aaa	AAA
Maryland GO	4.000	02/15/08	3,505,841	3,459,155	3,505,000	Aaa	AAA
Maryland GO	4.250	08/01/08	1,002,480	985,480	1,000,000	Aaa	AAA
Palm Beach Cty GO	5.634	06/01/08	1,000,000	1,005,770	1,000,000	Aaa	AAA
Palm Beach Cty GO	5.638	06/01/09	1,095,000	1,106,158	1,095,000	Aaa	AAA
Washington GO	5.500	07/01/09	4,865,000	4,906,596	4,865,000	Aa1	AA
Total Taxable Municipal Debt			<u>19,801,598</u>	<u>19,726,248</u>	<u>19,755,000</u>		
COLOTRUST PLUS+	5.190	01/01/07	<u>14,000,000</u>	<u>14,120,677</u>	<u>14,120,677</u>	Aaa	AAA
TOTAL POOLED INVESTMENTS			<u>\$ 352,363,913</u>	<u>\$ 350,323,137</u>	<u>\$ 352,315,677</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.

(concluded)



EXHIBIT B-7

CITY OF AURORA, COLORADO

LOCAL HIGHWAY FINANCE REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

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 2006
This Information From The Records Of (example - City of _ or County of City of Aurora, Colorado)	Prepared By: Phone:	Tony Tharp (303) 739-7792

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	11,078,943
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	18,172,349
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,921,512
2. General fund appropriations		b. Snow and ice removal	3,065,755
3. Other local imposts (from page 2)	12,552,481	c. Other	3,749,127
4. Miscellaneous local receipts (from page 2)	6,383,267	d. Total (a. through c.)	8,736,394
5. Transfers from toll facilities		4. General administration & miscellaneous	1,942,100
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	6,492,760
a. Bonds - Original Issues		6. Total (1 through 5)	46,422,546
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	270,870
7. Total (1 through 6)	18,935,748	b. Redemption	735,000
B. Private Contributions	18,530,937	c. Total (a. + b.)	1,005,870
C. Receipts from State government (from page 2)	9,486,573	2. Notes:	
D. Receipts from Federal Government (from page 2)	1,233,182	a. Interest	
E. Total receipts (A.7 + B + C + D)	48,186,440	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	1,005,870
		C. Payments to State for highways	758,024
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	48,186,440

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	5,895,000		735,000	5,160,000
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		48,186,440	48,186,440		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2006

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	1,034,776	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	6,383,267
1. Sales Taxes	3,279,412	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	2,493,174	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	5,745,119	g. Other Misc. Receipts	
6. Total (1. through 5.)	11,517,705	h. Other	
c. Total (a. + b.)	12,552,481	i. Total (a. through h.)	6,383,267
	(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	8,638,441	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	848,132	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	1,233,182
f. Total (a. through e.)	848,132	g. Total (a. through f.)	1,233,182
4. Total (1. + 2. + 3.f)	9,486,573	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		50,471	50,471
b. Engineering Costs	428,557	1,599,914	2,028,471
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements	74,342	4,727,249	4,801,591
(3). System Preservation		1,290,551	1,290,551
(4). System Enhancement & Operation	8,260	2,899,599	2,907,859
(5). Total Construction (1) + (2) + (3) + (4)	82,602	8,917,399	9,000,001
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	511,159	10,567,784	11,078,943
			(Carry forward to page 1)

Notes and Comments:

EXHIBIT B-8

CITY OF AURORA, COLORADO

SCHEDULE OF INSURANCE COVERAGES (unaudited)
 DECEMBER 31, 2006

Coverage	Carrier	Coverage Term	Limit of Coverage	Deductible or Retention
Property	The Travelers Indemnity Company	January 1, 2006 - January 1, 2007	\$475,000,000 blanket limit	\$100,000 per occurrence
Boiler and Machinery	Travelers Casualty and Surety Company of America	January 1, 2006 - January 1, 2007	\$100,000,000 per occurrence	\$10,000 per occurrence
Crime	Travelers Casualty and Surety Company of America	March 31, 2004 - March 31, 2007 March 31, 2004 - March 31, 2007	Public employee dishonesty: \$5,000,000 Destruction, computer fraud: \$1,000,000	\$50,000 per occurrence
Workers' Compensation Specific Excess	Midwest Employers Casualty Company	January 1, 2006 - January 1, 2007	Statutory	\$350,000 per occurrence plus \$200,000 corridor
Workers' Compensation Bond	Travelers Casualty and Surety Company of America	January 1, 2006 - January 1, 2007	\$5,878,000	N/A
Primary Liability	Princeton Excess & Surplus Lines Insurance Company	January 1, 2006 - January 1, 2007	\$10,000,000	\$250,000 per occurrence plus \$250,000 corridor
Exhibition Floater	Fireman's Fund	January 1, 2006 - January 1, 2007	\$350,000	\$1,000 per occurrence

