

City of Aurora, Colorado

Single Audit Reports

Year Ended December 31, 2011

City of Aurora, Colorado
Year Ended December 31, 2011

Contents

Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards.....	8
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10
Independent Accountants' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Schedule of Expenditures of Federal Awards.....	12
Schedule of Findings and Questioned Costs.....	15
Summary Schedule of Prior Audit Findings	17

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Department of Agriculture</u>			
Passed through from the Colorado Department of Public Health and Environment:			
Child and Adult Care Food Program	10.558	FLA CFP11000001	\$ 9,715
Total 10.558			<u>9,715</u>
Total Department of Agriculture			<u>9,715</u>
<u>Department of Commerce</u>			
Direct payments:			
Public Works and Economic Development Cluster			
Economic Adjustment Assistance	11.307	N/A	403,299
Total Public Works and Economic Development Cluster			<u>403,299</u>
Total Department of Commerce			<u>403,299</u>
<u>Department of Defense (Defense Supply Service - Washington, U.S. Army)</u>			
Direct payments:			
Environmental Services Cooperative Agreement - Fitzsimons Landfill	12.000	N/A	11,950
Total 12.000			<u>11,950</u>
Total Department of Defense (Defense Supply Service - Washington, U.S. Army)			<u>11,950</u>
<u>Department of Housing and Urban Development</u>			
Direct payments:			
Housing Counseling Assistance Program	14.169	N/A	40,828
Total 14.169			<u>40,828</u>
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/ Entitlement Grants	14.218	N/A	2,385,122
Community Development Block Grants- Neighborhood Stabilization Program	14.218	N/A	808,486
Community Development Block Grants- Neighborhood Stabilization Program (NSP 3)	14.218	N/A	901,915
Total 14.218			<u>4,095,523</u>
ARRA - Community Development Block Grant Entitlement Grants (CDBG-R)	14.253	N/A	49,832
Total 14.253			<u>49,832</u>
Total CDBG Entitlement Grants Cluster			<u>4,145,355</u>

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Department of Housing and Urban Development (continued)</u>			
CDBG - State-Administered Small Cities Program Cluster			
Passed through from the Colorado Department of Local Affairs:			
Community Development Block Grants/State's Program	14.228	H0NSP09301	144,361
Total CDBG- State-Administered Small Cities Program Cluster			<u>144,361</u>
Direct payments:			
Emergency Shelter Grants Program - Arapahoe House, Inc.	14.231	N/A	2,919
Emergency Shelter Grants Program - Comitis Crisis Center	14.231	N/A	28,579
Emergency Shelter Grants Program - Gateway Battered Women's Shelter	14.231	N/A	40,497
Total 14.231			<u>71,995</u>
HOME Investment Partnerships Program	14.239	N/A	1,735,028
Total 14.239			<u>1,735,028</u>
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	N/A	370,937
Total 14.257			<u>370,937</u>
Total Department of Housing and Urban Development			<u>6,508,504</u>
<u>Department of Justice</u>			
Direct payments:			
MGTF Support - FBI/DEA (Memorandum of Understanding)	16.000	N/A	1,258
Total 16.000			<u>1,258</u>
Passed through from the City of Colorado Springs, Colorado:			
Missing Children's Assistance	16.543	None	9,159
Total 16.543			<u>9,159</u>
Direct payments:			
Edward Byrne Memorial Formula Grant Program (Organized Crime Drug Enforcement Task Force)	16.579	N/A	78,288
Edward Byrne Memorial Formula Grant Program (Fugitive Task Force)	16.579	N/A	23,504
Edward Byrne Memorial Formula Grant Program (Denver Innocent Images Task Force)	16.579	N/A	15,739
Total 16.579			<u>117,531</u>

