



## AGENDA

### MANAGEMENT AND FINANCE POLICY COMMITTEE

November 22, 2022

1:00 pm

This meeting will be live-streamed on the city's YouTube channel. Watch at  
[YouTube.com/TheAuroraChannel](https://www.youtube.com/TheAuroraChannel)

Public Participant Dialing Instructions  
Dial Access Number: 1-408-418-9388  
Enter Participant Code: 2493 842 5690

Council Member Gardner, Chair  
Council Member Murillo, Vice Chair  
Council Member Zvonek  
Deputy City Manager Roberto Venegas  
Finance Director Terri Velasquez

The Management and Finance Committee oversees the following Council goal and objectives:  
**PROVIDE A WELL-MANAGED AND FINANCIALLY STRONG CITY**

- Ensure the delivery of high-quality services to residents in an efficient and cost-effective manner.
- Maintain superior financial reporting, financial controls, appropriate reserves, budgeting financial management, and transparency, and invest in capital and infrastructure to support efficient and effective long-term provision of services.
- Maintain a high financial credit (bond) rating, maintain debt policies and debt practices that allow the assessment of appropriate debt levels, and periodically review debt and debt service to minimize costs.
- Provide appropriate stewardship of natural resources to ensure long-term sustainability for the city.

**Pages**

1. **Call to Order**

2. **Approval of Minutes**

Approval of October 25, 2022 Draft Minutes

3. **Consent Items**

1

**3.a. October 2022 Sales Tax Chart** 11

Presenter: Bill Levine, Management Analyst III (5 minutes)

**4. General Business**

**4.a. Civil Service Commissioners Classification and Compensation Eligibility** 15

Presenter: Ryan Lantz, Director of Human Resource (10 minutes)

**4.b. 2022 FORVIS Audit Engagement Letter** 24

Presenter: Nancy Wishmeyer, Controller (10 minutes)

**4.c. First-Lien Sewer Revenue Bonds (Pipeline/Interceptor Project) Series 2023** 52

Presenter: Teresa Sedmak, City Treasurer (10 minutes)

**4.d. Results of the 2022 Citywide Culture Survey** 163

Presenter: Wayne Sommer, Internal Audit Manager (20 minutes)

**4.e. Presentation of the 2023 Audit Planning Results** 254

Presenter: Wayne Sommer, Internal Audit Manager (20 minutes)

**5. Miscellaneous Matters for Consideration**

Next meeting tentatively scheduled for December 27 at 1:00pm WebEx Meeting

**6. Adjournment**

*Total projected meeting 75 minutes*

**MF POLICY COMMITTEE MEETING**  
October 25, 2022

Members Present: Council Member Gardner – Chair, Council Member Zvonek

Members Absent: Council Member Murillo

Others present: D. Sisneros, M. Bryant, T. Hoyle, B. Fillinger, T. Williams, E. Watson, B. Levine, M. Crawford, N. Peykov, C. Dancy, J. Ehmann, S. Smith Johnson, C. Waldron, N. Campbell, R. Goggins, G. Hays, T. Sedmak, W. Sommer, J. Hancock, B. Rulla, K. Claspell, T. Velasquez, M. Stamp, M. Jenkins, D. Hudson, S. Newman, S. van Buren, M. Redding, R. Venegas, J. Bajorek, J. Rustad, G. Koumantakis, R. Lantz, A. Jamison, D. Brotzman

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**INTRODUCTIONS AND MINUTES**

September 27, 2022 minutes were approved.

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**SEPTEMBER 2022 SALES TAX CHART**

Summary of Issue and Discussion

Bill Levine provided the September 2022 Sales Tax Update. September 2022 sales tax has gone up 12.1% compared to September 2021. This month, a total of \$866,000 worth of variable sales tax payments from companies came in. Should these be taken out and the variable sales tax be calculated by the rate of inflation, the growth would only be 10.1%. Out of 15 sectors, 12 showed positive growth in the last two months. In June and July, 7 sectors were in the negative.

Committee Discussion:

CM Gardner: Councilmember Zvonek, any questions?

CM Zvonek: No, that’s good news. At least for now.

CM Gardner: Yes. Appreciate that, Bill.

B. Levine: Anytime. I appreciate your attention.

Outcome

Information only.

Follow-up Action

No follow-up needed.

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**2022 FALL SUPPLEMENTAL ORDINANCE****Summary of Issue and Discussion**

Jackie Ehmann presented the Fall Supplemental Ordinance. Early in the budget process, departments prepare mid-year expenditure projections which inform the Budget Office and Council of potential supplemental needs. Some needs identified are included in the fall process and others for the spring process following the final actual data. Most items included in the fall supplemental were projected. Some technical amendments, however, were not projected due to timing and are all requests to appropriate grants and other outside funds or transfers. There will be no impact to fund balances.

**Committee Discussion:**

CM Gardner: Thank you. Everything on there looked straightforward to me, so I didn't have any questions. Councilmember Zvonek, did you have any questions?

CM Zvonek: I don't.

CM Gardner: Okay. All right, then. I think we can move this forward, Jackie.

Jackie Ehmann: Okay, great. Thank you.

CM Gardner: Thanks. Have a good day.

Jackie Ehmann: Thank you.

**Outcome**

The Committee supported moving the item forward.

**Follow-up Action**

Staff will move the item forward to Study Session.

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**DISPARITY STUDY PRESENTATION AND UPDATE****Summary of Issue and Discussion**

Manager of Purchasing Services Bryn Fillinger and Griffin and Strong Consulting Group Head Michele Clark Jenkins provided a presentation and update on the disparity study. In 2022, Council approved \$500,000 for a disparity study. A request for proposals (RFP) was issued in November 2021 on the Rocky Mountain E-Purchasing System. Three proposals were received, and all firms moved into the second phase to be interviewed. Griffin and Strong was selected as the top-ranked firm. A fee of \$336,975 was negotiated with the firm and was reported to Council on March 7<sup>th</sup>, 2022. The contract was then successfully awarded.

Griffin and Strong is a law and public policy consulting firm based in Atlanta, Georgia which has been involved in disparity research for over 30 years. The consulting division consists of five attorneys and PhDs in economics, social psychology, democracy, and anthropology. The team develops contract compliance programs, development training, supplier diversity consulting, and legislative drafting. A disparity study is an objective research tool to determine race or gender disparities in government procurement. The 1989 court decision on the City of Richmond, Virginia versus JA Croson case was the first time that the court equated malevolent discrimination based on race. Gender later fell under this. The methodology of the disparity study is based on case law and recommendations must be tied to findings from the study to avoid any over or under inclusion.

The team will dive into the city's policies to see if they present barriers to women and minority-owned firms. They also determine if everyone understands the policy and if there is a difference between the policy and its implementation. Every payment made to a vendor over a five-year period will be investigated. The team also conducts data cleaning and will provide data reform recommendations. Once data is cleaned, a relevant market analysis will be done to determine the parameters of the study. The team will start with the city of Aurora and radiate out to determine the firm locations where 75% of funds are spent. Firms located only in the relevant market will be included in the analysis. Following this is the utilization and threshold analysis wherein who the money is being spent on, the level of contracting whether big or small, and the average contract will be investigated. The team will also look at the availability of willing and able firms in the marketplace that can perform in construction, construction-related services, professional services such as doctors and lawyers, other services such as IT, and goods and commodities. All the firms in the marketplace will be identified and compared to the disparity study. It will answer questions such as if Aurora is spending 10% of engineering dollars on African American-owned engineering firms which are 10% of those in the marketplace. They will also determine if the disparity is statistically significant. A regression analysis will be done by equalizing other causes such as the revenue of firms, years in business, number of employees, etc. Then, the inference of discrimination, which is the current effects of past discrimination, can be made. A private sector analysis will also be done. Credit markets, building permit data, and the likelihood of self-employment will be investigated to determine if there is discrimination in the marketplace. In addition to these, anecdotal evidence for all the business community regarding the process, their experiences, and attempts will be collected and analyzed. Ultimately, final findings and recommendations will be made. The team maintains a chain of evidence and a transparent process. They look at recommending race and gender-neutral remedies for any disparities first. Then race and gender-conscious programs if needed.

Currently, the survey of business owners, preparation of databases, and anecdotal evidence are being worked on for Fall 2022. In the winter, the team will work on the private sector analysis and complete the statistical analysis. In Spring 2023, the findings and recommendations will be presented.

Committee Discussion:

CM Gardner: All right. Thank you for the presentation. Councilmember Zvonek, any questions?

CM Zvonek: Just one. As you're going through that process of trying to identify disparities that they exist, you gave an example of, say, there's 10% of engineering firms or minority-owned or whatever the example might have been, but then our contracts, our bids weren't 10%. Do you then look into that next set of data and say, well, how many of those businesses applied? And then from there, what kind of outreach have we done to get them to apply? Is that how that works in terms of digging deeper into that?

M. Jenkins: Yes. So that's part of our regression analysis as we look at the percentage in comparison of bids. In comparison to non-MWBEs, did MWBEs bid more or less based on their percentage of availability in the marketplace? We look at it as an overall regression analysis.

CM Zvonek: Okay, that makes some sense.

M. Jenkins: We do look at things like that because that is an issue. Did minority and women-owned firms not get awards because they're not bidding as much relatively as they should be? So, we do look at things like that in the regression analysis.

CM Zvonek: Okay. And then I assume you would make recommendations from there if that situation were to present itself saying, hey, is the city or whichever government agency making appropriate attempts to reach out and solicit their bids?

M. Jenkins: Yes. There are lots of things. Many times, you'll see us recommend outreach because it solves a lot of issues and also solves miscommunications because sometimes, we'll find that what we get back from the community is contrary to what you're doing. You're doing something positive, and the community says, No, they're not doing that. That's a communication issue. So now we have to talk about how we change perceptions.

CM Zvonek: Okay. That's all I had.

CM Gardner: All right, Appreciate that, Councilmember Zvonek. I do not have any questions. Looking forward to the results and the recommendations and things like that next spring. Thank you, Michele, for the presentation. Appreciate it.

M. Jenkins: You're welcome. Thank you for having us.

Outcome

Information only.

Follow-up Action

No follow-up needed.

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**THE POINT METROPOLITAN DISTRICT DIRECTOR DISQUALIFICATION AND APPOINTMENT**

**WINDLER BUSINESS IMPROVEMENT DISTRICT NOS. 1 AND 2 BOARD OF DIRECTORS APPOINTMENTS**

**COLFAX SABLE METROPOLITAN DISTRICT BOARD OF DIRECTOR APPOINTMENT**

Summary of Issue and Discussion

Cesarina Dancy presented the items pertaining to Metropolitan District Director appointment and Board of Directors appointment requests. Vacancies vary as to the reason.

Committee Discussion:

CM Gardner: I don't have any questions and I'm fine with moving them forward. Councilmember Zvonek?

CM Zvonek: Same. No question.

CM Gardner: All right. Appreciate it. Thank you.

C. Dancy: Thank you.

Outcome

The Committee unanimously supported moving the items forward.

Follow-up Action

Staff will move the items forward to Study Session.

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**Q4 2022 – INFORMATION TECHNOLOGY UPDATE**

Summary of Issue and Discussion

Scott Newman presented the Q4 Information Technology Update. IT completed several major accomplishments. The computer-aided dispatch replacement system went live on September 13<sup>th</sup> with critical issues resolved in the first week and minor issues resolved in the second week. This system created a big impact on APD, AFR, and Dispatch. ServiceNow, the new helpdesk system, was rolled out on October 3<sup>rd</sup>. This helps improve city processes and automation. Some cleanup is being done and advanced features will be rolled out over 2023. This year, the focus is to replace

the previous system. Following this, the Water Billing System went live on October 10<sup>th</sup>. Payment kiosks on the first floor were not reconfigured to point to the new system, and this was resolved the following day. On October 11<sup>th</sup>, the major integration with Okta went live. This further helps the cybersecurity protection state of the city. Within 24 hours, only 11 issues were reported. Since then, only a handful of issues were received. On October 17<sup>th</sup>, HR launched the PowerDMS system which will house all citywide policies including the employee handbook. This allows employees to electronically acknowledge reading the policies. Should there be any update, a notification will be pushed to employees to review it until a certain date, and it takes them specifically to the updated section. HR did the lion's share of the work, and IT enabled backend features to support the rollout. No issues have been heard yet.

IT still has major initiatives underway. The ZeroTrust platform was procured. It allows IT to assign access to certain applications to city-issued or personal devices. If an authorized individual was using a non-authorized device, they would not be allowed access to the application. This platform allows more granular control around the security state of the city. It will be an 18 to 24-month rollout. However, the initial use case will be in place by December 2022. ERP is expected to go live on December 16<sup>th</sup> to make the first payroll of the 2023 calendar year. The integrator, Collaborative Solutions, is spending time to get the gold tenant prepared to achieve the go-live date. The project team, including IT, HR, and Finance, are working on additional testing of features and functions of the system. The End-of-Life Program is still underway to retire old systems or upgrade them to a later version so they can be under a support system. A big chunk of servers was retired because of the CAD and Water Billing System go-lives. Only a handful need to be upgraded. ERP Phase 2 is still on schedule for Q3 of 2023. The IT Department is currently evaluating the Amanda Program to move forward with the next steps for workflow administration for Planning, ODA, Water, etc. This item will come back to Council in Q1 of 2023. For the Accela system, the model is changed to ongoing sustainment. There was a backlog of requests from the business units that are live on Accela for additional enhancements. IT is on track to get the work completed by the end of 2022. Staff will continue to support this on an ongoing basis until it is determined that Accela functions can be migrated elsewhere or if it is needed for a longer period.