EXHIBIT B-9

CITY OF AURORA, COLORADO

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

	2000		2001		2002		2003		2004		2005		2006	2007
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Projected (a)	Projected (a)
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	\$ 188,648,945	\$ 185,205,938	\$ 197,726,261	\$ 204,970,169
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	4,760,292	3,110,961	5,537,096	4,605,374
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	9,919,966	10,806,128	10,126,148	10,200,020
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	6,055,827	6,136,159	5,693,973	8,440,237
Fines and forfeitures	3,438,155	3,441,115	3,976,992	3,595,965	4,117,734	3,739,800	4,547,241	4,299,360	4,492,855	4,732,230	6,280,369	5,397,854	6,700,773	7,132,819
Investment income	2,497,849	1,837,169	2,394,712	2,677,029	1,696,989	1,600,000	1,582,889	1,811,688	895,527	655,285	1,052,039	674,944	1,190,994	1,238,634
Other revenues	3,213,691	1,335,844	956,462	1,294,332	2,199,095	2,208,100	4,109,156	2,927,029	6,796,043	6,815,355	5,359,923	5,461,471	4,269,689	4,082,504
Total sources	190,458,750	188,315,920	199,930,560	201,286,948	205,952,297	219,763,435	209,921,492	210,919,648	208,861,472	212,898,406	222,077,361	216,793,455	231,244,934	240,669,757
USES														
Municipal Court	3,904,238	4,355,225	4,190,707	4,510,802	4,383,307	4,601,156	7,758,292	7,888,379	8,210,957	8,409,444	8,332,057	8,464,869	—	—
City Attorney	3,384,332	3,622,705	3,758,518	3,980,100	3,926,905	4,101,712	4,153,348	4,501,297	4,259,378	4,425,616	4,213,779	4,366,001	—	—
General Management	9,474,900	9,850,190	10,496,629	11,192,924	10,320,560	11,820,596	11,387,231	11,843,397	6,071,594	6,534,853	5,296,515	5,347,025	—	—
Administrative Services	14,729,536	14,853,822	14,520,479	14,967,280	20,757,649	21,145,867	20,245,984	20,386,054	20,696,713	21,346,701	20,467,673	21,032,846	—	—
Operations Group Management	33,070,941	33,948,703	33,898,020	34,961,564	31,772,322	32,584,238	33,024,532	33,311,943	30,757,237	31,480,992	30,793,656	31,688,380	—	—
Community Services	89,782,463	89,839,593	94,551,719	94,773,996	95,937,639	97,704,368	101,134,022	101,853,392	107,076,146	108,169,793	109,893,846	110,329,038	—	—
Non-departmental	38,398,418	40,715,666	41,655,973	44,641,175	32,870,775	32,141,561	42,555,050	48,618,027	36,512,247	37,987,981	41,518,531	41,271,630	231,595,804	242,628,604
Total uses	192,744,828	197,185,904	203,072,045	209,027,841	199,969,157	204,099,498	220,258,459	228,402,489	213,584,272	218,355,380	220,516,057	222,499,789	231,595,804	242,628,604
Excess (deficiency) of revenue: over (under) expenditures	(2,286,078)	(8,869,984)	(3,141,485)	(7,740,893)	5,983,140	15,663,937	(10,336,967)	(17,482,841)	(4,722,800)	(5,456,974)	1,561,304	(5,706,334)	(350,870)	(1,958,847)
FUNDS AVAILABLE - January 1	22,505,182	12,128,234	20,219,104	20,559,989	17,077,618	13,393,000	23,060,758	19,945,415	12,723,791	6,863,912	8,000,991	8,000,991	9,562,295	9,211,425
FUNDS AVAILABLE - December 31	20,219,104	\$ 3,258,250	17,077,619	\$ 12,819,096	23,060,758	\$ 29,056,937	12,723,791	\$ 2,462,574	8,000,991	\$ 1,406,938	9,562,295	\$ 2,294,657	9,211,425	7,252,578
Reserved for police	(10,566,835)	—	(9,055,714)	(5,765,374)	—	—	(117,137)	—	—	—	—	—	—	—
Budgetary designations	(5,396,000)	—	(4,440,000)	—	(11,118,668)	—	(5,791,519)	—	(2,775,332)	—	(8,493,780)	—	(9,211,425)	(7,875,647)
Undesignated Funds Available	4,256,269	—	3,581,905	—	6,176,716	—	6,815,135	—	5,225,659	—	1,068,515	—	—	(623,069)
Budget desig-final incentive pym	—	—	—	—	—	—	—	—	(135,000)	—	—	—	—	—
GAAP revenue accrual	—	—	—	—	—	—	—	—	55,332	—	—	—	—	—
Funds available - after reservation: and designations	\$ 4,256,269	—	\$ 3,581,905	—	\$ 6,176,716	—	\$ 6,815,135	—	\$ 5,145,991	—	\$ 1,068,515	—	\$ —	\$ (623,069)
Reconciliation to GAAP fund balance														
Funds available - December 31	20,219,104	—	17,077,619	—	23,060,758	—	12,723,791	—	8,000,991	—	9,562,295	—	9,211,425	7,252,578
Current year encumbrances	2,955,812	—	1,496,980	—	1,164,157	—	1,593,938	—	992,384	—	1,318,383	—	1,318,383 (b)	1,318,383 (b)
Sales, use and lodgers tax accrual	14,748,915	—	13,133,827	—	13,707,404	—	14,467,465	—	15,197,928	—	16,958,065	—	16,958,065 (b)	16,958,065 (b)
Police/fire sick leave deferra	—	—	—	—	—	—	346,305	—	—	—	—	—	— (b)	— (b)
Adjust investments to fair valu	91,301	—	436,316	—	628,440	—	149,420	—	(21,307)	—	(139,572)	—	(139,572) (b)	(139,572) (b)
Deferred revenues-grant awards	—	—	—	—	—	—	—	—	(90,000)	—	(90,000)	—	(90,000) (b)	(90,000) (b)
Assets not available for appropriation	—	—	—	—	27,169	—	—	—	—	—	—	—	—	—
FUND BALANCE - December 31	\$ 38,015,132	—	\$ 32,144,742	—	\$ 38,587,928	—	\$ 28,934,614	—	\$ 24,426,301	—	\$ 27,609,171	—	\$ 27,258,301	\$ 25,299,454

(a) Source: 2007 Adopted Budget Book

(b) Amounts used for the 2006 and 2007 reconciliation are assumed to be the same as the audited 2005 amount, which management expects will approximate actual results

EXHIBIT B-9

CITY OF AURORA, COLORADO

FORECAST SCHEDULE - GENERAL FUND, POLICY RESERVE FUND AND TABOR RESERVE FUND (a)
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (GAAP BASIS) (unaudited)
 FOR THE YEARS ENDED DECEMBER 31:

	2000	2001	2002	2003	2004	2005	Projected Actual 2006	Projected Actual 2007
REVENUES								
Taxes	\$ 161,167,947	\$ 167,908,642	\$ 170,711,350	\$ 172,943,411	\$ 177,735,020	\$ 190,409,082	\$ 197,726,261	\$ 204,970,169
Charges for services	4,733,638	5,494,548	7,828,923	8,128,459	5,734,870	6,055,827	5,693,973	8,440,237
License and permits	6,005,710	7,140,457	9,394,758	8,902,351	3,512,683	4,760,292	5,537,096	4,605,374
Fines and forfeits	3,438,155	3,976,993	4,117,733	4,547,241	4,492,855	6,280,369	6,700,773	7,132,819
Intergovernmental	10,534,892	10,574,570	10,577,025	10,468,042	10,334,987	9,919,969	10,126,148	10,200,020
Miscellaneous	1,538,179	307,393	494,292	1,304,765	607,601	933,772	742,082	835,906
Investment earnings	4,395,780	4,360,951	2,968,227	1,591,078	1,109,806	1,857,443	2,177,994	2,367,280
Total revenues	191,814,301	199,763,554	206,092,308	207,885,347	203,527,822	220,216,754	228,704,327	238,551,805
EXPENDITURES								
<i>Current</i>								
General government	19,767,785	21,912,079	20,748,773	22,962,760	25,677,571	29,076,385	—	—
Judicial	5,348,338	5,652,744	6,014,746	6,199,550	6,726,991	6,700,195	—	—
Police	51,339,969	54,552,376	55,777,386	58,673,875	59,721,817	62,756,741	—	—
Fire	24,816,174	26,416,519	27,142,172	28,440,321	27,571,139	27,740,259	—	—
Other public safety	—	56,120	1,001,972	4,266,753	8,099,500	8,271,531	—	—
Public works	15,243,777	16,076,666	16,266,044	16,238,226	16,641,995	16,531,139	—	—
Economic development	8,719,143	9,928,287	12,473,284	12,633,602	4,263,256	3,668,660	—	—
Community services	4,051,558	4,437,470	4,430,434	4,699,139	4,748,819	4,313,883	—	—
Culture and recreation	15,181,320	16,663,752	17,034,518	17,531,890	18,677,475	18,490,189	—	—
Budget operating expenditures	—	—	—	—	—	—	185,429,407	198,700,666
<i>Debt service</i>								
Principal	530,474	570,508	519,071	392,362	381,242	262,968	—	—
Interest	47,599	103,566	59,002	29,391	26,989	43,282	—	—
Total debt service	—	—	—	—	—	—	824,326	824,326
Capital outlay	5,687,250	6,357,497	4,558,741	1,626,719	2,676,117	2,628,802	2,716,505	5,220,618
Total expenditures	150,733,387	162,727,584	166,026,143	173,694,588	175,212,911	180,484,034	188,970,238	204,745,610
Excess of revenues over expenditures	41,080,914	37,035,970	40,066,165	34,190,759	28,314,911	39,732,720	39,734,089	33,806,195
Net other financing uses (a)	(38,785,161)	(40,997,569)	(32,513,065)	(43,277,367)	(32,409,772)	(35,884,275)	(39,097,959)	(34,013,327)
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)	3,848,445	636,130	(207,132)
FUND BALANCE - January 1	56,583,254	58,879,007	54,917,408	62,470,508	53,383,900	49,289,039	53,137,484	53,773,614
FUND BALANCE - December 31	\$ 58,879,007	\$ 54,917,408	\$ 62,470,508	\$ 53,383,900	\$ 49,289,039	\$ 53,137,484	\$ 53,773,614	\$ 53,566,482
General Fund	\$ 38,015,132	\$ 32,144,742	\$ 38,587,928	\$ 28,934,614	\$ 24,426,301	\$ 27,609,171	\$ 27,258,301	\$ 25,299,454
Policy Reserve	15,470,863	16,945,903	17,748,259	18,109,610	18,275,311	18,744,164	19,468,164	20,881,023
TABOR Reserve	5,393,012	5,826,763	6,134,321	6,339,676	6,587,427	6,784,149	7,047,149	7,386,005