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Department of Justice (continued)</u>			
Passed through from the Colorado Department of Justice:			
Community Prosecution and Project Safe Neighborhoods (Metro Gang Task Force PSN)	16.609	29-CP-4-2-1	23,800
Community Prosecution and Project Safe Neighborhoods (Metro Gang Task Force PSN)	16.609	10-CP-04-2-3	51,035
Total 16.609			<u>74,835</u>
Direct payments:			
Public Safety Partnership and Community Policing Grants (Secure Our Schools)	16.710	N/A	73,228
Total 16.710			<u>73,228</u>
Justice Assistance Grant Program Cluster			
Edward Byrne Memorial Justice Assistance Grant Program (Local Solicitant)	16.738	N/A	93,715
Edward Byrne Memorial Justice Assistance Grant Program (Metro Area Adams JAG Grant)	16.738	N/A	824
Edward Byrne Memorial Justice Assistance Grant Program (FY2008/2009)	16.738	N/A	138,430
Passed through from the Colorado Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program (Power Up Youth Intervention)	16.738	10-DJ-5-45-1	161,070
Edward Byrne Memorial Justice Assistance Grant Program (Youth Development and Gang Reduction)	16.738	1-DJ-3-44-1	18,414
Edward Byrne Memorial Justice Assistance Grant Program (Power Up Youth Intervention)	16.738	11-DJ-5-45-2	2,318
Total 16.738			<u>414,771</u>
Direct payments:			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	N/A	32,443
Passed through from the Colorado Department of Justice:			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	2009-SU-B9-0020	9,221
Total 16.803			<u>41,664</u>
Direct payments:			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to Units of Local Government	16.804	N/A	144,660
Total 16.804			<u>144,660</u>
Total Justice Assistance Grant Program Cluster			<u>601,095</u>
Total Department of Justice			<u>877,106</u>

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Department of Transportation</u>			
Highway Planning and Construction Cluster			
Passed through from the Colorado Department of Transportation:			
Highway Planning and Construction (DRCOGS Transportation Signal System Improvement Program)	20.205	M055-020	348,852
Highway Planning and Construction (Sable/Alameda Intersection)	20.205	M055-022	498,079
ARRA - Highway Planning and Construction (Colfax/17th Avenue Phase 2)	20.205	09 HA6 00107	5,856,363
Highway Planning and Construction (Colfax/17th Avenue Earmark Supplemental)	20.205	ES6 2254-079 (17308)	2,292,797
Highway Planning and Construction (Mississippi/Potomac Improvements)	20.205	M055-024	133,255
Highway Planning and Construction (Colfax/17th Avenue Earmark Supplemental)	20.205	STU2254-083 (17719)	40,093
Total Highway Planning and Construction Cluster			<u>9,169,439</u>
Federal Transit Cluster			
Passed through from the Colorado Department of Transportation:			
Federal Transit_Formula Grants (Florida Light Rail Station Study)	20.507	2008-011	2,272
Total Federal Transit Cluster			<u>2,272</u>
Highway Safety Cluster			
Passed through from the Colorado Department of Transportation:			
State and Community Highway Safety (Twist Campaign)	20.600	211012274	23,994
State and Community Highway Safety	20.600	211011777	44,291
Total 20.600			<u>68,285</u>
Alcohol Impaired Driving Countermeasures Incentive Grants(DUI Memorandum of Understanding)	20.601	211012734	25,000
Total 20.601			<u>25,000</u>
Total Highway Safety Cluster			<u>93,285</u>
Total Department of Transportation			<u>9,264,996</u>

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Department of Treasury</u>			
Direct payments:			
Alcohol, Tobacco, and Firearms Memorandum of Understanding	21.000	N/A	52,354
Passed through from the Colorado Housing Finance Authority:			
Neighborhood Reinvestment Corporation (DBA Neighbor Works America)	21.000	PL 110-161:95X1350	53,780
Total 21.000			<u>106,134</u>
Total Department of Treasury			<u>106,134</u>
<u>National Endowment for the Arts</u>			
Direct payments:			
Promotion of the Humanities_Public Programs (The African American Baseball Experience)	45.164	N/A	971
Total 45.164			<u>971</u>
Total National Endowment for the Arts			<u>971</u>
<u>Small Business Administration</u>			
Passed through from the South Metro Denver Chamber of Commerce:			
Small Business Development Centers	59.037	2011 #603001-Z-0012	293
Total 59.037			<u>293</u>
Total Small Business Administration			<u>293</u>
<u>Environmental Protection Agency</u>			
Direct payments:			
Brownfields Training, Research and Technical Assistance Grant and Cooperative Agreements	66.814	N/A	20,789
Total 66.814			<u>20,789</u>
ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	60,331
Total 66.818			<u>60,331</u>
Total Environmental Protection Agency			<u>81,120</u>
<u>Department of Energy</u>			
Direct payments:			
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis (Local Energy Assurance)	81.122	N/A	103,085
Total 81.122			<u>103,085</u>
ARRA - Energy Efficiency & Conservation Block Grant Program	81.128	N/A	1,743,284
ARRA - Energy Efficiency & Conservation Block Grant Program	81.128	N/A	(97,990) *
Total 81.128			<u>1,645,294</u>
Total Department of Energy			<u>1,748,379</u>