In June, qualified candidates for five positions were interviewed and eventually hired. However, no applications have been received for the remainder of the open positions. Purchasing will issue purchase orders to headhunting firms to fill in the vacancies. The department is working on the final steps on the admin job description to have a job posting out soon. GIS and Public Safety apps are fully staffed. Currently, two contractors are supporting public safety applications and assisting with the CAD implementation and consent decree monitor data requirements. They are now working on the benchmark analytics system. There were also backlogs of public safety project requests. Contractors are usually hired for a specific skill set or to increase capacity. They are hired for an acute period of time and then eventually let go. In 2022, contractors are hired to backfill some FTE vacancies. The Water Applications team is fully staffed with no contract assistance. ERP is fully staffed with one data contractor working on the data migration from OneSolution to Workday. For Workflow Management (Accela and Amanda), recruitment has been paused for three vacancies since different skill sets are needed to develop Amanda versus Accela. Since the



direction has been provided to move forward with the Amanda Program, the recruitment will be started again. Two contractors have been backfilling in the role to help with the ongoing Accela sustainment. Enterprise applications are fully staffed with no contract assistance. The end-user computing group has a long-standing vacancy. Two contractors were needed to be hired to manage the backlog. Once the vacancy is filled, the contractors will be removed. Enterprise Networking has one vacancy and required two contractors to backfill. In Enterprise Systems, there are two vacancies with two contractors serving as backfill. The Radio and Wireless group are fully staffed with no contractors. Information Security has one vacancy due to an internal promotion. HR is finalizing the job description for posting. IT is leveraging contractors due to a one-time appropriation. These contractors are not seen as necessary in 2023 depending on the workload. Both Program Management and CAPSTC are fully staffed.

The IT Department partnered with a 501(c)(3) called Activate Work which tries to recruit and help people from hospitality industries, which may be from underserved areas, to get into a better career path. They conduct trainings for IT and healthcare roles. Candidates are put into a 16-week targeted bootcamp, with 40 hours of classes and 10 to 12 hours of homework a week. Upon completion, they are given an industry-recognized IT certification. From this partnership, two vacancies with End-User Computing were filled. They have received nothing but positive feedback and have been learning very quickly. According to Activate Work, Aurora is the first municipality in the state to partner with them. The Department of Labor reached out about the partnership and talked about other partnership opportunities for the city.

For the last 10 to 15 years, IT has operated relatively the same way. Due to this, changes are being done on operations to improve service delivery and workload. Internal process improvements are currently underway. The approach to meetings has been revamped to only include necessary individuals and maintain 30-minute meetings. ServiceNow is being used to support other IT operations. Hopefully, the automations will aid in minimizing additional FTE requests. In addition to ServiceNow, Beyond Trust and Intune are being used for automation. IT is partnering with internal audit and conducting a business survey that will go out to supervisors and above from all business units to determine the pain points and good points. This will help in the evaluation and redistribution of the work. Following this, a workplan and a comprehensive view of ongoing and recurring programs will be created.

The results of the Employee Culture and Engagement Survey have gone out. IT will be working with City Management on the next steps regarding the improvement recommendations. These may result in organizational design and functional distribution systems. IT will investigate the distribution of work in combination with the internal audit results and the business survey. Once the work plan is in place, the overall project intake and governance process for new initiatives will be enhanced.

Committee Discussion:

CM Gardner: Real quick, the PowerDMS, is that a component of Workday or is that two separate products?

S. Newman: No, they are two separate products, Councilmember. Workday does not have a document management system that would perform the same function that PowerDMS does. But we are evaluating some of their features that they have to see how it can integrate with that later on down the road.

CM Gardner: Okay, great. I appreciate that. Councilmember Zvonek, any questions?

CM Zvonek: No. None for me.

S. Newman: Any questions about the Activate Work program?

CM Gardner: No, but that's great. Thank you for letting us know about that.

CM Gardner: All right. Thank you, Scott. Councilmember Zvonek, any questions?

CM Zvonek: No, I don't have any. Thanks for the update, Scott.

CM Gardner: I don't have any either. Appreciate the update. Thank you.

Outcome

Information only.

Follow-up Action

No follow-up needed.

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**Q3 2022 INTERNAL AUDIT PROGRESS REPORT**

Summary of Issue and Discussion

Michelle Crawford presented the Q3 Internal Audit update. As of September 30<sup>th</sup>, 68% of engagements are either active or have been completed for the year. Currently, engagements in process are the Mayor and City Council operating expenses, IT operational assessment, a revised approach to the Youth Violence Program, and the gun evidence process review. The citywide Culture Survey and body worn camera audits have been completed. For recommendations, approximately 17% are still pending outstanding. The auditor is actively engaging with departments regarding addressing older recommendations. The citywide and police audit plans have been approved by the City Manager and will be coming to the M&F Committee in November. The results of the Citywide Culture Survey will also be presented in November.

Committee Discussion:

CM Gardner: I had one question, and I can't recall if we talked about it before or not. But on the Marijuana Enforcement Division Engagement, why was that canceled?

W. Sommer: Councilmember Gardner, this is Wayne Sommer. There was a transition that took place in the leadership of that area when Robin left. And at the same time, leading up to her departure, they were in the process of actually developing formal policies and procedures. We had postponed it because we wanted to make sure there was something there to review. Now, that area is under new leadership, they're getting their ducks in a row. The evaluation of whether that will become an engagement in the future will be part of the quarterly risk assessment that will be done throughout 2023 and beyond.

CM Gardner: Got you. Okay. That makes sense. Thanks, Wayne. Councilmember Zvonek, any questions?

CM Zvonek: Just one quick. Michelle, I don't have questions about the things you presented. But at the workshop we talked with the city manager about doing an evaluation of the public defender's office and then specifically afterwards, he and I talked about looking at the cases that we take on in the municipal courts. Has he looped in your team? Is that something you're going to be engaged with? Or has he talked to you about that at all?

M. Crawford: We've not spoken yet, but I do have my meeting with him on Thursday, so I can definitely discuss that with him to see what our next approach would be.

CM Zvonek: Okay. Yes, because I do think that -- and I'll mention it to him too, but I do think that having your team involved in that, because the public defender's office, is one portion of it. But there really is, I think, an opportunity to look at the outcomes of the cases that are coming to municipal court as opposed to going to the county and whether they should be coming to municipal court. But I'll let you two discuss and I'll mention it to him as well. That's all.

M. Crawford: Thank you.

CM Gardner: Thank you. Thanks, Wayne. Thanks, Michelle, for the updates. All right.

Outcome

Information only.

Follow-up Action

No follow-up needed.

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**MISCELLANEOUS MATTERS FOR CONSIDERATION**

None.

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**ADJOURNMENT**

The next meeting is tentatively scheduled for Tuesday, November 22, 2022 at 1:00 PM (WebEx)

THESE MINUTES WERE APPROVED AS SUBMITTED

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Date



# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> October 2022 Sales Tax Chart
<b>Item Initiator:</b> Bill Levine
<b>Staff Source/Legal Source:</b> Greg Hays, Hanosky Hernandez, Sr. Assistant City Attorney
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** N/A

**Regular Meeting:** N/A

### ITEM DETAILS:

- Agenda long title
- Waiver of reconsideration requested, and if so, why
- Sponsor name
- Staff source name and title / Legal source name and title
- Outside speaker name and organization
- Estimated Presentation/discussion time

October 2022 Sales tax Chart

Members of the M&F Committee have asked for the monthly sales tax performance chart.

Attached is the October 2022 sales tax performance chart. October of 2022 was 13.6 percent higher than October of 2021.

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### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input type="checkbox"/> Approve Item and Move Forward to Study Session   | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input checked="" type="checkbox"/> Information Only  |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

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### PREVIOUS ACTIONS OR REVIEWS:

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**Policy Committee Name:** N/A

**Policy Committee Date:** N/A

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

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**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

Members of the M&F Committee have asked for the monthly sales tax performance chart.

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**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

Attached is the October 2022 sales tax performance chart. October of 2022 was 13.6 percent higher than October of 2021.

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**QUESTIONS FOR COUNCIL**

Information Only

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**LEGAL COMMENTS**

The city charter requires that the City Manager shall keep the council advised of the financial condition and future needs of the city and make such recommendations to the council for adoption as the city manager may deem necessary or expedient. This item is informational only. (Aurora City Charter Art. 7-4 (f)). (Hernandez)

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**PUBLIC FINANCIAL IMPACT**

- YES       NO

**If yes, explain:** Info Only

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**PRIVATE FISCAL IMPACT**

- Not Applicable       Significant       Nominal

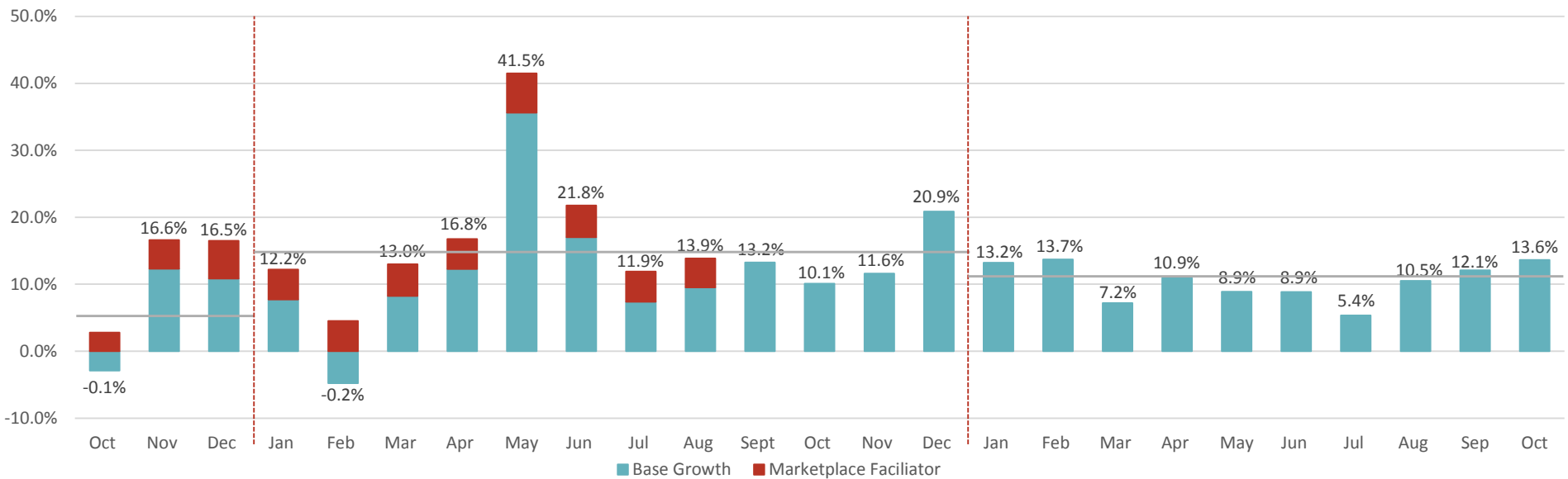
**If Significant or Nominal, explain:** Info only



# October 2022 Sales Tax Performance

## Percent Change from Prior Year By Month

October YTD Variance to Projection: \$3.3M (1.5%)  
2021: \$21.5M (10.5%)



**2020**  
5.3%

**2021**  
14.9%

**2022**  
10.5%

# October 2022 Sales Tax Performance



2022												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Monthly Sales Tax	29,967,263	18,575,070	16,874,776	24,183,272	20,685,751	20,799,546	25,583,515	21,680,999	22,423,520	25,589,083		
Increase (\$)	3,496,907	2,239,154	1,130,484	2,379,878	1,691,503	1,694,206	1,299,493	2,061,774	2,420,587	3,068,980		
Increase (%)	13.2%	13.7%	7.2%	10.9%	8.9%	8.9%	5.4%	10.5%	12.1%	13.6%		
YoY Inflation	7.5%	7.9%	8.5%	8.3%	8.6%	9.1%	8.5%	8.3%	8.2%	7.7%		

2021												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Monthly Sales Tax	26,470,356	16,335,916	15,744,292	21,803,394	18,994,248	19,105,339	24,284,022	19,619,225	20,002,933	22,520,104	19,665,387	21,948,396
Increase (\$)	2,879,135	(39,049)	1,812,207	3,130,042	5,569,566	3,415,214	2,584,338	2,389,143	2,338,188	2,062,637	2,043,950	4,527,809
Increase (%)	12.2%	-0.2%	13.0%	16.8%	41.5%	21.8%	11.9%	13.9%	13.2%	10.1%	11.6%	26.0%
YoY Inflation	1.4%	1.7%	2.6%	4.2%	5.0%	5.4%	5.4%	5.3%	5.4%	6.2%	6.8%	7.0%

2020												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Monthly Sales Tax	23,591,222	16,374,965	13,932,085	18,673,352	13,424,681	15,690,126	21,699,684	17,230,082	17,664,745	20,457,466	17,621,437	17,420,587
Increase (\$)	2,329,680	1,993,374	237,150	261,822	(1,942,622)	11,550	2,132,639	(316,295)	1,094,676	(25,201)	2,510,726	2,465,610
Increase (%)	11.0%	13.9%	1.7%	1.4%	-12.6%	0.1%	10.9%	-1.8%	6.6%	-0.1%	16.6%	16.5%
YoY Inflation	2.5%	2.3%	1.5%	0.3%	0.1%	0.6%	1.0%	1.3%	1.4%	1.2%	1.2%	1.4%





# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> Civil Service Commissioners Classification and Compensation Eligibility
<b>Item Initiator:</b> Ryan Lantz, Director of Human Resources (requested by Matt Cain, Civil Service Administrator)
<b>Staff Source/Legal Source:</b> Ryan Lantz, Director of Human Resources   Kim Skaggs, Assistant City Attorney
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** N/A

**Regular Meeting:** N/A

### ITEM DETAILS:

- Agenda long title
- Waiver of reconsideration requested, and if so, why
- Sponsor name
- Staff source name and title / Legal source name and title
- Outside speaker name and organization
- Estimated Presentation/discussion time

**Item Title:** Civil Service Commissioners Classification and Compensation Eligibility  
**Staff Source/Legal Source:** Ryan Lantz, Director of Human Resources | Kim Skaggs, Assistant City Attorney  
**Estimated Presentation/Discussion Time:** 5 minutes / 10 minutes

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### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input type="checkbox"/> Approve Item and Move Forward to Study Session   | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input type="checkbox"/> Information Only   |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

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### PREVIOUS ACTIONS OR REVIEWS:

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**Policy Committee Name:** Management & Finance

**Policy Committee Date:** 11/22/2022

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

---

**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

Email question (see Item Summary) sent to City Appointee Evaluation and Compensation Committee. Committee reassigned to the Management and Finance Policy Committee to review and address.

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**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

Two questions were asked by Matt Cain (Civil Service Administrator) on behalf of the Civil Service Commissioners:

1. Does the City consider the members of the Civil Service Commission to be employees or volunteers?
2. Should the members of the Civil Service Commission receive the inflation stipend that the City paid to employees?