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

EXHIBIT B-9

CITY OF AURORA, COLORADO

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

	2000		2001		2002		2003		2004		2005		2006	2007
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Projected (a)	Projected (a)
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	\$ 188,648,945	\$ 185,205,938	\$ 197,726,261	\$ 204,970,169
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	4,760,292	3,110,961	5,537,096	4,605,374
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	9,919,966	10,806,128	10,126,148	10,200,020
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	6,055,827	6,136,159	5,693,973	8,440,237
Fines and forfeitures	3,438,155	3,441,115	3,976,992	3,595,965	4,117,734	3,739,800	4,547,241	4,299,360	4,492,855	4,732,230	6,280,369	5,397,854	6,700,773	7,132,819
Investment income	3,501,043	2,760,501	3,553,421	3,775,170	2,725,909	2,710,800	2,415,575	2,919,688	1,581,112	1,463,585	1,866,340	1,440,944	2,177,994	2,367,280
Other revenues (b)	3,213,691	1,335,844	956,462	1,294,332	2,199,095	2,208,100	4,109,157	2,927,029	6,796,043	6,934,843	5,359,923	5,461,471	4,269,689	4,082,504
Total sources	191,461,944	189,239,252	201,089,269	202,385,089	206,981,217	220,874,235	210,754,179	212,027,648	209,547,057	213,826,194	222,891,662	217,559,455	232,231,934	241,798,403
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	8,332,057	8,464,869	—	—
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	4,213,779	4,366,001	—	—
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	5,296,515	5,347,025	—	—
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	20,467,673	21,032,846	—	—
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	30,793,656	31,688,380	—	—
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	109,893,846	110,329,038	—	—
Non-departmental (b)	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	41,615,531	41,271,630	231,595,804	242,005,535
Total uses	192,149,705	196,590,781	202,784,479	208,740,275	199,938,357	204,068,698	220,178,959	228,322,988	213,555,826	218,326,934	220,613,057	222,499,789	231,595,804	242,005,535
Excess (deficiency) of revenue: 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)	2,278,605	(4,940,334)	636,130	(207,132)
FUNDS AVAILABLE - January 1	41,697,267	31,339,866	41,009,506	41,382,296	39,314,296	35,680,000	46,357,156	43,323,692	36,932,376	43,323,692	32,923,607	32,923,607	35,202,212	35,838,342
FUNDS AVAILABLE - December 31	41,009,506	\$ 23,988,337	39,314,296	\$ 35,027,110	46,357,156	\$ 52,485,537	36,932,376	\$ 27,028,352	32,923,607	\$ 38,822,952	35,202,212	\$ 27,983,273	35,838,342	35,631,210
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)	—	(6,885,087)	—	(7,310,645)	(7,649,501)
Budgetary designations	(5,396,000)	—	(4,440,000)	—	(11,118,668)	—	(5,791,519)	—	(2,775,332)	—	(5,509,819)	—	(9,211,425)	(7,252,578)
Funds available - after reservation: and designations	\$ 19,672,654	—	\$ 20,128,946	—	\$ 23,498,163	—	\$ 24,746,452	—	\$ 23,544,984	—	\$ 22,807,306	—	\$ 19,316,272	\$ 20,729,131
Reconciliation to GAAP fund balance														
Funds available - December 31	41,009,506	—	39,314,296	—	46,357,156	—	36,932,376	—	32,923,607	—	35,202,212	—	35,838,342	35,631,210
Current year encumbrances	2,955,812	—	1,496,980	—	1,164,157	—	1,593,938	—	992,384	—	1,318,383	—	1,318,383 (c)	1,318,383 (c)
Sales, use and lodgers tax accrual	14,748,915	—	13,133,827	—	13,707,404	—	14,467,465	—	15,197,928	—	16,958,065	—	16,958,065 (c)	16,958,065 (c)
Police/fire sick leave deferra	—	—	—	—	—	—	—	—	346,305	—	—	—	— (c)	— (c)
Adjust investments to fair value	164,774	—	972,304	—	1,214,622	—	390,121	—	(81,185)	—	(251,176)	—	(251,176) (c)	(251,176) (c)
Deferred revenues-grant awards	—	—	—	—	—	—	—	—	(90,000)	—	(90,000)	—	(90,000) (c)	(90,000) (c)
Assets not available for appropriation	—	—	—	—	27,169	—	—	—	—	—	—	—	—	—
FUND BALANCE - December 31	\$ 58,879,007	—	\$ 54,917,407	—	\$ 62,470,508	—	\$ 53,383,900	—	\$ 49,289,039	—	\$ 53,137,484	—	\$ 53,773,614	\$ 53,566,482

(a) Source: 2007 Adopted Budget Book

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

(c) Amounts used for the 2006 and 2007 reconciliation are assumed to be the same as the audited 2005 amount, which management expects will approximate actual results



DEBT CONTINUING DISCLOSURES (unaudited)

- Exhibit C-1 Summary of Continuing Disclosures by Issue*
- Exhibit C-2 Combined General, TABOR Reserve and Policy Reserve Funds (I) – Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance (GAAP Basis)*
- Exhibit C-3 Combined General, TABOR Reserve and Policy Reserve Funds (I) – Comparative Schedule of Sources, Uses and Changes in Funds Available, Actual and Budget (Non-GAAP Budgetary Basis)*
- Exhibit C-4 Gross General Obligation Debt*
- Exhibit C-5 Aurora Urban Renewal Authority – Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance*
- Exhibit C-6 Aurora Urban Renewal Authority – City Center Urban Renewal Project Area Revenue Statistics*
- Exhibit C-7 Water Fund – Comparative Schedule of Revenues, Expenses and Changes in Net Assets*
- Exhibit C-8 Water Fund – Water System Statistics*
- Exhibit C-9 Water Fund – Subsequent Year Budget Summary*
- Exhibit C-10 Water Fund – Maximum Annual Debt Service Coverage*
- Exhibit C-11 Water Fund – Debt Supported by Water Fund Revenues*
- Exhibit C-12 Sewer Fund – Comparative Schedule of Revenues, Expenses and Changes in Net Assets*
- Exhibit C-13 Sewer Fund – Sewer System Statistics*
- Exhibit C-14 Sewer Fund – Subsequent Year Budget Summary*
- Exhibit C-15 Golf Fund – Comparative Schedule of Revenues, Expenses and Changes in Net Assets*
- Exhibit C-16 Golf Fund – Golf Course Enterprise System Statistics*

EXHIBIT C-1

CITY OF AURORA, COLORADO

**SUMMARY OF CONTINUING DISCLOSURES BY ISSUE (unaudited)
DECEMBER 31, 2006**

**GENERAL OBLIGATION BONDS, SERIES 1998
GENERAL FUND BONDS, SERIES 1999
GENERAL OBLIGATION BONDS, SERIES 2000
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2003
GENERAL OBLIGATION WATER REFUNDING BONDS, SERIES 2003
CERTIFICATES OF PARTICIPATION, SERIES 2000
CERTIFICATES OF PARTICIPATION, SERIES 2002
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2004
CERTIFICATES OF PARTICIPATION, SERIES 2005
CERTIFICATES OF PARTICIPATION, SERIES 2006A-1
CERTIFICATES OF PARTICIPATION, SERIES 2006A-2**