* Returned Funding

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Department of Health and Human Services</u>			
Passed through from the Tri County Health Department:			
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement	93.724	CPPW2010-014	118,285
Total 93.724			<u>118,285</u>
Total Department of Health and Human Services			<u>118,285</u>
<u>Office of National Drug Control Policy</u>			
Direct payments:			
Front Range High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	N/A	242,631
High Intensity Drug Trafficking Areas Program (HIDTA) Intelligence	95.001	N/A	224,378
High Intensity Drug Trafficking Areas Program (HIDTA) FY2009 MGTF	95.001	N/A	85,609
High Intensity Drug Trafficking Areas Program (HIDTA) FY2010 MGTF	95.001	N/A	12,083
High Intensity Drug Trafficking Areas Program (HIDTA) FY2011 MGTF	95.001	N/A	414,192
Passed through from City of Denver HIDTA:			
Front Range Task Force	95.001	None	12,573
Computer Forensics Labs	95.001	None	8,567
Total 95.001			<u>1,000,033</u>
Total Office of National Drug Control Policy			<u>1,000,033</u>
<u>Department of Homeland Security</u>			
Direct payments:			
National Counter Terrorism 2011	97.000	N/A	108,070
Total 97.000			<u>108,070</u>
Metropolitan Medical Response System (MMRS)	97.FAR 52.232.25	N/A	939
Total 97.FAR 52.232.25			<u>939</u>
Passed through from the Colorado Department of Local Affairs:			
Emergency Management Performance Grants (07 CO LEMS grant)	97.042	7EM07L82	568
Emergency Management Performance Grants (09 CO LEMS grant)	97.042	9EM09L82	1,495
Emergency Management Performance Grants (10 CO LEMS grant)	97.042	10EM0L82	70,382
Emergency Management Performance Grants (11 CO LEMS grant)	97.042	12EM1L82	23,377
Total 97.042			<u>95,822</u>

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2011

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Homeland Security Cluster			
Passed through from the Colorado Department of Local Affairs:			
Homeland Security Grant Program (MMRS 08)	97.067	98HS78182	90,901
Homeland Security Grant Program (MMRS 09)	97.067	99MMRS10CNA	121,342
Homeland Security Grant Program (MMRS 10)	97.067	1MMR11NCA	55,797
Passed through from the City and County of Denver:			
Homeland Security Grant Program	97.067	98HS78717	5,817
Total Homeland Security Cluster			<u>273,857</u>
Total Department of Homeland Security			<u>478,688</u>
Total Federal Awards			<u>\$ 20,609,473</u>

The accompanying notes are an integral part of this schedule.

City of Aurora, Colorado
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2011

(1) General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the primary government of the City of Aurora, Colorado (the City). The City's reporting entity is defined in note 1 in the City's basic financial statements for the year ended December 31, 2011.

The information in the accompanying schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies. The schedule of expenditures of federal awards includes federally funded projects received directly from federal agencies and the federal amount of pass-through awards received by the City through the State of Colorado or other non-federal entities.

(2) Basis of Accounting

Expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis. The City's summary of significant accounting policies is presented in note 1 to the City's basic financial statements.

(3) Federal CFDA Number

Certain grant programs have not been assigned Catalog of Federal Domestic Assistance (CFDA) numbers by the federal government, or the numbers are not obtainable. These programs are identified in the accompanying schedule by the federal agency number followed by three zeros (for example, 16.000).

(4) Pass-through Grantor's Number

For federal awards expended by the City as a subrecipient, the accompanying schedule includes identification of the pass-through grantor and the identifying number assigned to the grant by the pass-through grantor where the pass-through grantor has supplied such number to the City.