Council Evaluation Committee deferred these questions to the Management and Finance Policy Committee to address.

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**QUESTIONS FOR COUNCIL**

1. Does the City consider the members of the Civil Service Commission to be employees or volunteers?
2. Should the members of the Civil Service Commission receive the inflation stipend that the City paid to employees?

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**LEGAL COMMENTS**

There is hereby created a Civil Service Commission composed of not less than three (3) members nor more than five (5) members, as determined by the City Council by ordinance, who shall serve three (3) year overlapping terms, and who will be charged with the responsibility of administering the separate Civil Service System hereby created and covering the members of the Civil Service. City Charter Art. 3-17(1). Commissioners shall be selected and appointed by a majority vote of the City Council. All members of the Civil Service Commission shall serve at the pleasure of Council and may be removed at any time, with or without cause, upon an affirmative vote of eight (8) members of City Council. . . . Each member of the Civil Service Commission shall receive such compensation as shall be established by resolution of the City Council. City Charter Art. 3-17(2). (Skaggs)

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**PUBLIC FINANCIAL IMPACT**

- YES       NO

**If yes, explain:** Financial impact based on the decision of city council. The impact would be minimal (or shifting of cost): either continue current hourly pay, shift to stipend compensation or other options determined by council.

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**PRIVATE FISCAL IMPACT**

Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** N/A

# Questions From the Civil Service Commission

1. Does the City consider the members of the Civil Service Commission to be employees or volunteers?
2. Should the members of the Civil Service Commission receive the inflation stipend that the City paid to employees?



# City Charter

- Charter Article 3-17 creates the Civil Service Commission, but does not state whether members are employees or volunteers
- Charter Article 3-11 states that City Council “shall appoint . . . all members of the boards and commissions” and those members “shall serve at the pleasure of council and may be removed at any time, with or without cause.”
- Charter Article 3-17(2) states same specific to the Civil Service Commission members
- Charter Article 3-10 withholds from City Council the power to “direct or request the appointment of any person to, or his removal from employment by the city manager.”
- If CSC members were employees, City Council should not be able to appoint or remove them



# City Practice

- City has, in practice, recruited CSC members as volunteers

## FOR IMMEDIATE RELEASE



City of Aurora

**Date:** Oct. 30, 2018

**Media Contact:** Julie Patterson  
Senior Public Information Officer  
303.739.6617  
jpatters@auroragov.org

*Worth Discovering • auroragov.org*

## City looking for **volunteers** to serve on Civil Service Commission

AURORA, Colo. – The city of Aurora is accepting applications now for a vacancy on its Civil Service Commission, which will open in February:



# City Practice

- The City has, in practice, recruited CSC members as volunteers
  - Prospective members apply through the City Clerk's Office, as with other volunteer board and commission members, not the Human Resources department

Date: <input type="text"/>	<b>City of Aurora</b> <b>APPLICATION FOR APPOINTMENT</b> PLEASE TYPE OR PRINT CLEARLY	Ward No. <input type="text"/>
<b><i>Application kept for One Year. May Attach Resume.</i></b>		
Board/Commission Applying For: <input type="text"/>		
<b>I certify that the foregoing information is true and correct.</b>		
<input type="text"/> (Volunteer's name printed)	<input type="text"/> (Volunteer's signature)	<input type="text"/> (Date)
<b>SEND COMPLETED FORM TO:</b> CITY CLERK'S OFFICE, 15151 E. Alameda Parkway, Suite 1400, Aurora, CO 80012 PHONE: 303-739-7094 FAX: 303-739-7520.		



# City Code Sec. 102-69

- “Members of the civil service commission shall be paid as compensation for their services an amount equal to \$10.56 per hour or portion thereof for time actually spent as a member of the civil service commission performing those duties authorized by the Charter with a minimum of \$21.12 (two hours) and a maximum of \$84.48 (eight hours) payable for any one calendar day. Members of the civil service commission shall be paid \$150.00 per day (four hours minimum) when conducting a hearing concerning a disciplinary appeal rather than the hourly rate and without regard to the aforementioned minimum or maximum.”
- Fair Labor Standards Act (FLSA) requires employees be paid for all hours worked, and a premium rate for overtime hours, which would be inconsistent with City Code
- FLSA allows a public entity to pay volunteers a stipend





# Questions From the Civil Service Commission

- 1. Does the City consider the members of the Civil Service Commission to be employees or volunteers?**
  - a. If Council wishes to treat CSC members as employees, changes to the Code and to practice are needed
  
- 2. Should the members of the Civil Service Commission receive the inflation stipend that the City paid to employees?**
  - a. Charter Article 3-17(2) empowers Council to set CSC member compensation by resolution





# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> 2022 FORVIS Audit Engagement Letter
<b>Item Initiator:</b> Nancy Wishmeyer
<b>Staff Source/Legal Source:</b> Nancy Wishmeyer, Controller / Hanosky Hernandez, Sr. Assistant City Attorney
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** N/A

**Regular Meeting:** N/A

### ITEM DETAILS:

- Agenda long title: 2022 FORVIS Audit Engagement Letter
- Waiver of reconsideration requested, and if so, why: N/A
- Sponsor name: N/A
- Staff source name and title / Legal source name and title: Nancy Wishmeyer, Controller / Hanosky Hernandez, Sr. Assistant City Attorney
- Outside speaker name and organization: N/A
- Estimated Presentation/discussion time: 5 / 5

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### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input type="checkbox"/> Approve Item and Move Forward to Study Session   | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input checked="" type="checkbox"/> Information Only  |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

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### PREVIOUS ACTIONS OR REVIEWS:

**Policy Committee Name:** N/A

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**Policy Committee Date:** N/A

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

---

**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

The city's external auditors, FORVIS, LLP, provide the city with an engagement letter prior to the performance of the annual audit. The engagement letter outlines the various audits and other procedures that will be performed in the coming year and the fees associated with each. The engagement letter also outlines the responsibilities of city management and those of the FORVIS auditors.

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**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

The 2022 audit engagement letter with the fees and responsibilities outlined is provided for your review. As was the case in prior years, this year the FORIVS auditors will be performing audits of the city's 2022 financial statements, the Single Audit of federal grants, and the Scientific and Cultural Facilities District (SCFD) audit. Additionally, the auditors will perform agreed upon procedures for the 720 Memorial Foundation, the city's various Post Employment Health Plans (PEHPs), the city's 457 Deferred Compensation Plan, and new for this year, nonprofit spending of city dollars.

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**QUESTIONS FOR COUNCIL**

Information only

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**LEGAL COMMENTS**

An independent audit shall be made annually of all funds of the City, and more frequent audits may be made if deemed necessary by Council. Such audits shall be made by registered or certified public accountants, experienced in municipal accounting, selected by Council. *See*, City Charter Art. 3-18. (Hernandez)

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**PUBLIC FINANCIAL IMPACT**

- YES       NO

**If yes, explain:** The FORVIS contract is funded from taxpayer dollars.

---

**PRIVATE FISCAL IMPACT**

- Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** N/A

# FORVIS

1801 California Street, Suite 2900 / Denver, CO 80202

P 303.861.4545 / F 303.832.5705

[forvis.com](http://forvis.com)

November 7, 2022

Management and Finance Committee  
Mayor and City Council Members  
Jim Twombly, City Manager  
Terri Velasquez, Finance Director  
Nancy Wishmeyer, Controller  
City of Aurora, Colorado  
15151 East Alameda Parkway  
Aurora, Colorado 80012

We appreciate your selection of **FORVIS, LLP** as your service provider and are pleased to confirm the arrangements of our engagement in this contract. Within the requirements of our professional standards and any duties owed to the public, regulatory, or other authorities, our goal is to provide you an **Unmatched Client Experience**.

In addition to the terms set forth in this contract, including the detailed **Scope of Services**, our engagement is governed by the following, incorporated fully by this reference:

- Professional Services Agreement dated November 30, 2006 and the Extension Agreement March 3, 2021 (the Agreement)
- Terms and Conditions Addendum

This engagement letter sets the terms of the 2022 engagement in accordance with the Agreement. In the event of a conflict between this letter of engagement and the Agreement, the language in the Agreement shall control.

## Summary Scope of Services

As described in the attached **Scope of Services**, our services will include the following:

City of Aurora, Colorado (the City)

- Audit Services for the year ended December 31, 2022
- Audit the financial statements of the City of Aurora, Colorado's Cultural Service Division for the year ending December 31, 2022, including the Schedule of Annual Operating Income for the year ending December 31, 2022
- Agreed-Upon Procedure Services for the SCFD Tier II Qualification Application for the year ended December 31, 2022
- Agreed-Upon Procedure Services for City of Aurora Post Employment Health Plans (PEHP Plans) which include the Fire Chief Officers PEHP, Police-Command PEHP, Aurora Firefighters PEHP, the Aurora Police Association PEHP plans, the Executive Staff, and the Managers for the year ended December 31, 2022
- Agreed-Upon Procedure Services for the City's 457 Deferred compensation Plan for the year ended December 31, 2022
- Agreed-Upon Procedure Services for funding provided to nonprofits with City dollars for the period of January 1, 2020 through December 31, 2022

7/20 Memorial Foundation, Inc. (the Foundation) for whom the City is fiscal agent:

- Agreed-Upon Procedure Services for the year ended December 31, 2022

You agree to assume full responsibility for the substantive outcomes of the contracted services and for any other services we may provide, including any findings that may result.

You also acknowledge these services are adequate for your purposes, and you will establish and monitor the performance of these services to ensure they meet management's objectives. All decisions involving management responsibilities related to these services will be made by you, and you accept full responsibility for such decisions.

We understand you have designated a management-level individual(s) to be responsible and accountable for overseeing the performance of nonattest services, and you have determined this individual is qualified to conduct such oversight.

## Engagement Fees

The fee for our services for the financial statement audit, single audit and SCFD audit will be in accordance with the Agreement, which for the year ending December 31, 2022 will be \$191,825 (includes up to four major single audit programs). Any additional single audit programs over the four listed above will be billed at \$10,000 per program and any such increase will be subject to the terms of the Agreement.

The fees for the agreed-upon procedures engagements will be as follows:

PEHP Plans	\$ 4,285
457 Deferred Compensation Plan	\$11,185
7/20 Memorial Foundation, Inc.	\$ 605

We have estimated the time, skill, and resources, including our proprietary information required to complete the services for the nonprofit agreed upon procedures, and expect our fee to range between \$20,000 and \$30,000. We have agreed that should time expended exceed our estimates, the maximum fee for the nonprofit AUP will not exceed \$30,000, unless agreed upon by both parties.

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly Payment of our invoices due upon receipt.

Our timely completion of services and the fees thereon depends on the assistance you provide us in accumulating information and responding to our inquiries. Inaccuracies or delays in providing this information or the responses may result in additional billings or inability to meet other deadlines.

## Assistance with New Standards

Assistance and additional time as a result of the adoption of the following new standards are not included within our standard engagement fees. These fees will be based on time expended and will vary based on the level of assistance and procedures required.

**Governmental Accounting Standards Board Statement No. 87, Leases**, is effective for December 31, 2022.

Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. We can assist you with the adoption by providing services which may include, but are not limited to:

- Assessing your readiness by assisting with the evaluation of your:
  - Current controls and policies

- Current internal resources and system capabilities
- Assisting with changes required to adopt Statement No. 87, including:
  - Assisting with information gathering to develop an inventory of all lease agreements, service contracts, and other arrangements that may contain right-to-use lease assets
  - Recommending enhancements to existing controls and policies or suggesting new controls and policies to address Statement No. 87
  - Documenting any changes from your previous lease recognition and reporting methods
  - Drafting the required disclosures

The time it will take to perform the above assistance and our additional audit procedures relating to the adoption of the Statement, and any time to assist you with the adoption, may be minimized to the extent your personnel will be available to provide timely and accurate documentation and information as requested by us.

**Additional Costs Related to COVID-19**

Our fees do not consider additional efforts driven by the SARS-CoV-2 virus and the related COVID-19 (COVID-19) environment. Complexities and uncertainties related to various provisions of new laws and the continued issuance of interpretative and procedural guidance from federal agencies may affect our services. Fees related to COVID-19 activities will be billed based on time expended. Additional efforts or services may include:

- Accounting and auditing issues such as, collectability of receivables, compliance with debt agreements, modification of lease terms, additional major programs subject to Single Audit, etc.

**Contract Agreement**

Please sign and return this contract to indicate your acknowledgment of, and agreement with, the arrangements for our services including our respective responsibilities.

**FORVIS, LLP**

Acknowledged and agreed to as it relates to the entire contract, including the **Scope of Services and Terms and Conditions Addendum**, on behalf of City of Aurora, Colorado.

BY James Twombly  
EA6102F7051045C...  
 Jim Twombly, City Manager  
 jtwombly@auroragov.org

DATE 11/9/2022  
DocuSigned by:

BY Terri Velasquez  
05069375B49A431...  
 Terri Velasquez, Finance Director  
 tvelasqu@auroragov.org

DATE 11/10/2022  
DocuSigned by:

BY Nancy Wishmeyer  
99154DA63A7D4EB...  
 Nancy Wishmeyer, Controller  
 nwishmey@auroragov.org

DATE 11/10/2022

cc: Chair, Management and Finance Committee

## Scope of Services – Audit Services

We will audit the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information and related disclosures, which collectively comprise the basic financial statements for the following entity:

- City of Aurora, Colorado as of and for the year ended December 31, 2022

The audit has the following broad objectives:

- Obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- Expressing opinions on the financial statements
- Issuing a report on your internal control over financial reporting and compliance and other matters based on the audit of your financial statements in accordance with *Government Auditing Standards*
- Expressing an opinion on your compliance with the types of compliance requirements described in the OMB, *Compliance Supplement* that could have a direct and material effect to each of your major federal award programs in accordance with the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)
- Issuing a report on your internal control over compliance in accordance with the Uniform Guidance
- Issuing a report on your schedule of expenditures of federal awards

You have informed us that the audited financial statements are expected to be presented in the City's Annual Comprehensive Financial Report (annual report). Management is responsible for the other information included in the annual report. The other information comprises the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements will not cover the other information, and we will not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

We will also express an opinion on whether your combining and individual fund statements and schedules and the schedule of expenditures of federal awards ("supplementary information") is fairly stated, in all material respects, in relation to the financial statements as a whole.