Required Disclosure	Location
General Fund Operating History	Exhibits C-2 and C-3
Sources of Revenues	Statistical Section, Exhibit A-4
Primary Sources of Revenue to the General Fund	Governmental Funds, Statement of Revenues, Expenditures and Changes in Fund Balances
Sales, Use and Lodgers Tax Receipts	Statistical Section, Exhibit A-4
Assessed and Estimated Actual Value of Taxable Property	Statistical Section, Exhibit A-9
Property Tax Levies and Collections	Statistical Section, Exhibit A-12
Ten Principal Real Property Taxpayers	Statistical Section, Exhibit A-11
Mill Levies of Direct and Primary Overlapping Governments	Statistical Section, Exhibit A-10
Authorized, Issued and Outstanding Debt	Schedule of Indebtedness, Exhibit B-1
Long-term Debt Schedules	Schedule of Debt Service Requirements Governmental Activities Business-type Activities, Exhibit B-3
Direct and Overlapping General Obligation Debt	Statistical Section, Exhibit A-15
Historical Summary of Debt Ratios	Statistical Section, Exhibit A-13
Gross General Obligation Debt	Exhibit C-4
Legal Debt Margin	Statistical Section, Exhibit A-16

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

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

GENERAL OBLIGATION WATER REFUNDING BONDS, SERIES 1996

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

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

Required Disclosure	Location
Water Fund Operating History	Exhibit C-7
Water System Statistics	Exhibit C-8
Water Fund Subsequent Year Budget Summary	Exhibit C-9
Debt Supported by Water Fund	Exhibit C-11
Historical Water Revenue Bond Coverage	Statistical Section, Exhibit A-17

EXHIBIT C-1

CITY OF AURORA, COLORADO

**SUMMARY OF CONTINUING DISCLOSURES BY ISSUE (unaudited)
DECEMBER 31, 2006**

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

Required Disclosure	Location
Water Fund Operating History	Exhibit C-7
Water System Statistics	Exhibit C-8
Water Fund Subsequent Year Budget Summary	Exhibit C-9
Maximum Annual Debt Service Coverage	Exhibit C-10
Debt Supported by Water Fund Revenues	Exhibit C-11
Historical Water Revenue Bond Coverage	Statistical Section, Exhibit A-17

**CLEAN WATER REVENUE BONDS, SERIES 1999
FIRST-LIEN SEWER IMPROVEMENT REVENUE BONDS, SERIES 2006**

Required Disclosure	Location
Sewer Fund Operating History	Exhibit C-12
Sewer System Statistics	Exhibit C-13
Sewer Fund Subsequent Year Budget Summary	Exhibit C-14
Historical Sewer Revenue Bond Coverage	Statistical Section, Exhibit A-17

**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 C-12
General Fund Operating History	Exhibits C-2 and C-3
Historical Summary of Debt Ratios	Statistical Section, Exhibit A-17
Property Values	Statistical Section, Exhibit A-9

GOLF COURSE ENTERPRISE SYSTEM REFUNDING REVENUE BONDS, SERIES 2005

Required Disclosure	Location
Golf Fund Operating History	Exhibit C-15
Golf System Statistics	Exhibit C-16
Historical Golf Revenue Bond Coverage	Statistical Section, Exhibit A-17

EXHIBIT C-2

CITY OF AURORA, COLORADO

COMBINED GENERAL, TABOR RESERVE AND POLICY RESERVE FUNDS (a)
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (GAAP BASIS) (unaudited)
 FOR THE YEARS ENDED DECEMBER 31:

	2002	2003	2004	2005	2006
REVENUES					
Taxes	\$ 170,711,350	\$ 172,943,411	\$ 177,735,020	\$ 190,409,082	\$ 198,970,258
Charges for services	7,828,923	8,128,459	5,734,870	6,055,827	5,741,311
License and permits	9,394,758	8,902,351	3,512,683	4,760,292	4,758,928
Fines and forfeits	4,117,733	4,547,241	4,492,855	6,280,369	6,223,958
Intergovernmental	10,577,025	10,468,042	10,334,987	9,919,966	11,601,812
Miscellaneous	494,292	1,304,765	607,601	1,094,871	1,112,129
Investment earnings	2,968,227	1,591,078	1,109,806	1,696,347	2,303,935
Total revenues	<u>206,092,308</u>	<u>207,885,347</u>	<u>203,527,822</u>	<u>220,216,754</u>	<u>230,712,331</u>
EXPENDITURES					
<i>Current</i>					
General government	20,748,773	22,962,760	25,677,571	29,076,385	28,983,843
Judicial	6,014,746	6,199,550	6,726,991	6,700,195	7,083,113
Police	55,777,386	58,673,875	59,721,817	62,756,741	66,807,866
Fire	27,142,172	28,440,321	27,571,139	27,740,259	29,499,789
Other public safety	1,001,972	4,266,753	8,099,500	8,271,531	8,289,912
Public works	16,266,044	16,238,226	16,641,995	16,531,139	18,657,180
Economic development	12,473,284	12,633,602	4,263,256	3,668,660	3,576,436
Community services	4,430,434	4,699,139	4,748,819	4,313,883	3,931,381
Culture and recreation	17,034,518	17,531,890	18,677,475	18,490,189	17,898,708
<i>Debt service</i>					
Principal	519,071	392,362	381,242	262,968	526,135
Interest	59,002	29,391	26,989	43,282	85,640
Capital outlay	4,558,741	1,626,719	2,676,117	2,628,802	5,595,819
Total expenditures	<u>166,026,143</u>	<u>173,694,588</u>	<u>175,212,911</u>	<u>180,484,034</u>	<u>190,935,822</u>
Excess of revenues over expenditures	40,066,165	34,190,759	28,314,911	39,732,720	39,776,509
Net other financing uses (b)	<u>(32,513,065)</u>	<u>(43,277,367)</u>	<u>(32,409,772)</u>	<u>(35,884,275)</u>	<u>(36,275,913)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	7,553,100	(9,086,608)	(4,094,861)	3,848,445	3,500,596
FUND BALANCE - January 1	<u>54,917,408</u>	<u>62,470,508</u>	<u>53,383,900</u>	<u>49,289,039</u>	<u>53,137,484</u>
FUND BALANCE - December 31	<u>\$ 62,470,508</u>	<u>\$ 53,383,900</u>	<u>\$ 49,289,039</u>	<u>\$ 53,137,484</u>	<u>\$ 56,638,080</u>
General Fund	\$ 38,587,928	\$ 28,934,614	\$ 24,426,301	\$ 27,609,171	\$ 31,208,559
Policy Reserve	17,748,259	18,109,610	18,275,311	18,744,164	19,239,541
TABOR Reserve	6,134,321	6,339,676	6,587,427	6,784,149	6,189,980

- (a) This schedule contains the activities of the General Fund, the TABOR Reserve Fund and the Policy Reserve Fund.
- (b) 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 C-3