(5) Revolving Loan Funds – Not Subject to Compliance

The City has certain revolving loan funds, which were originally financed with federal financial assistance through the Community Development Block Grant Program, the HOME Investment Partnerships Program and the Brownfields Program. The outstanding balances of these loan funds at December 31, 2011, were \$3,475,313 for the Community Development Block Grant Program, \$12,594,985 for the HOME Investment Partnerships Program, and \$886,495 for the Brownfields Program. Since there are no continuing compliance requirements other than continued loan payments, the outstanding loan balances have not been included in the accompanying schedule of expenditures of federal awards.

City of Aurora, Colorado
Notes to Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2011

(6) Revolving Loan Funds – Subject to Further Compliance

The City has certain revolving loan funds, which were originally financed from the Department of Commerce-Economic Development Administration through the City’s Gift’s and Grants Fund and are included in the Schedule of Expenditures of Federal Awards. The outstanding balances at December 31, 2011, were \$274,086 in loans outstanding and \$69,367 in funds available to lend. The 2011 expenditures for administrative costs were \$2,423 and the 2011 loan write-offs were \$57,423. There are no City match requirements.

(7) Payments to Subrecipients

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the City provided federal awards to subrecipients as follows:

Program	CFDA Number	Amounts Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	\$ 188,320
Community Development Block Grants/State's Program	14.228	77,056
HOME Investment Partnerships Program	14.239	955,880
ARRA - Community Development Block Grant Entitlement Grants (CDBG-R)	14.253	6,303
ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	66.818	39,030
		\$ 1,266,589

**Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on an
Audit of the Financial Statements Performed in Accordance with
*Government Auditing Standards***

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 13, 2012, which contained an explanatory paragraph regarding a change in reporting entity and contained references to the reports of other accountants. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other accountants audited the financial statements of the General Employee's Retirement Plan (GERP), Aurora Housing Authority (AHA) and Havana Business Improvement District (BID), as described in our report on the City's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported separately by those accountants for GERP and AHA. The financial statements of BID, a component unit included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the members of City Council, Management and Finance Committee, Management, others within the City, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

June 13, 2012

**Independent Accountants' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program
and on Internal Control Over Compliance in Accordance with
OMB Circular A-133 and Schedule of Expenditures of Federal Awards**

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

Compliance

We have audited the City of Aurora's (the City) compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's basic financial statements include the operations of the Aurora Housing Authority (AHA), a discretely presented component unit, which received \$16,506,585 in federal awards which is not included in the City's schedule of expenditures of federal awards for the year ended December 31, 2011. Our audit, described below, did not include the operations of AHA because the discretely presented component unit engaged other accountants to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-types activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Aurora, Colorado, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 13, 2012, which contained an unqualified opinion on those financial statements and which contained an explanatory paragraph regarding a change in reporting entity and contained references to the reports of other accountants. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves,

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

and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the members of City Council, Management and Finance Committee, Management, others within the City, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

June 13, 2012

City of Aurora, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2011

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of auditor’s report issued:
 Unqualified Qualified Adverse Disclaimer

2. Internal control over financial reporting:
Material weakness(es) identified? Yes No
Significant deficiency(ies) identified? Yes None Reported

3. Noncompliance material to the financial statements noted?
 Yes No

Federal Awards

4. Internal control over major programs:
Material weakness(es) identified? Yes No
Significant deficiency(ies) identified? Yes None Reported

5. Types of auditor’s report issued on compliance for major programs:
 Unqualified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes No

7. Identification of major programs:

CFDA Number	Cluster/Program
14.239	HOME Investment Partnerships Program
20.205	Highway Planning and Construction Cluster, including ARRA
81.128	ARRA – Energy Efficiency & Conservation Block Grant Program
95.001	High Intensity Drug Trafficking Areas Program

8. Dollar threshold used to distinguish between Type A and Type B programs: \$618,284.

City of Aurora, Colorado
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2011

9. Auditee qualified as a low-risk auditee? Yes No

Section II – Financial Statement Findings

Reference Number	Finding	Questioned Costs
	No matters are reportable	

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding	Questioned Costs
	No matters are reportable	None

City of Aurora, Colorado
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2011

Reference Number	Summary of Finding	Status
2010-01	High Intensity Drug Trafficking Areas Program – CFDA No. 95.001, Office of National Drug Control Policy, FY2010 <i>Procurement</i> - The City should implement a procedure to ensure that all required procurements are verified against the EPLS system and documentation to support the verification be maintained in the procurement file.	Implemented