We will complete the auditee portion of the Form SF-SAC (Data Collection Form) through the Federal Audit Clearinghouse. We will not make the submission on your behalf. You will review a draft(s) of the submission prior to transmission and agree that you are solely responsible for approving the final draft for transmission as well as for the auditee submission and certification.

In addition, we will audit the financial statements for the following entity:

- City of Aurora – Cultural Services Division, including the Schedule of Annual Operating Income for the year ending December 31, 2022 (SCFD audit)

The objectives of our SCFD audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

We will also provide you with the following nonattest services:

- Assisting with the formatting, printing, and binding of the single audit reports and SCFD reports

You agree to assume all management responsibilities and to oversee the non-attest services we will provide by designating an individual possessing suitable skill, knowledge and/or experience. You acknowledge that non-attest services are not covered under *Government Auditing Standards*. You are responsible for:

- Making all management decisions and performing all management functions;
- Evaluating the adequacy and results of the services performed;
- Accepting responsibility for the results of such services; and
- Designing, implementing, and maintaining internal controls, including monitoring ongoing activities.

Marcella Ardan, Managing Director, is responsible for supervising the engagement and authorizing the signing of the report or reports.

With respect to the City of Aurora – Cultural Services Division engagements Marcella Ardan, Managing Director, will oversee and coordinate the engagement. Karmyn Jeffries, Director, is responsible for supervising the engagement team and authorizing the signing of reports.

We will issue a written report(s) upon completion of our audit(s), addressed to the following parties:

**Entity Name**

City of Aurora, Colorado  
City of Aurora, Colorado – Cultural Services  
Division

**Party Name**

Honorable Mayor and Members of City Council  
Honorable Mayor and Members of City Council

You are responsible to distribute our reports to other officials who have legal oversight authority or those responsible for acting on audit findings and recommendations, and to others authorized to receive such reports.

The following apply for the audit services described above:

**Our  
Responsibilities**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the Uniform Guidance. Those standards require that we plan and perform:

- The audit of the financial statements to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error
- The audit of compliance to obtain reasonable rather than absolute assurance about whether each major federal award program complied with the types of compliance requirements described in the OMB, *Compliance Supplement* that could have a direct and material effect on each major federal award program

We will conduct our audit of the City of Aurora, Colorado's – Cultural Service Division in accordance with auditing standards generally accepted in the United States of America (GAAS).

We will exercise professional judgment and maintain professional skepticism throughout the audit.

We will identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures



responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We will obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We will also conclude, based on audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

We will identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the entity's compliance with compliance requirements subject to audit and performing such other procedures as the auditor considers necessary in the circumstances.

We will obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that the auditor identified during the audit.

## **Limitations & Fraud**

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit that is planned and conducted in accordance with GAAS will always detect a material misstatement or material noncompliance with federal award programs when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if, there is a substantial likelihood that, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

The risk of not detecting a material misstatement or material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the entity's compliance with the requirements of the federal programs as a whole.

Our understanding of internal control is not for the purpose of expressing an opinion on the effectiveness of your internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate contract to be signed by you and FORVIS, LLP.

### **Opinion(s)**

Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter paragraph or other-matter paragraph(s) to our auditor's report, or if necessary, decline to express an opinion or withdraw from the engagement.

If we discover conditions that may prohibit us from issuing a standard report, we will notify you. In such circumstances, further arrangements may be necessary to continue our engagement.

### **Your Responsibilities**

Management and, if applicable, those charged with governance acknowledge and understand their responsibility for the accuracy and completeness of all information provided and for the following:

- **Audit Support** - to provide us with:
  - Unrestricted access to persons within the entity or within components of the entity (including management, those charged with governance and component auditors) from whom we determine it necessary to obtain audit evidence
  - Information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including access to information relevant to disclosures
  - Information about events occurring or facts discovered subsequent to the date of the financial statements, of which management may become aware, that may affect the financial statements
  - Information about any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials
  - Identification and provision of report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented
  - Additional information that we may request for the purpose of the audit
- **Internal Control and Compliance** – for the:
  - Design, implementation, and maintenance of internal control relevant to compliance with laws and regulations and the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
  - Alignment of internal control to ensure that appropriate goals and objectives are met, that management and financial information is reliable and properly reported and that compliance with and identification of the

- laws, regulations, contracts, grants or agreements (including any federal award programs) applicable to the entity's activities is achieved
- Remedy, through timely and appropriate steps, of fraud and noncompliance with provisions of laws, regulations, contracts or other agreements reported by the auditor
- Establishment and maintenance of processes to track the status and address findings and recommendations of auditors
- **Accounting and Reporting** – for the:
  - Maintenance of adequate records, selection and application of accounting principles, and the safeguard of assets
  - Adjustment of the financial statements to correct material misstatements and confirmation to us in the representation letter that the effects of any uncorrected misstatements aggregated by us are immaterial, both individually and in the aggregate, to the financial statements taken as a whole
  - Preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (or other basis if indicated in the contract)
  - Inclusion of the auditors' report in any document containing financial statements that indicates that such financial statements have been audited by us
  - Distribution of audit reports to any necessary parties

The results of our tests of compliance and internal control over financial reporting performed in connection with our audit of the financial statements may not fully meet the reasonable needs of report users. Management is responsible for obtaining audits, examinations, agreed-upon procedures, or other engagements that satisfy relevant legal, regulatory, or contractual requirements or fully meet other reasonable user needs.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America provide for certain required supplementary information ("RSI") to accompany the basic financial statements. We understand the following RSI will accompany the basic financial statements:

1. Management's Discussion and Analysis ("MD&A")
2. Budgetary comparison
3. Pension and Other Postemployment Benefit information

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management is responsible for the fair presentation of the RSI. As part of our engagement, we will apply certain limited procedures to the RSI in GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

With regard to any supplementary information that we are engaged to report on:

- Management is responsible for its preparation in accordance with applicable criteria
- Management will provide certain written representations regarding the supplementary information at the conclusion of our engagement
- Management will include our report on this supplementary information in any document that contains this supplementary information and indicates we have reported on the supplementary information
- Management will make the supplementary information readily available to intended users if it is not presented with the audited financial statements

Such information is:

- Presented for the purpose of additional analysis of the financial statements
- Not a required part of the financial statements
- The responsibility of management
- Subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS

**Written Confirmations Required**

As part of our audit process, we will request from management and, if applicable, those charged with governance written confirmation acknowledging certain responsibilities outlined in this contract and confirming:

- The availability of this information
- Certain representations made during the audit for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

**Peer Review Report**

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our most recent peer review report accompanies this contract.

### Scope of Services – Agreed-Upon Procedure Services

With respect to each agreed-upon procedure engagement:

- a. Scientific and Scientific and Cultural Facilities District (SCFD) engagement – we will perform certain agreed upon procedures, as described in the SCFD Tier II Qualification Application, to schedules required to be submitted by the City in connection with the SCFD audit report package as of and for the year ended December 31, 2022. The City of Aurora is responsible for the information included in the SCFD Tier II Qualification Application and audit report package.
- b. City of Aurora Post Employment Health Plans (PEHP Plans) which include the Fire Chief Officers PEHP, Police-Command PEHP, Aurora Firefighters PEHP, the Aurora Police Association PEHP plans, the Executive Staff, and the Managers, we will perform the following procedures for the year ended December 31, 2022:
  - i. Obtain documentation of internal controls surrounding the PEHP Plans. We will identify key controls and test the key controls for design effectiveness.
  - ii. For each PEHP plan, we will obtain the participant election of the contribution percentage of the accumulated bank of sick leave for the year ending December 31, 2022. We will obtain a list of terminations during the year for each plan and select a sample of the lesser of 10% or 30 items to ensure that the correct portion of the accumulated bank was contributed to the PEHP plan by the City. We will also trace the transfer of funds to supporting documentation to ensure funds were transferred to the Trust.

The City is responsible for the PEHP Plans.

- c. We will apply the procedures enumerated in the attachment to this contract to the 457 Deferred Compensation Plan of the City of Aurora, Colorado as of and for the year ended December 31, 2022. The City is responsible for the 457 Deferred Compensation Plan.
- d. 7/20 Memorial Foundation, Inc. (the Foundation) for whom the City is fiscal agent we will perform the following procedures for the year ended December 31, 2022:
  - i. Obtain documentation of internal controls surrounding the cash inflows and outflows of the Foundation. We will identify key controls and test the key controls for design effectiveness.
  - ii. Select a sample of cash receipts and cash disbursements and agree to supporting documentation. Also, review cash receipts to ensure they are being tracked according to purpose.

The City is responsible for the 7/20 Memorial Foundation, Inc.

- e. We will apply the procedures enumerated in the attachment to this contract for funding provided to nonprofits with City dollars for the period of January 1, 2020 through December 31, 2022. The City is responsible for the payments made to nonprofits.

The City has agreed to these procedures and acknowledged that the procedures to be performed are appropriate for the intended purpose of the SCFD Tier II Qualification Application and meeting its fiduciary responsibilities relating to the PEHP plans, the 457 Deferred Compensation Plan, the 7/20 Memorial Foundation or the payments to the nonprofits. Our responsibility is to carry out these procedures and report on our findings. It is understood that we make no representation regarding the appropriateness of these procedures for the purpose for which this report has been requested or for any other purpose. The procedures we will perform may not address all the items of interest to a user of our report and may not

meet the needs of all users of our report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our engagement to perform agreed-upon procedures is not designed to constitute an examination or a review of the subject matter, the objective of which is the expression of an opinion or conclusion, respectively, on the subject matter. Accordingly, the report will not express an opinion or a conclusion, respectively, on the SCFD Tier II Qualification Application, the City of Aurora Post Employment Health Plans, the 457 Deferred Compensation Plan, the 7/20 Memorial Foundation or the payments made to nonprofits. If additional procedures were to be performed, other matters might have come to our attention. In addition, we have no obligation to perform any procedures beyond those listed in the attachment to this letter.

Marcella Ardan, Managing Director, will oversee and coordinate the agreed-upon procedures engagements. Karmyn Jeffries, Director, is responsible for supervising the engagement team and authorizing the signing of reports.

We will issue a written report upon completion of our engagement that summarizes the procedures performed, and the results of those procedures. If we encounter restrictions in performing our procedures, we will discuss the matter with you. If we determine the restrictions are appropriate, we will disclose the restrictions in our report. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you. The written report and related procedures we will perform are for the intended use of:

<b>Entity Name</b>	<b>Party Name</b>
City of Aurora, Colorado – Cultural Services Division	City of Aurora, Colorado and the Specific and Cultural Facilities District
City of Aurora Post Employment Health Plans (PEHP)	City of Aurora, Colorado
457 Deferred Compensation Plan	City of Aurora, Colorado
7/20 Memorial Foundation, Inc.	City of Aurora, Colorado
City of Aurora (Payments to nonprofits)	City of Aurora, Colorado

Our report will be intended for use by and restricted to the use of the specified parties and our report will contain such restricted use language.

The following apply for the agreed-upon procedure services described above:

**Our Responsibilities** We will conduct our agreed-upon procedures engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants.

**Limitations & Fraud** Our engagement will not include a detailed examination of all transactions and cannot be relied upon to disclose misstatements that might exist due to error, fraud, or illegal acts. However, we will inform you of any such matters, if material, that come to our attention.

You accept that these procedures are not a substitute for management's responsibility to ensure controls are in place to prevent and detect theft and all other forms of fraud and illegal acts. Therefore, you agree we are not responsible for the cost of damages or any liability arising from errors or irregularities, fraud, defalcations, or any other form of noncompliance or theft, caused by current or former employees, directors, owners, or third parties.

**Report** If, for any reason, we are unable to complete our procedures, we may decline to issue a report as a result of this engagement.

**Management  
Responsibilities**

The management of the City of Aurora, Colorado is responsible for the following:

- Proper recording of transactions and preparation of financial statements
- Establishing and maintaining effective internal control over financial reporting
- Setting the proper tone
- Creating and maintaining a culture of honesty and high ethical standards
- Establishing appropriate controls to prevent, deter, and detect fraud and illegal acts
- Identifying and ensuring compliance with laws and regulations applicable to its activities
- Establishing and maintaining effective internal control over compliance
- Implementing and monitoring controls

To facilitate our engagement, management of the City is responsible for supplying us with all necessary information and for allowing us access to personnel to assist in performing our services. It should be understood that management is responsible for the accuracy and completeness of these items and for the subject matter.

**Written  
Representations**

At the conclusion of our engagement, we will request certain written representations from you about the subject matter information and related matters.

## FORVIS, LLP Terms and Conditions Addendum

### GENERAL

1. **Overview.** This addendum describes **FORVIS LLP's** standard terms and conditions ("Terms and Conditions") applicable to Our provision of services to the Client ("You"). The Terms and Conditions are a part of the contract between You and FORVIS, LLP. For the purposes of the Terms and Conditions, any reference to "Firm," "We," "Us," or "Our" is a reference to FORVIS, LLP ("FORVIS"), and any reference to "You" or "Your" is a reference to the party or parties that have engaged Us to provide services and the party or parties ultimately responsible for payment of Our fees and costs.

### BILLING, PAYMENT, & TERMINATION

2. **Billing and Payment Terms.** We will bill You for Our professional fees and costs as outlined in Our contract. Unless otherwise provided in Our contract, payment is due upon receipt of Our billing statement. Interest will be charged on any unpaid balance after 30 days at the rate of 10 percent per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10 percent. All fees, charges, and other amounts payable to FORVIS hereunder do not include any sales, use, excise, value-added, or other applicable taxes, tariffs, or duties, payment of which shall be Your sole responsibility, and do not include any applicable taxes based on FORVIS' net income or taxes arising from the employment or independent contractor relationship between FORVIS and FORVIS' personnel.

We reserve the right to suspend or terminate Our work for this engagement or any other engagement for nonpayment of fees. If Our work is suspended or terminated, You agree that We will not be responsible for Your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against You resulting from Your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of Our services.