CITY OF AURORA, COLORADO

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

	2002		2003		2004		2005		2006	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
SOURCES										
Taxes	\$ 170,137,773	\$ 184,242,300	\$ 172,183,351	\$ 176,221,696	\$ 177,004,557	\$ 180,903,576	\$ 188,648,945	\$ 185,205,938	\$ 199,269,031	\$ 193,922,793
Licenses and permits	9,394,758	11,009,000	8,902,351	7,375,642	3,512,683	2,994,878	4,760,292	3,110,961	4,758,928	3,786,572
Intergovernmental	10,577,025	9,061,900	10,468,042	10,358,686	10,424,987	10,650,812	9,919,966	10,806,128	11,601,812	10,563,233
Charges for services	7,828,923	7,902,335	8,128,462	7,925,547	5,734,820	6,146,270	6,055,827	6,136,159	5,741,311	5,472,619
Fines and forfeitures	4,117,734	3,739,800	4,547,241	4,299,360	4,492,855	4,732,230	6,280,369	5,397,854	6,223,958	6,530,773
Investment income	2,725,909	2,710,800	2,415,575	2,919,688	1,581,112	1,463,585	1,866,340	1,440,944	2,324,815	1,737,000
Other revenues	2,199,095	2,208,100	4,109,157	2,927,029	6,796,043	6,934,843	5,262,923	5,527,546	6,064,004	5,531,357
Total sources	<u>206,981,217</u>	<u>220,874,235</u>	<u>210,754,179</u>	<u>212,027,648</u>	<u>209,547,057</u>	<u>213,826,194</u>	<u>222,794,662</u>	<u>217,625,530</u>	<u>235,983,859</u>	<u>227,544,347</u>
USES										
Municipal Court	4,383,307	4,601,156	7,758,292	7,888,379	8,210,957	8,409,444	8,332,057	8,464,869	8,707,232	8,780,095
City Attorney	3,926,905	4,101,712	4,153,348	4,501,297	4,259,378	4,425,616	4,213,779	4,366,001	4,230,779	4,390,134
General Management	10,320,560	11,820,596	11,387,231	11,843,397	6,071,594	6,534,853	5,296,515	5,347,025	4,997,778	5,145,787
Administrative Services	20,757,649	21,145,867	20,245,984	20,386,054	20,696,713	21,346,701	20,467,673	21,032,846	21,724,587	22,183,978
Operations Group Management	31,772,322	32,584,238	33,024,532	33,311,943	30,757,237	31,480,992	30,793,656	31,688,380	31,018,019	31,586,510
Community Services	95,937,639	97,704,368	101,134,022	101,853,392	107,076,146	108,169,793	109,893,846	110,329,038	115,374,727	116,455,464
Non-departmental	32,839,975	32,110,761	42,475,550	48,538,526	36,483,801	37,959,535	41,518,531	41,368,630	46,135,499	46,223,198
Total uses	<u>199,938,357</u>	<u>204,068,698</u>	<u>220,178,959</u>	<u>228,322,988</u>	<u>213,555,826</u>	<u>218,326,934</u>	<u>220,516,057</u>	<u>222,596,789</u>	<u>232,188,621</u>	<u>234,765,166</u>
Excess (deficiency) of revenues over (under) expenditures	7,042,860	16,805,537	(9,424,780)	(16,295,340)	(4,008,769)	(4,500,740)	2,278,605	(4,971,259)	3,795,238	(7,220,819)
FUNDS AVAILABLE - January 1	<u>39,314,296</u>	<u>35,680,000</u>	<u>46,357,156</u>	<u>43,323,692</u>	<u>36,932,376</u>	<u>43,323,692</u>	<u>32,923,607</u>	<u>28,793,933</u>	<u>35,202,212</u>	<u>—</u>
FUNDS AVAILABLE - December 31	<u>46,357,156</u>	<u>\$ 52,485,537</u>	<u>36,932,376</u>	<u>\$ 27,028,352</u>	<u>32,923,607</u>	<u>\$ 38,822,952</u>	<u>35,202,212</u>	<u>\$ 23,822,674</u>	<u>38,997,450</u>	<u>\$ (7,220,819)</u>
Reserved for police	(5,756,571)		(117,137)		—		—		—	
Reserved for emergencies	(5,983,754)		(6,277,268)		(6,603,291)		(6,885,086)		(6,232,127)	
Council designations	(11,118,668)		(5,791,519)		(2,775,332)		(8,493,780)		(13,394,824)	
Funds available - after reservations and designations	<u>\$ 23,498,163</u>		<u>\$ 24,746,452</u>		<u>\$ 23,544,984</u>		<u>\$ 19,823,346</u>		<u>\$ 19,370,499</u>	
Reconciliation to GAAP fund balance										
Funds available - December 31	46,357,156		36,932,376		32,923,607		35,202,212		38,997,450	
Current year encumbrances	1,164,157		1,593,938		992,384		1,318,383		1,298,394	
Sales, use and lodgers tax accrual	13,707,404		14,467,465		15,197,928		16,958,065		16,659,291	
Police/fire sick leave deferral	—		—		346,305		—		—	
Adjust investments to fair value	1,214,622		390,121		(81,185)		(251,176)		(272,055)	
Deferred revenues-grant awards	—		—		(90,000)		(90,000)		(45,000)	
Assets not available for appropriation	<u>27,169</u>		<u>—</u>		<u>—</u>		<u>—</u>		<u>—</u>	
FUND BALANCE - December 31	<u>\$ 62,470,508</u>		<u>\$ 53,383,900</u>		<u>\$ 49,289,039</u>		<u>\$ 53,137,484</u>		<u>\$ 56,638,080</u>	

(a) This schedule contains the activities of the General Fund, the TABOR Reserve Fund, and the Policy Reserve Fund.

(b) Some amounts on this schedule have been reclassified and restated from the presentation in the Comprehensive Annual Financial Reports for consistency.

EXHIBIT C-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 (a)
2002	\$ 131,295,000
2003	121,020,000
2004	108,025,000
2005	96,580,000
2006	84,750,000

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

EXHIBIT C-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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
REVENUES					
<i>Taxes</i>					
Sales	\$ 685,410	\$ 623,922	\$ 564,041	\$ 535,432	\$ 494,607
Property	610,456	486,559	507,352	347,067	297,482
Occupational privilege	—	14,686	22,335	51,950	66,015
Total taxes	1,295,866	1,125,167	1,093,728	934,449	858,104
Investment income	22,578	10,894	13,012	35,664	60,930
Total revenues	<u>1,318,444</u>	<u>1,136,061</u>	<u>1,106,740</u>	<u>970,113</u>	<u>919,034</u>
EXPENDITURES					
<i>Current</i>					
Economic development	7,324	2,500	2,500	2,546	3,036
<i>Debt Service</i>					
Principal	270,000	285,000	300,000	320,000	335,000
Interest	124,252	109,942	94,695	78,195	60,275
Total expenditures	<u>401,576</u>	<u>397,442</u>	<u>397,195</u>	<u>400,741</u>	<u>398,311</u>
Excess of revenues over expenditures	916,868	738,619	709,545	569,372	520,723
OTHER FINANCING USES					
Transfers out	<u>(867,400)</u>	<u>(1,050,000)</u>	<u>(850,000)</u>	<u>(400,000)</u>	<u>(650,000)</u>
Total other financing uses	<u>(867,400)</u>	<u>(1,050,000)</u>	<u>(850,000)</u>	<u>(400,000)</u>	<u>(650,000)</u>
CHANGE IN FUND BALANCE	49,468	(311,381)	(140,455)	169,372	(129,277)
FUND BALANCE - January 1	<u>1,459,495</u>	<u>1,508,963</u>	<u>1,197,582</u>	<u>1,057,127</u>	<u>1,226,499</u>
FUND BALANCE - December 31	<u>\$ 1,508,963</u>	<u>\$ 1,197,582</u>	<u>\$ 1,057,127</u>	<u>\$ 1,226,499</u>	<u>\$ 1,097,222</u>

EXHIBIT C-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 (a)
2002	\$ 685,410
2003	623,922
2004	564,041
2005	535,432
2006	515,350

- (a) 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.

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

Assessment Year	Collection Year	Incremental Assessed Valuation	Property Tax Collected
2001	2002	\$ 8,168,440	\$ 610,456
2002	2003	6,685,640	486,559
2003	2004	5,813,860	507,352
2004	2005	4,720,910	347,067
2005	2006	5,164,460	297,482

(continued)

EXHIBIT C-6

CITY OF AURORA, COLORADO

AURORA URBAN RENEWAL AUTHORITY

CITY CENTER URBAN RENEWAL PROJECT AREA REVENUE STATISTICS (unaudited)

DECEMBER 31, 2006

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

Overlapping Entities	2001/02	2002/03	2003/04	2004/05	2005/06
City of Aurora	12.193	11.409	11.161	11.079	10.958
Arapahoe County	14.028	14.594	14.140	15.450	15.421
Aurora Public School District	49.978	49.825	47.964	47.003	45.824
Urban Drainage and Flood Control	0.521	0.602	0.538	0.532	0.542
	<u>76.720</u>	<u>76.430</u>	<u>73.803</u>	<u>74.064</u>	<u>72.745</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
Sports Authority	Sporting Goods	55,080
Black Eyed Pea	Restaurant	5,280
ADT Security Systems	Security Services	233,000
Century Theaters	Movie Theater	58,696
Denver School of Massage Therapy	School	18,884
Little Debbie's Dream Child Care	Daycare and Church	12,037

(concluded)

EXHIBIT C-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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
OPERATING REVENUES					
<i>Charges for services</i>					
Customers	\$ 39,572,229	\$ 40,503,938	\$ 50,527,062	\$ 64,192,968	\$ 74,797,433
Fire protection	365,107	384,297	397,651	410,865	—
Total operating revenues	<u>39,937,336</u>	<u>40,888,235</u>	<u>50,924,713</u>	<u>64,603,833</u>	<u>74,797,433</u>
OPERATING EXPENSES					
Cost of sales and services	20,899,356	27,317,673	33,998,912	42,022,670	39,238,083
Administrative expenses	1,062,065	1,376,473	1,215,720	3,143,921	3,576,677
Depreciation	7,704,258	6,662,885	7,081,010	7,401,865	8,901,048
Total operating expenses	<u>29,665,679</u>	<u>35,357,031</u>	<u>42,295,642</u>	<u>52,568,456</u>	<u>51,715,808</u>
Operating income	<u>10,271,657</u>	<u>5,531,204</u>	<u>8,629,071</u>	<u>12,035,377</u>	<u>23,081,625</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	4,083,444	1,869,029	2,198,891	4,231,540	10,425,346
Intergovernmental revenue	—	—	—	142,493	265,024
Miscellaneous revenue	36,954	198,638	77,764	63,488	241,851
Interest expense	(3,847,047)	(4,226,163)	(4,573,056)	(6,438,629)	(9,222,064)
Amortization expense	(561,349)	(1,022,047)	(28,366)	168,967	205,392
Gain (loss)-disposal capital assets	22,148	(425,383)	51,317	336,550	75,735
Gain (loss)-joint venture	(58,565)	(39,052)	(34,478)	(34,779)	(35,817)
Net non-operating revenues (expenses)	<u>(324,415)</u>	<u>(3,644,978)</u>	<u>(2,307,928)</u>	<u>(1,530,370)</u>	<u>1,955,467</u>
NET INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS					
	9,947,242	1,886,226	6,321,143	10,505,007	25,037,092
Capital contributions	35,104,621	32,656,102	45,349,567	68,005,757	72,727,889
Transfers in	2,529,927	—	—	200,000	—
Transfers out	(2,541,372)	—	—	—	—
INCREASE IN NET ASSETS	<u>45,040,418</u>	<u>34,542,328</u>	<u>51,670,710</u>	<u>78,710,764</u>	<u>97,764,981</u>
NET ASSETS - January 1	<u>411,912,674</u>	<u>456,953,092</u>	<u>491,495,420</u>	<u>543,166,130</u>	<u>621,876,894</u>
NET ASSETS - December 31	<u>\$ 456,953,092</u>	<u>\$ 491,495,420</u>	<u>\$ 543,166,130</u>	<u>\$ 621,876,894</u>	<u>\$ 719,641,875</u>

EXHIBIT C-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 (a)	Total Miles of Water Pipe	Millions Gallons Supplied	Daily Average Consumption (in Millions of Gallons)	Metered Sales
2002	65,933	1,102	16,790	46.0	36,986,939
2003	67,953	1,151	13,090	35.9	37,652,070
2004	70,709	1,217	13,400	36.7	47,440,932
2005	73,723	1,267	15,116	41.4	55,989,979
2006	76,240	1,316	15,994	43.8	67,915,709

(a) Includes inactive and stubbed taps.

System Raw Supply, Outflow and Storage (acre feet)

Year	Gross Raw Water System Yield (b)	Lease Water Purchases	Outflow (c)	End of Year Storage (d)
2002	21,923	—	64,172	41,783
2003	74,079	9,242	56,266	68,838
2004	61,785	21,398	61,211	90,810
2005	63,474	12,368	70,064	96,588
2006	72,774	2,000	69,676	101,686

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

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

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

(continued)

EXHIBIT C-8

CITY OF AURORA, COLORADO

WATER FUND

WATER SYSTEM STATISTICS (unaudited)

DECEMBER 31, 2006

The Enterprise classifies its System customers as business, residential and other. A breakdown of the usage and revenues for 2006 is as follows:

2006 Water Usage and Revenues by Classification

Classification	Percent of Consumption	Percent of Billed
Business	17%	18%
Residential	64%	65%
Other (a)	<u>19%</u>	<u>17%</u>
	<u>100%</u>	<u>100%</u>

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

Customers by Class (b)

	2004	2005	2006
Apartments	1,617	1,653	1,678
Commercial	2,714	2,753	2,804
Residential	60,039	61,658	63,103
Townhouse	3,793	4,055	4,521
Irrigation	823	828	820
Total	<u>68,986</u>	<u>70,947</u>	<u>72,926</u>

(b) Excludes tertiary, hydrant, raw, and well water customers. It also excludes inactive and stubbed taps.

(continued)

EXHIBIT C-8

CITY OF AURORA, COLORADO

WATER FUND

WATER SYSTEM STATISTICS (unaudited)

DECEMBER 31, 2006

The following table sets forth the ten largest consumers of the Water System, which, in aggregate, accounted for 8.4% of the total billed metered water sales in 2006.

Ten Largest Treated Water Customers of Water System

Customer	Consumption (a)	Billed Revenues
City of Aurora	436,455	\$ 2,083,439
Aurora Public Schools	231,430	977,856
Heather Gardens HOA	134,846	545,431
Buckley Air Force Base	128,426	518,079
Cherry Creek School District	139,659	579,835
ERP Operating, LP	56,467	228,461
Heat Campus	48,248	224,657
United Dominion Realty Trust	43,543	175,212
Conservatory Metropolitan District	43,112	221,237
AOF/Riverfalls Afford Housing	42,708	172,159
	<u>1,304,894</u>	<u>\$ 5,726,366</u>

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

(continued)

EXHIBIT C-8

CITY OF AURORA, COLORADO

WATER FUND

WATER SYSTEM STATISTICS (unaudited)

FOR THE YEARS ENDED DECEMBER 31:

Monthly Service Charge (a)

	2004	2005	2006
Meter Size			
5/8" & 3/4"	\$ 3.79	\$ 3.79	\$ 4.24
1"	5.20	5.20	5.82
1 1/4"	5.20	5.20	5.82
1 1/2"	8.34	8.34	9.34
2"	12.13	12.13	13.59
3"	24.04	24.04	26.92
4"	64.83	64.83	72.61
6"	127.59	127.59	142.90
8"	158.98	158.98	178.06

Base Use Rates per 1,000 Gallons (a)

	2004	2005	2006
Type of Account			
Single Family Detached	\$ 2.69	\$ 3.61	\$ 4.04
Single Family Attached	2.69	3.61	4.04
Multi-Family	2.69	3.61	4.04
Commercial	2.69	3.61	4.04
Irrigation	3.23	4.33	4.85

Water Service Connection Fee

	2004	2005	2006
Type and Size of Connection			
Single Family Detached			
5/8" & 3/4"	\$ 10,925	\$ 14,858	\$ 16,641
1"	21,850	29,716	33,282
Single Family Attached			
	7,757	10,549	11,815
Multi-Family			
	6,445	8,766	9,818
Commercial			
5/8" & 3/4"	10,925	14,858	16,641
1"	18,922	25,734	28,822
1 1/2"	43,603	59,298	66,414
2"	77,438	105,314	117,952
3"	174,113	236,789	265,204
4"	309,753	421,256	471,807
6"	697,191	948,162	1,061,941
8"	1,239,642	1,685,879	1,888,184

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

(continued)