Our fees may increase if Our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards. Our engagement fees do not include any time for post-engagement consultation with Your personnel or third parties, consent letters and related procedures for the use of Our reports in offering documents, inquiries from regulators, or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

3. **Billing Records.** If these services are determined to be within the scope and authority of Section 1861(v)(1)(I) of the Social Security Act, We agree to make available to the Secretary of Health and Human Services, or to the U.S. Comptroller General, or any of their duly authorized representatives, such of Our books, documents, and records that are necessary to certify the nature and extent of Our services, until the expiration of four (4) years after the furnishing of these services. This contract allows access to contracts of a similar nature between subcontractors and related organizations of the subcontractor, and to their books, documents, and records.

4. **Termination.** Either party may terminate these services in good faith at any time for any reason, including Your failure to comply with the terms of Our contract or as We determine professional standards require. Both parties must agree, in writing, to any future modifications or extensions. If services are terminated, You agree to pay FORVIS for time expended to date. In addition, You will be billed costs and fees for services from other professionals, if any, as well as an administrative fee of five (5) percent to cover certain technology and administrative costs associated with Our services. Unless terminated sooner in accordance with its terms, this engagement shall terminate upon the completion of FORVIS' services hereunder.

### DISPUTES & DISCLAIMERS

5. **Mediation.** Any dispute arising out of or related to this engagement will, prior to resorting to litigation, be submitted for nonbinding mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The mediator will be selected by agreement of the parties. The mediation proceeding shall be confidential. Each party will bear its own costs in the mediation, but the fees and expenses of the mediator will be shared equally.
6. **Indemnification.** Unless disallowed by law or applicable professional standards, You agree to hold FORVIS harmless from any and all claims which arise from knowing misrepresentations to FORVIS, or the intentional withholding or concealment of information from FORVIS by Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. You also agree to indemnify FORVIS for any claims made against FORVIS by third parties, which arise from any wrongful actions of Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. The provisions of this paragraph shall apply regardless of the nature of the claim.
7. **Statute of Limitations.** You agree that any claim or legal action arising out of or related to this contract and the services provided hereunder shall be commenced no more than one (1) year from the date of delivery of the work product to You or the termination of the services described herein (whichever is earlier), regardless of any statute of limitations prescribing a longer period of time for commencing such a claim under law. This time limitation shall apply regardless of whether FORVIS performs other or subsequent services for You. A claim is understood to be a demand for money or services, demand for mediation, or the service of suit based on a breach of this contract or the acts or omissions of FORVIS in performing the services provided herein. This provision shall not apply if enforcement is disallowed by applicable law or professional standards.
8. **Limitation of Liability.** You agree that FORVIS' liability, if any, arising out of or related to this contract and the services provided hereunder, shall be limited to the amount of the fees paid by You for services rendered under this contract. This limitation shall not apply to the extent it is finally, judicially determined that the liability resulted from the intentional or



willful misconduct of FORVIS or if enforcement of this provision is disallowed by applicable law or professional standards.

9. **Waiver of Certain Damages.** In no event shall FORVIS be liable to You or a third party for any indirect, special, consequential, punitive, or exemplary damages, including but not limited to lost profits, loss of revenue, interruption, loss of use, damage to goodwill or reputation, regardless of whether You were advised of the possibility of such damages, regardless of whether such damages were reasonably foreseeable, and regardless of whether such damages arise under a theory of contract, tort, strict liability, or otherwise.
10. **Choice of Law.** You acknowledge and agree that any dispute arising out of or related to this contract shall be governed by the laws of the State of Colorado, without regard to its conflict of laws principles.
11. **WAIVER OF JURY TRIAL. THE PARTIES HEREBY AGREE NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVE ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS AGREEMENT, OR ANY CLAIM, COUNTERCLAIM, OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY THE PARTIES, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE.**
12. **Severability.** In the event that any term or provision of this agreement shall be held to be invalid, void, or unenforceable, then the remainder of this agreement shall not be affected, and each such term and provision of this agreement shall be valid and enforceable to the fullest extent permitted by law.
13. **Assignment.** You acknowledge and agree that the terms and conditions of this contract shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.
14. **Disclaimer of Legal or Investment Advice.** Our services do not constitute legal or investment advice.

## **RECORDS, WORKPAPERS, DELIVERABLES, & PROPRIETARY INFORMATION**

15. **Maintenance of Records.** You agree to assume full responsibility for maintaining Your original data and records and that FORVIS has no responsibility to maintain this information. You agree You will not rely on FORVIS to provide hosting, electronic security, or backup services, *e.g.*, business continuity or disaster recovery services, to You unless separately engaged to do so. You understand that Your access to data, records, and information from FORVIS' servers, *i.e.*, FORVIS portals used to exchange information, can be terminated at any time and You will not rely on using this to host Your data and records.
16. **FORVIS Workpapers.** Our workpapers and documentation retained in any form of media for this engagement are the property of FORVIS. We can be compelled to provide information under legal process. In addition, We may be

requested by regulatory or enforcement bodies (including any State Board) to make certain workpapers available to them pursuant to authority granted by law or regulation. Unless We are prohibited from doing so by law or regulation, FORVIS will inform You of any such legal process or request. You agree We have no legal responsibility to You in the event We determine We are obligated to provide such documents or information.

17. **Subpoenas or Other Legal Process.** In the event FORVIS is required to respond to any such subpoena, court order, or any government regulatory inquiry or other legal process relating to You or Your management for the production of documents and/or testimony relative to information We obtained or prepared incident to this or any other engagement in a matter in which FORVIS is not a party, You shall compensate FORVIS for all time We expend in connection with such response at normal and customary hourly rates and to reimburse Us for all out-of-pocket expenses incurred in regard to such response.
18. **Use of Deliverables and Drafts.** You agree You will not modify any deliverables or drafts prepared by Us for internal use or for distribution to third parties. You also understand that We may on occasion send You documents marked as draft and understand that those are for Your review purpose only, should not be distributed in any way, and should be destroyed as soon as possible.

Our report on any financial statements must be associated only with the financial statements that were the subject of Our engagement. You may make copies of Our report, but only if the entire financial statements (exactly as attached to Our report, including related footnotes) and any supplementary information, as appropriate, are reproduced and distributed with Our report. You agree not to reproduce or associate Our report with any other financial statements, or portions thereof, that are not the subject of Our engagement.

19. **Proprietary Information.** You acknowledge that proprietary information, documents, materials, management techniques, and other intellectual property are a material source of the services We perform and were developed prior to Our association with You. Any new forms, software, documents, or intellectual property We develop during this engagement for Your use shall belong to Us, and You shall have the limited right to use them solely within Your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements, and other documents which We make available to You are confidential and proprietary to Us. Neither You, nor any of Your agents, will copy, electronically store, reproduce, or make any such documents available to anyone other than Your personnel. This provision will apply to all materials whether in digital, "hard copy" format, or other medium.

## **REGULATORY**

20. **U.S. Securities and Exchange Commission ("SEC") and other Regulatory Bodies.** Where We are providing services either for (a) an entity that is registered with the SEC, (b) an affiliate of such registrant, or (c) an entity or affiliate that is subject to rules, regulations, or standards beyond those of the American Institute of Certified Public Accountants ("AICPA"), any term of this contract that would be prohibited by or impair Our independence under applicable law or regulation shall not

apply to the extent necessary only to avoid such prohibition or impairment.

21. **Offering Document.** You may wish to include Our report(s) on financial statements in an exempt offering document. You agree that any report, including any auditor's report, or reference to Our firm, will not be included in any such offering document without notifying Us. Any agreement to perform work in connection with an exempt offering document, including providing agreement for the use of the auditor's report in the exempt offering document, will be a separate engagement.

Any exempt offering document issued by You with which We are not involved will clearly indicate that We are not involved by including a disclosure such as, "FORVIS, LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. FORVIS, LLP also has not performed any procedures relating to this offering document."

22. **FORVIS Not a Municipal Advisor.** FORVIS is not acting as Your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, FORVIS is not recommending any action to You and does not owe You a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such matters with internal or external advisors and experts You deem appropriate before acting on any such information or material provided by FORVIS.
23. **FORVIS Not a Fiduciary.** In providing Our attest services, We are required by law and our professional standards to maintain our independence from You. We take this mandate very seriously and thus guard against impermissible relationships which may impair the very independence which You and the users of Our report require. As such, You should not place upon Us special confidence that in the performance of Our attest services We will act solely in Your interest. Therefore, You acknowledge and agree We are not in a fiduciary relationship with You and We have no fiduciary responsibilities to You in the performance of Our services described herein.

## TECHNOLOGY

24. **Electronic Sites.** You agree to notify Us if You desire to place Our report(s), including any reports on Your financial statements, along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that We have no responsibility to review information contained in electronic sites.
25. **Electronic Signatures and Counterparts.** This contract and other documents to be delivered pursuant to this contract may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same agreement or document, and will be effective when counterparts have been signed by each of the parties and delivered to the other parties. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this contract are intended to authenticate this writing and to have the same force and effect as manual

signatures. Delivery of a copy of this contract or any other document contemplated hereby, bearing an original manual or electronic signature by facsimile transmission (including a facsimile delivered via the internet), by electronic mail in "portable document format" (".pdf") or similar format intended to preserve the original graphic and pictorial appearance of a document, or through the use of electronic signature software, will have the same effect as physical delivery of the paper document bearing an original signature.

26. **Electronic Data Communication and Storage.** In the interest of facilitating Our services to You, We may send data over the internet, temporarily store electronic data via computer software applications hosted remotely on the internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, We employ measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with Our obligations under applicable laws, regulations, and professional standards.

You recognize and accept that We have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by Us. You consent to Our use of these electronic devices and applications during this engagement.

## OTHER MATTERS

27. **Cooperation.** You agree to cooperate with FORVIS in the performance of FORVIS' services to You, including the provision to FORVIS of reasonable facilities and timely access to Your data, information, and personnel. You shall be responsible for the performance of Your employees and agents.
28. **Third-Party Service Providers.** FORVIS may from time to time utilize third-party service providers, including but not limited to domestic software processors or legal counsel, or disclose confidential information about You to third-party service providers in serving Your account. FORVIS maintains, however, internal policies, procedures, and safeguards to protect the confidentiality and security of Your information. In addition, FORVIS will secure confidentiality agreements with all service providers to maintain the confidentiality of Your information. If We are unable to secure an appropriate confidentiality agreement, You will be asked to consent prior to FORVIS sharing Your confidential information with the third-party service provider.
29. **Independent Contractor.** When providing services to You, We will be functioning as an independent contractor; and in no event will We or any of Our employees be an officer of You, nor will Our relationship be that of joint venturers, partners, employer and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to You. Decisions regarding management of Your business remain the responsibility of Your personnel at all times. Neither You nor FORVIS shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

30. **Use of FORVIS Name.** Any time You intend to reference FORVIS' firm name in any manner in any published materials, including on an electronic site, You agree to provide Us with draft materials for review and approval before publishing or posting such information.
31. **Praxity.** FORVIS is an independent accounting firm allowed to use the name "Praxity" in relation to its practice. FORVIS is not connected, however, by ownership with any other firm using the name "Praxity." FORVIS will be solely responsible for all work carried out on Your behalf. In deciding to engage FORVIS, You acknowledge that We have not represented to You that any other firm using the name "Praxity" will in any way be responsible for Our work.
32. **Entire Agreement.** The contract, including this Terms and Conditions Addendum and any other attachments or addenda, encompasses the entire agreement between You and FORVIS and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this contract must be made in writing and signed by both You and FORVIS.
33. **Force Majeure.** We shall not be held responsible for any failure to fulfill Our obligations if such failure was caused by circumstances beyond Our control, including, without limitation, fire or other casualty, act of God, act of terrorism, strike or labor dispute, war or other violence, explosion, flood or other natural catastrophe, epidemic or pandemic, or any law, order, or requirement of any governmental agency or authority affecting either party, including without limitation orders incident to any such epidemic or pandemic, lockdown orders, stay-at-home orders, and curfews.

**Attachment**City of Aurora 457 Plan Agreed-Upon Procedures  
Year Ended December 31, 2022

1. Internal controls
  - a. Identify segregation of control issues by review of duties grids completed by the City for cash inflows, cash outflows and investing transaction cycles.
  - b. Perform walkthroughs of design effectiveness of the cash inflows, cash outflows and investing transaction cycles.
  - c. Obtain the Nationwide SOC report and review report.
2. Plan documents
  - a. Obtain and read any plan amendments
3. Eligibility requirements
  - a. Pick 10 new employees and determine if participants were appropriately auto enrolled into the plan.
4. Participant data testing – Sample 30 participants
  - a. Send negative confirmations to participant to determine if the participant agrees with balances at year-end, contributions made during the year and investment allocations elections.
  - b. Analytical test each participant's annual contributions by recalculating the annual contribution based on the participants contribution elections or default deferral rate, as applicable.
5. Contribution testing
  - a. Compare total employee contributions withheld from payroll to contributions received by the plan and also to W-3 detail as of year-end and identify any differences.
  - b. Test three payroll periods to determine if contributions were transmitted within two days of pay dates.
  - c. Select five participants over the age of 50 to determine if Nationwide provided information about catchup contributions to the participant, or determine whether information was provided to all personnel via email or during onboarding process.
6. Distribution testing
  - a. Sample three individual participant distributions to support and determine if they were paid timely. A period of 15 days or earlier from the time the request was sent will be used to determine timeliness.
  - b. Sample three hardship distributions and determine if required support was obtained prior to the distribution.
  - c. Sample three terminations and determine if the termination date per plan agrees with the date per City information.
7. Loans
  - a. Select three new loans in current year for compliance with loan policy document.

8. Investments

- a. Test fair value measurements by selecting five purchases and five sales from each quarterly statement and comparing those to the prices of the security on that day as published by a third party.
- b. Review minutes to determine the Investment Policy Statement was reviewed and updated as necessary and applicable.
- c. Perform analysis of fund utilizing FI360 report.

**Attachment**  
Nonprofit Spending Agreed-Upon Procedures  
Year Ended December 31, 2022

The following procedures are for funding provided to nonprofits with city dollars for the period of January 1, 2020 through December 31, 2022.

1. Meet with the Controller's office and the departments who paid the nonprofits selected in number 2 below and gain an understanding of the internal controls over:
  - a. Awarding the nonprofits
  - b. Payments made to nonprofits
  - c. Monitoring performed over the nonprofits
  - d. Inquire of any knowledge of fraud or suspected fraud or allegations of fraud or suspected fraud
  - e. Inquire of any other concerns or issues to discuss or have us address during our performance of procedures
2. Receive list of nonprofits the city supports and randomly select 20% of the nonprofits using monetary unit sampling.
3. For the nonprofits selected for testing in number 2 above obtain the agreements. Review the agreements to determine whether the funding is one of the following:
  - a. Charge for service
  - b. Donation or sponsorship in which the city is not expecting specific performance and/or for general operations
  - c. Program support with specific performance requirements
4. For the nonprofits selected perform the following using the IRS website:
  - a. Using the nonprofits EIN ensure it is a charitable organization
  - b. Review the nonprofits most recent Form 990 and ensure they are reporting government contributions in at least the amount given to them by the city
5. For the nonprofits selected review the Federal Audit Clearinghouse Website for any single audit filings. If the nonprofit filed a single audit report review the report to identify if the nonprofit had any findings that would be indicative of internal control issues that would impact city funding.
6. For the nonprofits selected in number 2 above obtain the payments made to the nonprofits for the period under audit and select a random sample of 10% of the payments (based upon amount paid to each nonprofit).
7. For the payments selected perform the following procedure depending on the award type identified in step 3 above:
  - a. Charge for service
    - i. Review payment support and backup documents for propriety including payment agrees to supporting document and proper approvals were obtained in accordance with city policies.
  - b. Donation or sponsorship where the city is not expecting specific performance

- i. Review payment support and backup documents for propriety including payment agrees to supporting document and proper approvals were obtained in accordance with city policies.
    - ii. Obtain the nonprofit's most recent financial statements or financial audit, for the associated years to ensure the nonprofit is in existence and is not in a deficit position.
  - c. Program support with specific performance requirements
    - i. Review payment support and backup documents for propriety including payment agrees to supporting document and proper approvals were obtained in accordance with city policies.
    - ii. Identify performance reports required in the agreement and the frequency of filings.
      - 1. Obtain and review the performance reports, as applicable, to ensure the nonprofits are submitting the required reports per agreements.



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225-922-4600 Phone – 225-922-4611 Fax – [pncpa.com](http://pncpa.com)

*Postlethwaite & Netterville and Associates, L.L.C.*

## Report on the Firm's System of Quality Control

To the Partners of BKD, LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BKD, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### **Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### **Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### **Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

### **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of BKD, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. BKD, LLP has received a peer review rating of *pass*.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
November 2, 2020



**Certificate Of Completion**

Envelope Id: 5C705EFDF9264372AD66C2194DBA5B6C	Status: Completed
Subject: FORVIS Contract(s) via DocuSign – Please Review and Sign	
Source Envelope:	
Document Pages: 21	Signatures: 3
Certificate Pages: 5	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	Rhonda Dextras
Time Zone: (UTC-06:00) Central Time (US & Canada)	rdextras@bkd.com
	IP Address: 134.238.214.146

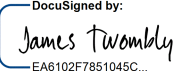
**Record Tracking**

Status: Original	Holder: Rhonda Dextras	Location: DocuSign
11/7/2022 3:03:51 PM	rdextras@bkd.com	

**Signer Events**

James Twombly  
 jtwombly@auroragov.org  
 City Manager  
 Security Level: Email, Account Authentication (None)

**Signature**

DocuSigned by:  
  
 EA6102F7851045C...  
 Signature Adoption: Pre-selected Style  
 Using IP Address: 63.149.121.82

**Timestamp**

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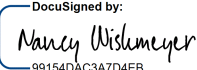
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# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> First-Lien Sewer Revenue Bonds (Pipeline/Interceptor Project) Series 2023
<b>Item Initiator:</b> Teresa Sedmak, City Treasurer
<b>Staff Source/Legal Source:</b> Teresa Sedmak, City Treasurer/ Hanosky Hernandez, Sr. Assistant City Attorney
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 6.1--Ensure the delivery of high quality services to residents in an efficient and cost effective manner

### COUNCIL MEETING DATES:

**Study Session:** 12/12/2022

**Regular Meeting:** 12/19/2022

### ITEM DETAILS:

- Agenda long title
- Waiver of reconsideration requested, and if so, why
- Sponsor name
- Staff source name and title / Legal source name and title
- Outside speaker name and organization
- Estimated Presentation/discussion time

Ordinance authorizing the issuance, sale and delivery of not to exceed \$46,000,000 aggregate principal amount of First-Lien Sewer Revenue Bonds (Pipeline/Interceptor Project) Series 2023

Teresa Sedmak, City Treasurer/ Hanosky Hernandez, Sr. Assistant City Attorney

Estimated time: 10 minutes

---

### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Approve Item and Move Forward to Study Session  | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input type="checkbox"/> Information Only   |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

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**PREVIOUS ACTIONS OR REVIEWS:** N/A

**Policy Committee Name:** Management & Finance

**Policy Committee Date:** 11/22/2022

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

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**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

N/A

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**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

The attached proposed financing ordinance provides for the issuance of Series 2023 First-Lien Sewer Revenue Bonds, in an amount not to exceed \$46 million. Proceeds of the issue will be used to finance the acquisition and construction of collector and pipeline improvements to the system and pay costs of issuance of the bonds.

Debt service on the bonds will be paid solely through net pledged revenues of the sewer system.

This ordinance is accompanied by a draft preliminary official statement (POS), which will be significantly augmented prior to issuance. The POS is the primary disclosure document referenced by investors and includes comprehensive information on the bonds, which is vital to investors in making their investment decisions. Assisting the City in preparation of the POS will be Kutak Rock, the City's bond/disclosure counsel and Hilltop Securities, the City's financial advisor.

The bonds are expected to be sold on or about February 14<sup>th</sup> by competitive sale. Closing is anticipated to be on February 23, 2023.

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**QUESTIONS FOR COUNCIL**

Does the Management and Finance Committee support moving the proposed financing ordinance forward to study session?

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**LEGAL COMMENTS**

City Council may authorize, by ordinance, without an election, the issuance of water extension and water improvement bonds. The City Council may also issue refunding bonds for the purpose of paying outstanding bonds of the City at a lower rate. Colorado Constitution Article X § 20(4)(b); City Charter Article 11-19 & 21. (Hernandez)

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**PUBLIC FINANCIAL IMPACT**

- YES       NO

**If yes, explain:** The issuance of the Series 2023 Sewer Bonds will increase the cumulative debt service of the sewer system. At this time, assuming a \$46 million borrowing and current interest rates, average annual debt

service on the 2023 bonds is expected to be approximately \$3.18 million,. Actual debt service numbers are dependent upon final debt structure and market rates at the time of issuance. Debt service on the bonds is payable solely out of net pledged revenues of the sewer system.

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**PRIVATE FISCAL IMPACT**

Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** N/A



**SERIES 2023 FIRST-LIEN SEWER  
REVENUE BOND ORDINANCE**

**CITY OF AURORA, COLORADO**

acting by and through its

**UTILITY ENTERPRISE**

Authorizing  
the issuance, sale and delivery of not to exceed  
\$46,000,000  
aggregate principal amount of  
First-Lien Sewer Revenue Bonds  
(Pipeline/Interceptor Project)  
Series 2023

Effective \_\_\_\_\_, 2023

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**ORDINANCE NO. \_\_\_\_\_**

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE BY THE CITY OF AURORA, COLORADO, ACTING BY AND THROUGH ITS UTILITY ENTERPRISE, OF FIRST-LIEN SEWER REVENUE BONDS (PIPELINE/INTERCEPTOR PROJECT), SERIES 2023, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$46,000,000, FOR THE PURPOSE OF FINANCING, IN WHOLE OR IN PART, THE COST OF ADDITIONS AND IMPROVEMENTS TO THE SEWER SYSTEM OPERATED BY THE UTILITY ENTERPRISE, PLEDGING CERTAIN FUNDS AND REVENUES OF THE ENTERPRISE TO THE PAYMENT OF SUCH BONDS, PRESCRIBING THE FORM OF SUCH BONDS, AND PROVIDING OTHER DETAILS IN CONNECTION THEREWITH.

WHEREAS, the City of Aurora, Colorado (the “City”) is a home rule municipality duly organized and existing pursuant to Article XX of the Constitution (the “Constitution”) of the State of Colorado (the “State”); and

WHEREAS, the City Council (the “Council”) of the City has previously acted by ordinance to recognize and confirm the existence of the Utility Enterprise of the City (the “Enterprise”), such ordinance being codified in Article II of Chapter 138 of the City Code (the “Code”) of the City; and

WHEREAS, the Code authorizes the issuance of revenue bonds for the purpose of financing additions and improvements to the utility systems operated by the Enterprise; and

WHEREAS, the Council, acting as such and as the governing body of the Enterprise, deems it necessary and appropriate to authorize the issuance of its First-Lien Sewer Revenue Bonds (Pipeline/Interceptor Project), Series 2023 (the “Series 2023 Bonds”) upon the terms described herein, for the purpose of defraying, in whole or in part, the cost of financing additions and improvements to the City’s Sewer System (the “System”); and

WHEREAS, such Series 2023 Bonds are permitted, under the Charter of the City (the “Charter”), the Code and Article X, Section 20 of the Constitution, to be issued without an election; and

WHEREAS, the Series 2023 Bonds shall be publicly offered at a competitive sale unless the City Manager shall certify that a private or negotiated sale of the Series 2023 Bonds would be to the best advantage of the City pursuant to Section 11-25 of the Charter; and

WHEREAS, pursuant to Ordinance No. 2006-08 (the “General Ordinance”), adopted prior to the adoption of this Ordinance, the Council has established a consistent procedure for the issuance of revenue bonds and other obligations to finance and refinance additions and improvements to the System;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AURORA, COLORADO, ACTING BY AND THROUGH THE CITY OF AURORA, COLORADO UTILITY ENTERPRISE:

## ARTICLE I

### DEFINITIONS AND CONSTRUCTION

**Section 1.01. Definitions.** Capitalized terms used herein and not otherwise defined shall have the meanings, respectively, provided in the General Ordinance. In this Series Ordinance the following additional terms have the following respective meanings unless the context clearly requires otherwise:

“*Closing*” means, in the case of Publicly Offered Series 2023 Bonds, the date of delivery of and payment for the Series 2023 Bonds and, in the case of Privately Placed Series 2023 Bonds, the date of delivery of and the first disbursement of proceeds of the Series 2023 Bonds.

“*Completion Date*” means the date as of which the City certifies that the Project is complete and no further disbursement of proceeds of the Series 2023 Bonds will be requested.

“*Continuing Disclosure Undertaking*” means, to the extent provided by Final Terms Certificate in connection with any Publicly Offered Series 2023 Bonds, the Continuing Disclosure Undertaking, if any, relating to the Official Statement and the Series 2023 Bonds, in substantially the form filed with the City Clerk at the time of introduction of this Series Ordinance.

“*General Ordinance*” means Ordinance No. 2006-08 of the City, as it may be amended from time to time.

“*Maximum Rate*” in the case of Fixed rate Series 2023 Bonds, means a coupon rate of 5.50% and in the case of Variable Rate Series 2023 Bonds, means a coupon rate of 10%.

“*Official Statement*” means, in the event that any of the Series 2023 Bonds are Publicly Offered, the Official Statement of the City relating to such Series 2023 Bonds.

“*Paying Agent*” means a suitable institution or City official designated by Final Terms Certificate to perform the duties of Paying Agent hereunder.

“*Publicly Offered*” means offered to the public in an underwritten transaction.

“*Privately Placed*” means sold in a direct placement to one or more bank lenders or institutional purchasers.

“*Project*” or “*Series 2023 Project*” means the acquisition and construction of improvements to the sewer system operated by the Enterprise, including without limitation the acquisition and construction of collector and/or interceptor pipeline improvements.

“*Purchaser*” means the original purchaser of the Series 2023 Bonds identified by the Final Terms Certificate, who may be either a bank lender or institutional purchaser if the Series 2023 Bonds are Privately Placed, or the underwriter if the Series 2023 Bonds are Publicly Offered.

“*Registrar*” means a suitable institution or City official designated by Final Terms Certificate to perform the duties of Registrar hereunder.

“*Series Ordinance*” means this Series Ordinance.

“*Series 2023 Bonds*” means the First-Lien Sewer Revenue Bonds (Pipeline/Interceptor Project), Series 2023.

“*Series 2023 Costs of Issuance Subaccount*” means the subaccount created within the Series 2023 Construction Account and required to be maintained by Section 3.03 hereof.

“*Series 2023 Construction Account*” means the special account created and required to be maintained by Section 3.02 hereof.

“*Series 2023 Debt Service Reserve Account*” means, to the extent, if any, provided by Final Terms Certificate, the special account created and required to be maintained by Section 3.04 hereof.

“*Series 2023 Excess Investment Earnings Account*” means the special account created and required to be maintained by Section 3.05 hereof.

“*Series 2023 Reserve Requirement*” means, to the extent, if any, that a reserve account is required to be maintained pursuant to a Final Terms Certificate, initially, and except as it may be adjusted pursuant to Section 3.04 hereof, an amount equal to the least of (a) 10% of the principal amount of the Series 2023 Bonds, (b) the Maximum Annual Debt Service Requirements of the Series 2023 Bonds, or (c) 125% of the Average Annual Debt Service Requirements of the Series 2023 Bonds.

“*Tax Code*” means the Internal Revenue Code of 1986, as amended.

“*Transfer Agent*” means a suitable institution or City official designated by Final Terms Certificate to perform the duties of Transfer Agent hereunder.

## ARTICLE II

### THE SERIES 2023 BONDS

**Section 2.01. The Project.** The City Council of the City hereby authorizes and directs that the Series 2023 Project be carried out with the net proceeds of the Series 2023 Bonds and any other legally available moneys of the City necessary for such purpose. [The City Council of the City hereby acknowledges that a portion of the net proceeds of the Series 2023 Bonds may be applied to reimburse the City for prior expenditures made in connection with the Series 2023 Project as permitted pursuant to the City’s declaration of official intent to reimburse such

expenditures from the proceeds of the Series 2023 Bonds pursuant to Section 1.150-2 of the Internal Revenue Code Regulations made as of \_\_\_\_\_, 2022].