EXHIBIT C-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
2002	17,927,280	704,621	18,631,901
2003	22,718,429	1,106,648	23,825,077
2004	33,386,310	1,340,203	34,726,513
2005	49,843,267	1,086,766	50,930,033
2006	45,585,338	767,579	46,352,917

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

	2002	2003	2004	2005	2006
Average Daily Treatment	48.4	37.2	38.2	43.7	43.8
Average Daily Consumption	45.9	35.9	36.6	41.4	43.8
Peak Day Treatment	94.2	76.2	74.3	97.5	94.4
Peak Day Consumption	86.8	71.4	73.0	95.8	90.5

(concluded)

EXHIBIT C-9

CITY OF AURORA, COLORADO

**WATER FUND
SUBSEQUENT YEAR BUDGET SUMMARY (unaudited)
DECEMBER 31, 2006**

**Water Fund Adopted Budget
2007**

Funds Available - January 1	\$ 91,359,621
Sources	
Proceeds from borrowings	130,000,000
Charges for Services	86,391,914
Licenses and Permits	65,933
Investment Income	5,149,359
Other Revenues	33,235,824
Proceeds - Sale of Fixed Assets	56,596
Total Sources	254,899,626
Uses	
Personal Services	16,969,458
Supplies and Services	30,523,457
Interfund Charges	1,355,801
Debt Related	28,528,878
Capital Related	2,666,949
Capital Projects	137,410,975
Total Uses	217,455,518
Funds Available - December 31	<u>\$ 128,803,729</u>

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

	2004	2005	2006
Net Pledged Revenue			
Charges for Services	\$50,919,297	\$64,603,833	\$74,797,433
Development Fee (a)	33,647,868	50,070,831	45,892,609
Other Non-Operating Revenue (b)	3,372,033	5,895,259	9,999,700
(Less) Operations and Maintenance	(42,295,642)	(52,568,456)	(51,715,808)
Depreciation	7,081,010	7,401,865	8,901,048
Total	<u>\$52,724,566</u>	<u>\$75,403,332</u>	<u>\$87,874,982</u>
Maximum Annual Debt Service			
First-Lien Revenue Obligations (c)	\$13,122,773	\$13,122,773	\$13,122,773
Combined First-Lien Revenue Obligations and Second-Lien Revenue Obligations (d)	14,771,662	14,771,662	14,771,662
All Obligations Secured by Net Pledged Revenue (e)	15,479,081	15,479,081	15,479,081
All Obligations Payable From System Revenues (f)	22,580,482	22,580,482	22,580,482
Coverage			
First-Lien Revenue Obligations	4.02	5.75	6.70
Combined First-Lien Revenue Obligations and Second-Lien Revenue Obligations	3.57	5.10	5.95
All Obligations Secured by Net Pledged Revenues	3.41	4.87	5.68
All Obligations Payable from Systems Revenues	2.33	3.34	3.89

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

EXHIBIT C-11

CITY OF AURORA, COLORADO

WATER FUND

DEBT SUPPORTED BY WATER FUND REVENUES (unaudited)

DECEMBER 31, 2006

	<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	\$ 50,765,000
CWRPDA Drinking Water Revenue Bonds, Series 1999A	05/01/99	14,999,899	4.75% - 4.875%	08/01/14	8,796,005
CWRPDA Water Resources Revenue Bonds, Series 2005D	09/29/05	100,000,000	3.20% - 5.00%	Aug 2011-2035	100,000,000
Total First-Lien Water Revenue Obligations:					<u>\$ 159,561,005</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	\$ 5,605,168
R/B-I-One & R/B-I-Two Water Rights Notes	11/19/99	503,112	5.00%	11/19/09	150,934
Total Subordinate-Lien Water Revenue Obligations:					<u>\$ 5,756,102</u>
General Obligation Water Refunding Bonds (a)					
G.O. Water Refunding Bonds, Series 2003	10/01/03	\$ 62,775,000	2.00% - 4.00%	11/01/14	\$ 43,910,000
Total General Obligation Water Refunding Bonds:					<u>\$ 43,910,000</u>
Total					<u>\$ 249,227,107</u>

(a) 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 C-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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
OPERATING REVENUES					
Charges for services	\$ 24,252,421	\$ 25,580,371	\$ 26,327,715	\$ 29,059,182	\$ 33,286,941
Total operating revenues	<u>24,252,421</u>	<u>25,580,371</u>	<u>26,327,715</u>	<u>29,059,182</u>	<u>33,286,941</u>
OPERATING EXPENSES					
Cost of sales and services	18,445,740	20,538,865	21,186,499	23,834,605	25,063,774
Administrative expenses	572,889	437,459	620,376	789,059	1,067,007
Depreciation	<u>3,276,174</u>	<u>3,550,451</u>	<u>4,211,508</u>	<u>4,634,877</u>	<u>5,527,402</u>
Total operating expenses	<u>22,294,803</u>	<u>24,526,775</u>	<u>26,018,383</u>	<u>29,258,541</u>	<u>31,658,183</u>
Operating income	<u>1,957,618</u>	<u>1,053,596</u>	<u>309,332</u>	<u>(199,359)</u>	<u>1,628,758</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	1,868,038	936,271	735,528	984,779	3,812,115
Miscellaneous revenue	5,160	6,956	84,538	34,224	741,219
Interest expense	—	(180,069)	(175,542)	(652,990)	(1,879,993)
Amortization expense	(20,241)	(8,206)	(8,206)	(8,206)	8,053
Gain (loss)-disposal capital assets	<u>(352,331)</u>	<u>(168,428)</u>	<u>45,728</u>	<u>(120,634)</u>	<u>69,100</u>
Net non-operating revenues (expenses)	<u>1,500,626</u>	<u>586,524</u>	<u>682,046</u>	<u>237,173</u>	<u>2,750,494</u>
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS					
	3,458,244	1,640,120	991,378	37,814	4,379,252
Capital contributions	18,222,827	19,050,164	21,860,597	28,391,467	40,129,367
Transfers in	1,059,955	—	—	—	—
Transfers out	<u>(1,050,948)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
INCREASE IN NET ASSETS	21,690,078	20,690,284	22,851,975	28,429,281	44,508,619
NET ASSETS - January 1	<u>211,720,822</u>	<u>233,410,900</u>	<u>254,101,184</u>	<u>276,953,159</u>	<u>305,382,440</u>
NET ASSETS - December 31	<u>\$ 233,410,900</u>	<u>\$ 254,101,184</u>	<u>\$ 276,953,159</u>	<u>\$ 305,382,440</u>	<u>\$ 349,891,059</u>

EXHIBIT C-13

CITY OF AURORA, COLORADO

SEWER FUND

SEWER SYSTEM STATISTICS (unaudited)

DECEMBER 31, 2006

The Sewer System classifies its customers as business and residential.
A breakdown of the usage and revenues for 2006 is as follows:

2006 Sewer Usage and Revenues by Classification

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

The following table sets forth the ten largest customers of the Sewer System, which, in aggregate, accounted for 4.2% of total billed Sewer revenues in 2006.