**Section 2.02. Issuance of Series 2023 Bonds; Application of Series 2023 Bond Proceeds.** The Series 2023 Bonds are authorized to be either Privately Placed or Publicly Offered, at a price, if Privately Placed, equal to the sum of the authorized disbursements of proceeds, or at a price, if Publicly Offered, not less than 100% of their aggregate principal amount plus accrued interest to the date of their delivery to the Purchaser, in either case as determined by Final Terms Certificate. The net proceeds received by the City at Closing from the sale of the Series 2023 Bonds after deduction of costs of issuance and underwriting discount, if any, shall be applied as follows: (a) accrued interest, if any, on the Series 2023 Bonds shall be deposited in the Debt Service Account; (b) Series 2023 Bond proceeds sufficient to meet the Series 2023 Reserve Requirement, if any, shall be deposited to the Series 2023 Debt Service Reserve Account; and (c) the remaining Series 2023 Bond proceeds shall be deposited, at or after the issuance of the Series 2023 Bonds, to the extent necessary to accomplish the Series 2023 Project, into the Series 2023 Construction Account. Any excess funds remaining upon completion of the Series 2023 Project may be used for any lawful purpose of the City or the Enterprise.

**Section 2.03. Authorization; Election To Apply Supplemental Public Securities Act.** The Series 2023 Bonds, payable as to all Debt Service Requirements solely out of the Net Pledged Revenues, are hereby authorized to be issued and outstanding in an aggregate principal amount not to exceed \$46,000,000. The actual amount of the Series 2023 Bonds and various other final terms of the Series 2023 Bonds, not inconsistent herewith, shall be approved by a certificate (a “Final Terms Certificate”) signed by the Director of Finance or an Authorized Officer of the City; provided however, that, to the extent the sale of the Series 2023 Bonds is completed as a negotiated sale or privately placed, the City Manager shall certify to the Council that such method of sale is to the best advantage of the City in accordance with Section 11-25 of the City Charter. To the extent provided by Final Terms Certificate, amounts of principal redeemed or paid at maturity may be reborrowed, provided that the total principal amount of the obligation evidenced by the Series 2023 Bonds shall never exceed \$46,000,000. The City hereby elects to apply all provisions of the Supplemental Public Securities Act, to the extent not inconsistent herewith, to the Series 2023 Bonds. Any inconsistency between this Ordinance and the Supplemental Public Securities Act is intended as an exercise of the home rule legislative powers of the City.

**Section 2.04. Bond Details.**

(a) **Generally.** The provisions of the General Ordinance are hereby incorporated into this Series Ordinance. The Series 2023 Bonds shall be First-Lien Revenue Obligations within the meaning of the General Ordinance, secured by a first and prior (but not necessarily exclusive) lien upon the Net Pledged Revenues.

The Series 2023 Bonds shall be issued by the City Council of the City, as the governing body of the Enterprise, pursuant to the Code and the General Ordinance, (i) if Publicly Offered, in fully registered form in denominations of \$5,000 or any integral multiple thereof and (ii) if Privately Placed, in fully-registered form in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof; provided that no Series 2023

Bond shall be issued in any denomination larger than the aggregate principal amount of Series 2023 Bonds maturing on a single maturity date.

Pursuant to the recommendations of the Committee on Uniform Security Identification Procedures, if the Series 2023 Bonds are Publicly Offered, CUSIP numbers may be printed on the Series 2023 Bonds.

If the Series 2023 Bonds are Publicly Offered, then, to the extent determined by Final Terms Certificate, the Series 2023 Bonds may be issued in book-entry form through the facilities of The Depository Trust Company, and the appropriate officials of the City shall thereupon be authorized to execute such documents as are necessary to issue and deliver the Series 2023 Bonds in such form. If the Series 2023 Bonds are Privately Placed they shall not be issued in book-entry form through the facilities of The Depository Trust Company or otherwise.

The Series 2023 Bonds may be issued either as Fixed Rate Obligations or Variable Rate Obligations, or any combination thereof, as shall be provided by Final Terms Certificate, provided that any Publicly Offered Series 2023 Bonds shall be Fixed Rate Obligations.

The Series 2023 Bonds shall mature on August 1 in the years and in the aggregate principal amounts provided by a Final Terms Certificate; provided that the Series 2023 Bonds may mature within any period permitted by the Charter and Code but in any event not later than August 1, 2053. From the Completion Date to the Maturity Date, principal of any Variable Rate Series 2023 Bonds shall be amortized on a substantially level-debt basis, assuming interest accruals at the Maximum Rate. The Series 2023 Bonds shall bear interest, which may accrue at fixed, split, stepped or variable rates from the date as of which they are dated or the Interest Payment Date to which interest has been paid next preceding their respective dates, whichever is later, or, in the case of Privately Placed Series 2023 Bonds, from the date proceeds are advanced by a bank lender or institutional purchaser, to their respective Maturity Dates, except if redeemed prior thereto, at rates not exceeding the Maximum Rate, all as determined by Final Terms Certificate. Amounts of proceeds drawn with respect to Variable Rate Series 2023 Bonds may accrue interest either at the rate applicable on the date of such drawing or at variable rates which are the same as and subject to the same adjustments as other Variable Rate Series 2023 Bonds.

Said interest shall be payable commencing not later than August 1, 2023, and annually, semiannually or monthly thereafter at any convenient interval determined by Final Terms Certificate. If upon presentation at maturity the principal of any Series 2023 Bond is not paid as provided therein, interest shall continue thereon at the same interest rate (in the case of a Fixed Rate Obligation) or 10% (in the case of a Variable Rate Obligation) until the principal thereof is paid in full.

The Debt Service Requirements of the Series 2023 Bonds shall be payable to the Owners of the Series 2023 Bonds in lawful money of the United States of America by the Paying Agent. The final installments of principal and interest shall be payable to the Owner of each Series 2023 Bond upon presentation and surrender thereof at maturity or upon prior



redemption. Except as hereinbefore and hereinafter provided, the interest shall be payable to the Owner of each Series 2023 Bond determined as of the close of business on the Regular Record Date irrespective of any transfer of ownership of the Series 2023 Bond subsequent to the Regular Record Date and prior to such Interest Payment Date, by check or draft mailed to such Owner at the address appearing on the registration books of the City maintained by the Registrar. Any interest not paid when due and any interest accruing after maturity shall be payable to the Owner of each Series 2023 Bond entitled to receive such interest determined as of the close of business on the Special Record Date irrespective of any transfer of ownership of the Series 2023 Bond subsequent to the Special Record Date and prior to the date fixed by the Paying Agent for the payment of such interest, by check or draft mailed as aforesaid. Notice of the Special Record Date and of the date fixed for the payment of such interest shall be given by sending a copy thereof by certified or registered first-class, postage prepaid mail, at least 10 days prior to the special record date, to the Purchaser and to the Owner of each Series 2023 Bond upon which interest will be paid determined as of the close of business on the day preceding such mailing at the address appearing on the registration books of the City. Any premium shall be payable to the Owner of each Series 2023 Bond redeemed upon presentation and surrender thereof upon prior redemption. If the date for making or giving any payment, determination or notice described herein is not a Business Day, such payment, determination or notice shall be made or given on the next succeeding Business Day.

(b) ***Redemption; Notice of Redemption.*** The Series 2023 Bonds may be made subject to optional redemption prior to their maturity at a price or prices equal to the principal amount of the Series 2023 Bonds so redeemed either without premium or plus a premium not to exceed 2% of the principal amount thereof, plus accrued interest to the date of redemption, at such times and in such manner as provided by Final Terms Certificate. The Series 2023 Bonds may also be made subject to mandatory redemption from sinking fund installments or otherwise, at such times and in such manner, at prices not exceeding the principal amount of the Series 2023 Bonds so redeemed plus accrued interest to the date of redemption, as provided by a Final Terms Certificate.

Series 2023 Bonds which are redeemable prior to their respective maturity dates may be redeemed in part if issued in denominations which are integral multiples of \$5,000. Such Series 2023 Bonds shall be treated as representing a corresponding number of separate Bonds in the denomination of \$5,000 each. Any such Series 2023 Bond to be redeemed in part shall be surrendered for partial redemption in the manner hereinafter provided for transfers of ownership. Upon payment of the redemption price of any such Series 2023 Bond redeemed in part the Owner thereof shall receive a new Series 2023 Bond or Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Series 2023 Bond surrendered.

Notice of redemption shall be given by the Paying Agent in the name of the City by sending a copy thereof by certified or registered first-class postage prepaid mail, at least 30 days prior to the Redemption Date, to the Purchaser and to the Owner of each of the Series 2023 Bonds being redeemed determined as of the close of business on the day preceding the first mailing of such notice, at the addresses appearing on the registration books of the City maintained by the Registrar. Such notice shall specify the number or

numbers of the Series 2023 Bonds to be redeemed, whether in whole or in part, and the date fixed for redemption and shall further state that on the Redemption Date there will be due and payable upon each Series 2023 Bond or part thereof so to be redeemed the principal amount or part thereof plus accrued interest thereon to the Redemption Date plus any premium due and that from and after such date interest will cease to accrue. For so long as the Series 2023 Bonds are in book-entry form through The Depository Trust Company or its nominee, any redemption notice may be given, in lieu of such mailing, by sending a copy thereof by Federal Express or other nationally recognized overnight delivery service, or by electronic means, to The Depository Trust Company or its nominee. In addition, if the Series 2023 Bonds are in book-entry form, the Paying Agent is hereby authorized to comply with any operational procedures and requirements of The Depository Trust Company relating to redemption of Series 2023 Bonds and notice thereof. Failure to mail or send any notice as aforesaid or any defect in any notice so given with respect to any Series 2023 Bond shall not affect the validity of the redemption proceedings with respect to any other Series 2023 Bond. Any Series 2023 Bonds redeemed prior to their respective maturity dates by call for prior redemption or otherwise shall not be reissued and shall be cancelled the same as Series 2023 Bonds paid at or after maturity. Any notice of redemption may state that it is conditioned upon the deposit of funds for redemption on or prior to the redemption date.

(c) ***Interest Rates.*** The maximum net effective interest rate authorized for any Privately Placed Series 2023 Bonds is 5.50% per annum. The maximum net effective interest rate authorized for any Publicly Offered Series 2023 Bonds is 5.50% per annum. The actual net effective interest rate for the Series 2023 Bonds shall be determined by Final Terms Certificate or, in the case of Variable Rate Obligations, determined based upon the maximum interest rate provided therefor by Final Terms Certificate using the assumption that all proceeds are drawn on the date of delivery of the Series 2023 Bonds.

(d) ***Execution and Authentication.*** The Series 2023 Bonds shall be executed by and on behalf of the Council as the governing body of the Enterprise, with the facsimile signature of the Mayor, shall bear a facsimile of the seal of the City, shall be attested with the facsimile signature of the City Clerk, and shall be authenticated with the manual signature of a duly authorized signatory of the Registrar. Should any officer whose facsimile signature appears on the Series 2023 Bonds cease to be such officer before delivery of the Series 2023 Bonds to the Purchaser, such facsimile signature shall nevertheless be valid and sufficient for all purposes. No Series 2023 Bond shall be valid or become obligatory for any purpose or be entitled to any security or benefit under this Series Ordinance unless and until the certificate of authentication on such Series 2023 Bond shall have been duly executed by the Registrar, and such executed certificate upon any such Series 2023 Bond shall be conclusive evidence that such Series 2023 Bond has been authenticated and delivered under this Series Ordinance. The certificate of authentication on any Series 2023 Bond shall be deemed to have been duly executed by the Registrar if signed by an authorized signatory thereof, but it shall not be necessary that the same signatory sign the certificate of authentication on all of the Series 2023 Bonds.

(e) ***Registration, Transfer and Exchange.*** Upon their execution and authentication and prior to their delivery, the Series 2023 Bonds shall be registered for the

purpose of payment of principal and interest by the Registrar. Thereafter, the Series 2023 Bonds shall be transferable only upon the registration books of the City maintained by the Registrar at the request of the Owner thereof or such Owner's duly authorized attorney-in-fact or legal representative. The Transfer Agent shall accept a Series 2023 Bond for registration or transfer only if the Owner is to be an individual, a corporation, a partnership, a limited liability company, a limited liability partnership, or a trust. A Series 2023 Bond may be transferred upon surrender thereof together with a written instrument of transfer duly executed by the Owner or such Owner's duly authorized attorney-in-fact or legal representative with guaranty of signature satisfactory to the Transfer Agent, containing written instructions as to the details of the transfer, along with the social security number or federal employer identification number of the transferee and, if the transferee is a trust, the names and social security numbers of the settlors and the beneficiaries of the trust. The Transfer Agent shall not be required to transfer ownership of any Series 2023 Bond during the 15 days prior to the first mailing of any notice of redemption or to transfer ownership of any Series 2023 Bond selected for redemption on or after the date of such mailing. The Owner of any Series 2023 Bond or Bonds may also exchange such Series 2023 Bond or Bonds for another Series 2023 Bond or Bonds of authorized denominations. Transfers and exchanges shall be made at the expense of the transferor or exchanger, and the Transfer Agent may also require payment of a sum sufficient to defray any tax or other governmental charge that may hereafter be imposed in connection with any transfer or exchange of Series 2023 Bonds. No transfer of any Series 2023 Bond shall be effective until entered on the registration books of the City maintained by the Registrar. In the case of every transfer or exchange, the Registrar shall authenticate and the Transfer Agent shall deliver to the new owner a new Series 2023 Bond or Bonds of the same aggregate principal amount, maturing in the same year, and bearing interest at the same per annum rate as the Series 2023 Bond or Bonds surrendered. Such Series 2023 Bond or Bonds shall be dated as of their date of authentication. New Series 2023 Bonds delivered upon any transfer or exchange shall be valid obligations, evidencing the same obligations as the Series 2023 Bonds surrendered, shall be secured by this Series Ordinance, the General Ordinance and any Final Terms Certificate and shall be entitled to all of the security and benefit hereof to the same extent as the Series 2023 Bonds surrendered. The City may deem and treat the person in whose name any Series 2023 Bond is last registered upon the books of the City as the absolute owner thereof for the purpose of receiving payment of the principal of and interest on such Series 2023 Bond and for all other purposes, and all such payments so made to such person or upon his order shall be valid and effective to satisfy and discharge the liability of the City upon such Series 2023 Bond to the extent of the sum or sums so paid, and the City shall not be affected by any notice to the contrary.