Ten Largest Customers of the Sewer System

Customer	Billed Revenues
Heather Gardens HOA	\$150,122
Buckley Air Force Base	129,344
AOF/Riverfalls Afford Housing	84,113
Aurora Public Schools	84,052
ERP Operating, LP	82,561
United Dominion Realty Trust	60,964
Aurora Meadows Apts	58,629
Ridge Hill Apts	55,428
Bascom East Tennessee Apts, LLC	50,483
Elk Ridge LP	<u>50,257</u>
	<u>\$805,953</u>

(continued)

EXHIBIT C-13

CITY OF AURORA, COLORADO

SEWER FUND

SEWER SYSTEM STATISTICS (unaudited)

DECEMBER 31, 2006

Monthly Service Charge

Meter Size	Monthly Service Charge
5/8" and 3/4"	\$2.16
1" & 1 1/4"	5.41
1 1/2"	10.82
2"	17.30
3"	37.88
4"	108.25
6"	216.53

Sanitary Sewer Tap Fees (a)

Service Size (inches)	Single Family Detached	Single Family Attached (per unit)	Multi-Family (per unit)	Commercial
N/A	\$1,974	\$1,599	\$1,540	\$ —
5/8	—	—	—	—
3/4	—	—	—	3,751
1	—	—	—	8,883
1 1/2	—	—	—	21,714
2	—	—	—	39,480
3	—	—	—	82,908
4	—	—	—	150,024
6	—	—	—	(a)
8	—	—	—	(a)

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

(continued)

EXHIBIT C-13

CITY OF AURORA, COLORADO

SEWER FUND

SEWER SYSTEM STATISTICS (unaudited)

DECEMBER 31, 2006

Sewer Tap and Development Fee Revenues

Year	Tap Fee Revenue	Development Fee Revenue	Total Tap and Development Fees
2002	\$ 3,743,531	\$ 1,093,053	\$ 4,836,584
2003	4,293,005	1,244,680	5,537,686
2004	5,095,675	1,997,929	7,093,604
2005	7,845,409	2,760,020	10,605,429
2006	6,471,895	1,693,814	8,165,709

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 \$2,012 per acre storm drainage development fee at the time building permits are issued. The storm drainage fee is \$5.18 per month for single family detached and individually metered single family attached dwellings. The storm drainage fee is \$5.18 per month plus \$4.09 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 \$5.18 per month for the first 2,500 square feet of gross floor space plus \$4.09 for each additional 2,500 square feet of gross floor space or portion thereof.

(concluded)

EXHIBIT C-14

CITY OF AURORA, COLORADO

SEWER FUND

SUBSEQUENT YEAR BUDGET SUMMARY (unaudited)

DECEMBER 31, 2006

**Sewer Fund Adopted Budget
2007**

Funds Available - January 1	<u>\$ 65,199,719</u>
Sources of funds	
Charges for Services	40,577,588
Investment Income	1,302,421
Other revenues	7,940,304
Proceeds - Sale of Fixed Assets	11,661
Transfers in	<u>256,000</u>
Total sources	50,087,974
Uses of funds	
Operating expenditures	33,127,307
Debt related	4,652,420
Capital projects	<u>30,222,802</u>
Total uses	<u>68,002,529</u>
Change in funds available	(17,914,555)
Funds Available - December 31	47,285,164
Principal receivable - loan to Golf	<u>256,000</u>
Adjusted funds available - December December 31	<u><u>\$ 47,541,164</u></u>

EXHIBIT C-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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
OPERATING REVENUES					
Charges for services	\$ 9,174,718	\$ 8,205,072	\$ 8,266,180	\$ 8,737,191	\$ 9,055,305
Total operating revenues	<u>9,174,718</u>	<u>8,205,072</u>	<u>8,266,180</u>	<u>8,737,191</u>	<u>9,055,305</u>
OPERATING EXPENSES					
Cost of sales and services	6,477,046	6,441,702	6,557,854	6,367,066	6,667,457
Administrative expenses	791,437	760,487	823,768	928,317	1,121,135
Depreciation	995,763	936,666	957,928	938,285	950,171
Total operating expenses	<u>8,264,246</u>	<u>8,138,855</u>	<u>8,339,550</u>	<u>8,233,668</u>	<u>8,738,763</u>
Operating income (loss)	<u>910,472</u>	<u>66,217</u>	<u>(73,370)</u>	<u>503,523</u>	<u>316,542</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	161,467	69,095	54,160	124,660	120,056
Miscellaneous revenue	17,184	276,457	38,989	29,645	55,752
Interest expense	(685,294)	(592,380)	(546,951)	(616,670)	(463,909)
Amortization expense	(12,943)	(12,942)	(12,943)	(6,706)	(13,412)
Gain (loss)-disposal capital assets	5,277	(62,436)	—	(6,394)	1,753
Net non-operating expenses	<u>(514,309)</u>	<u>(322,206)</u>	<u>(466,745)</u>	<u>(475,465)</u>	<u>(299,760)</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS					
CONTRIBUTIONS AND TRANSFERS	396,163	(255,989)	(540,115)	28,058	16,782
Capital contributions	241,160	159,630	356,156	165,600	108,600
Transfers in	—	—	—	—	—
Transfers out	—	(9,970)	—	—	—
INCREASE (DECREASE) IN NET ASSETS	<u>637,323</u>	<u>(106,329)</u>	<u>(183,959)</u>	<u>193,658</u>	<u>125,382</u>
TOTAL NET ASSETS - January 1	<u>24,162,505</u>	<u>24,799,828</u>	<u>24,693,499</u>	<u>24,509,540</u>	<u>24,703,198</u>
TOTAL NET ASSETS - December 31	<u>\$ 24,799,828</u>	<u>\$ 24,693,499</u>	<u>\$ 24,509,540</u>	<u>\$ 24,703,198</u>	<u>\$ 24,828,580</u>

EXHIBIT C-16

CITY OF AURORA, COLORADO

GOLF FUND

GOLF COURSE ENTERPRISE SYSTEM STATISTICS (unaudited)

DECEMBER 31, 2006

Golf Course System Usage

Course	2002	2003	2004	2005	2006
Meadow Hills	59,328	54,207	53,639	54,911	54,721
Aurora Hills	60,162	56,657	51,149	54,870	55,050
Springhill	45,240	42,072	44,630	44,466	42,887
Centre Hills	34,470	30,111	30,530	31,681	27,656
Saddle Rock	39,168	34,933	38,091	37,746	38,751
Fitzsimons	46,368	45,012	38,863	36,237	41,501
Murphy Creek	35,276	29,449	34,691	36,457	34,916

2006 Green Fee Rates

	Saddle Rock	Murphy Creek	Meadow Hills	Aurora Hills	Fitzsimon (a), (b)	Spring- hill	Centre Hills (c)
18-Hole Resident - Weekday	\$33.00	\$31.00	\$26.00	\$22.00	\$20.00	\$19.00	\$12.25
18-Hole Resident - Weekend	42.00	40.00	31.00	24.00	22.00	21.00	13.50
18-Hole Non-Resident - Weekday	35.00	33.00	28.00	24.00	22.00	21.00	14.50
18-Hole Non-Resident - Weekend	42.00	40.00	31.00	26.00	24.00	23.00	17.50
18-Hole Junior - Weekday	19.00	17.00	14.00	12.00	12.00	11.00	8.00
18-Hole Junior - Weekend	21.00	20.00	16.00	13.00	13.00	12.00	8.00
18-Hole Resident Senior - Weekday	23.00	21.00	17.00	15.00	14.00	13.00	9.00
9-Hole Resident - Weekday	16.50	15.50	13.00	11.00	10.50	10.00	6.75
9-Hole Resident - Weekend	21.00	20.00	15.50	12.00	11.50	11.00	7.50
9-Hole Non-Resident - Weekday	17.50	16.50	14.00	13.00	12.50	11.50	8.00
9-Hole Non-Resident - Weekend	21.00	20.00	15.50	14.00	14.00	13.00	9.50
9-Hole Junior - Weekday	9.50	8.50	7.00	6.50	6.00	5.50	4.50
9-Hole Junior - Weekend	10.50	10.00	8.00	7.50	7.00	6.50	4.50
9-Hole Resident Senior - Weekday	11.50	10.50	8.50	8.00	7.00	6.50	5.00

- (a) Fitzsimons Golf Course continuing annual members \$450/year and \$2.50/9 holes.
- (b) 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.
- (c) The Centre Hills Golf Course is a 9-hole course. The 18-hole fee is approximately the total cost to play the 9-hole course twice on the same day.

Front Cover Photos

Top to Bottom

Florence Square

Tallyn's Reach Library

Southlands Shopping Center



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