(f) ***Transfer Restrictions for Privately Placed Series 2023 Bonds.*** Notwithstanding the procedure described in paragraph (e) of this Section, no Privately Placed Series 2023 Bond shall be transferred by the Purchaser or any subsequent Owner unless: (i) the transferee shall have executed an investment letter satisfactory in form and substance to the City, and shall have provided such other evidence as the City may require in its discretion, to establish that the transferee is a Qualified Institutional Buyer within the meaning of Regulation D under the Securities Act of 1933 and that the transferee is purchasing for investment with no view to resale, participation or other distribution thereof; and (ii) the Series 2023 Bond or Bonds shall be transferred only in denominations of

\$100,000 and integral multiples of \$1,000 in excess thereof. Any transfer or purported transfer of any interest in the Series 2023 Bonds in violation of the foregoing shall be void and the City shall have no obligation to recognize the ownership interest of, take any action on behalf of or make any payment to, the transferee or purported transferee.

(g) **Resignation of Agents.** If the Paying Agent, Registrar or Transfer Agent shall resign, or if the City shall reasonably determine that the Paying Agent, Registrar or Transfer Agent has become incapable of fulfilling its duties hereunder, the City may, upon notice mailed to each Owner of Series 2023 Bonds at the addresses last shown on the registration books of the City, appoint a successor paying agent, registrar or transfer agent. Every such successor Paying Agent, Registrar or Transfer Agent shall be a Commercial Bank or an official of the City. It shall not be required that the same person serve as Paying Agent, Registrar and Transfer Agent hereunder, but the City shall have the right to appoint and have the same person serve as Paying Agent, Registrar and Transfer Agent hereunder.

(h) **Replacement of Series 2023 Bonds.** If any Series 2023 Bond shall have been lost, destroyed or wrongfully taken, the City shall provide for the replacement thereof upon receipt of the evidence of such loss, destruction or wrongful taking, along with an indemnity bond and reimbursement for expenses reasonably satisfactory to it.

(i) **Recitals in Bonds.** Each Series 2023 Bond shall recite in substance that such Series 2023 Bond is a special and limited obligation payable solely out of and secured by an irrevocable, but not necessarily exclusive, pledge of the Net Pledged Revenues, that such Series 2023 Bond does not constitute a debt or an indebtedness or multiple fiscal-year debt or other financial obligation of the City within the meaning of any constitutional, Charter or statutory provision or limitation, that such Series 2023 Bond is not payable in whole or in part from the proceeds of general property taxes, and that the full faith and credit of the City is not pledged for the payment of the principal of or interest on such Series 2023 Bond. Each Series 2023 Bond shall further recite that it is issued under the authority of the Colorado Constitution, the Charter, the Code, the Supplemental Securities Act, the General Ordinance and this Series Ordinance.

**Section 2.05. Form of Publicly Offered Series 2023 Bond.** To the extent that the Series 2023 Bonds are Publicly Offered they shall be in substantially the form set forth in this Section, with such changes thereto, not inconsistent herewith, as may be necessary or desirable and approved by the officials of the City executing the same (whose manual or facsimile signatures thereon shall constitute conclusive evidence of such approval). All covenants, statements, representations and agreements contained in the Series 2023 Bonds are hereby approved and adopted as the covenants, statements, representations and agreements of the City.

**[FORM OF PUBLICLY OFFERED BOND]**

(Text of Face)

**UNITED STATES OF AMERICA  
STATE OF COLORADO  
COUNTIES OF ADAMS, ARAPAHOE AND DOUGLAS**

**CITY OF AURORA  
 UTILITY ENTERPRISE  
 FIRST-LIEN SEWER REVENUE BOND  
 (PIPELINE/INTERCEPTOR PROJECT)  
 SERIES 2023**

No. R-\_\_\_\_\_ \$\_\_\_\_\_

**Interest Rate                      Maturity Date                      Original Date                      CUSIP**

REGISTERED OWNER:    **\*\*CEDE & CO.\*\***  
 Tax Identification Number: 13-2555119

PRINCIPAL SUM:                      **\*\*\_\_\_\_\_ DOLLARS\*\***

The City Council of the City of Aurora, in the Counties of Adams, Arapahoe and Douglas and State of Colorado, acting as the governing body of the Utility Enterprise of said City, for value received, hereby promises to pay to the Registered Owner (specified above), or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, the Principal Sum (specified above) or so much thereof as has been advanced by or on behalf of the Registered Owner, in lawful money of the United States of America, on the Maturity Date (specified above), with interest thereon from [the Original Date (specified above), or the interest payment date to which interest has been paid next preceding the authentication date hereof, whichever is later], [the date or dates the proceeds hereof have been advanced] to the Maturity Date, except if redeemed prior thereto, [at the per annum Interest Rate (specified above), payable semiannually on the first day of February and the first day of August of each year], [at a variable interest rate determined in the manner provided in the Fixed Terms Certificate relating to the Series 2023 Bonds but not in excess of \_\_\_% (the "Maximum Rate") commencing on \_\_\_\_\_, 20\_\_\_, or the first such date after the date hereof, whichever is later, in the manner provided herein. If upon presentation at maturity payment of the Principal Sum is not made as provided herein, interest continues at the Interest Rate [Maximum Rate] until the Principal Sum is paid in full.

[Bonds of this series maturing in the years \_\_\_\_\_ through \_\_\_\_\_ are not subject to optional redemption prior to their respective maturity dates. Bonds of this series maturing in the year \_\_\_\_\_ and thereafter are subject to optional redemption prior to their respective maturity dates, in whole or in part in inverse order of maturity and by lot within a maturity, on \_\_\_\_\_ 1, 20\_\_\_, and on any interest payment date thereafter, at a price equal to the principal amount of each Series 2023 Bond so redeemed plus accrued interest thereon to the redemption date plus a premium expressed as a percentage of the principal amount of each Series 2023 Bond so redeemed, depending on the redemption date, as follows:

## Redemption Dates

## Premiums

Bonds of this series which are redeemable prior to their respective maturity dates may be redeemed in part if issued in denominations which are integral multiples of \$5,000. In such case the Series 2023 Bond is to be surrendered in the manner provided for transfers of ownership. Upon payment of the redemption price the Registered Owner is to receive a new Series 2023 Bond or Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Series 2023 Bond surrendered.]

Notice of redemption of any Bonds of this series is to be given by the Paying Agent by sending a copy of such notice by certified or registered first-class postage prepaid mail, at least 30 days prior to the redemption date, to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, the Original Purchase hereof, and to the registered owner of each of the Series 2023 Bonds being redeemed determined as of the close of business on the day preceding the first mailing of such notice at the address appearing on the registration books of the City. Such notice is to specify the number or numbers of the Series 2023 Bonds to be redeemed, whether in whole or in part, and the date fixed for redemption, and is further to state that on the redemption date there will be due and payable upon each Series 2023 Bond or part thereof so to be redeemed the principal amount or part thereof plus accrued interest thereon to the redemption date plus any premium due and that from and after such date interest will cease to accrue. For so long as the Series 2023 Bonds are in book-entry form through The Depository Trust Company or its nominee, such notice may be given, in lieu of such mailing, by sending a copy thereof, by Federal Express or other nationally recognized overnight delivery service, or by electronic means, to The Depository Trust Company or its nominee. In addition, if the Series 2023 Bonds are in book-entry form, the paying agent is authorized to comply with any operational procedures and requirements of The Depository Trust Company relating to redemption of bonds and notice thereof. Failure to mail or send any notice as aforesaid or any defect in any notice so given with respect to any Series 2023 Bond does not affect the validity of the redemption proceedings with respect to any other Series 2023 Bond.

The principal of, interest on and any premium due in connection with the redemption of this Series 2023 Bond are payable to the Registered Owner by \_\_\_\_\_, \_\_\_\_\_, Colorado, or its successors, as Paying Agent. The principal and the final installment of interest are payable to the Registered Owner upon presentation and surrender of this Series 2023 Bond at maturity or upon prior redemption. Except as hereinbefore and hereinafter provided, the interest is payable to the Registered Owner determined as of the close of business on the regular record date, which is the fifteenth day of the calendar month next preceding the interest payment date, irrespective of any transfer of ownership hereof subsequent to the regular record date and prior to such interest payment date, by check or draft mailed to the Registered Owner at the address appearing on the registration books of the City maintained by \_\_\_\_\_, \_\_\_\_\_, Colorado, or its successors, as Registrar. Any interest hereon not paid when due and any interest hereon accruing after maturity is payable to the Registered Owner determined as of

the close of business on the special record date, which is to be fixed by the paying agent for such purpose, irrespective of any transfer of ownership of this Series 2023 Bond subsequent to such special record date and prior to the date fixed by the paying agent for the payment of such interest, by check or draft mailed as aforesaid. Notice of the special record date and of the date fixed for the payment of such interest is to be given by sending a copy thereof by certified or registered first-class postage prepaid mail, at least 10 days prior to the special record date, to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, and to the registered owner of each Series 2023 Bond upon which interest will be paid determined as of the close of business on the day preceding such mailing, at the addresses appearing on the registration books of the City. Any premium is payable to the Registered Owner upon presentation and surrender of this Series 2023 Bond upon prior redemption. If the date for making or giving any payment, determination or notice described herein is not a Business Day, such payment, determination or notice is to be made or given on the next succeeding day which is a Business Day.

Payment of the principal of, interest on and any premium due in connection with the redemption of this Series 2023 Bond is to be made solely from, and as security for such payment there are irrevocably (but not necessarily exclusively) pledged, pursuant to the Sewer System General Ordinance (the "General Ordinance") and the Series Ordinance pertaining to the Bonds of this Series (the "Series Ordinance"), as supplemented by the Final Terms Certificate (the "Final Terms Certificate") pursuant to which this Series 2023 Bond is delivered (the General Ordinance, the Series Ordinance and the Final Terms Certificate being referred to collectively as the "Ordinances"), [two/a] special account[s], thereby identified as the Debt Service Account [and the Debt Service Reserve Account], into which the City Council, acting as the governing body of the Utility Enterprise of the City, has covenanted in the Ordinances to pay, from certain revenues derived from the operation and use of and otherwise pertaining to the Sewer System (the "System") of the City (the "Income") after provision is made only for the payment of all necessary and reasonable current expenses of operating, maintaining and repairing the System (such remaining revenues being referred to as the "Net Pledged Revenues"), sums sufficient to pay when due the principal of, interest on and any premium due in connection with the redemption of the Series 2023 Bonds and any parity securities payable from such revenues[, and to accumulate and maintain a specified reserve for such purposes]. In addition, the City may at its option augment such funds with any other moneys of the City legally available for expenditure for the purposes thereof as provided in the Ordinances.

It is hereby recited, certified and warranted that for the payment of the principal of, interest on, and any premium due in connection with the redemption of this Series 2023 Bond, the City has created and will maintain said special funds and will deposit the Net Pledged Revenues therein, and out of said special funds, as an irrevocable charge thereon, will pay the principal of, interest on, and any premium due in connection with the redemption of this Series 2023 Bond in the manner provided by the Ordinances.

The Bonds of this issue are equitably and ratably secured by a lien on the Net Pledged Revenues, and such Bonds constitute an irrevocable and first lien, but not necessarily an exclusive first lien, upon the Net Pledged Revenues. Bonds and other obligations, in addition to the Bonds of this issue, subject to expressed conditions, may be issued and made payable from the Net Pledged Revenues having a lien thereon subordinate and junior to the lien of the Bonds of this

issue or, subject to additional expressed conditions, having a lien thereon on a parity with the lien of such Bonds in accordance with the provisions of the Ordinances.

The City Council, acting as the governing body of the Utility Enterprise of the City, covenants and agrees with the Registered Owner hereof that it will keep and will perform all of the covenants of this Series 2023 Bond and of the Ordinances described below.

This Series 2023 Bond is authorized and issued for the purpose of defraying the cost of constructing and installing additions and improvements to the Sewer System of the City under the authority of and in full conformity with the Constitution of the State of Colorado, the City Charter, the City Code of the City, and all other applicable laws of the State of Colorado and pursuant to Ordinances, duly adopted, executed and delivered prior to the issuance of this Series 2023 Bond.

Reference is hereby made to the Ordinances for a description of the provisions, terms and conditions upon which the Bonds of this issue are issued and secured, including, without limitation, the nature and extent of the security for the Series 2023 Bonds, provisions with respect to the custody and application of the proceeds of the Series 2023 Bonds, the collection and disposition of the revenues and moneys charged with and pledged to the payment of the principal of, interest on, and any premium due in connection with the redemption of the Series 2023 Bonds, the terms and conditions on which the Series 2023 Bonds are issued, a description of the special funds referred to above and the nature and extent of the security and pledge afforded thereby for the payment of the principal of, interest on, and any premium due in connection with the redemption of the Series 2023 Bonds, and the manner of enforcement of said pledge, as well as the rights, duties, immunities and obligations of the City and the members of its Council, acting as such and as the governing body of the Utility Enterprise of the City, and also the rights and remedies of the registered owners of the Series 2023 Bonds.

To the extent and in the respects permitted by the Ordinances, the provisions thereof, or any instrument amendatory thereof or supplemental thereto, may be modified or amended by action of the City Council of the City taken in the manner and subject to the conditions and exceptions provided therein. The pledge of revenues and other obligations of the City and its Utility Enterprise under the Ordinances may be discharged at or prior to the maturity or prior redemption of the Series 2023 Bonds upon the making of provision for the payment of the Series 2023 Bonds on the terms and conditions set forth in the Ordinances.

It is hereby recited, certified and warranted that all the requirements of law have been fully complied with by the proper officers of the City and the Utility Enterprise of the City in the issuance of this Series 2023 Bond; that it is issued pursuant to and in strict conformity with the Constitution and all other laws of the State of Colorado, including the City Charter, the City Code and the Ordinances; that this Series 2023 Bond does not contravene any constitutional or statutory provision or limitation of the State of Colorado, or any provision or limitation of the City Charter; and that this Series 2023 Bond is issued under the authority of the Ordinances.

This Series 2023 Bond is issued pursuant to the Supplemental Public Securities Act, Part 2 of Article 57, Title 11, C.R.S., and this recital shall be conclusive evidence of the validity and the regularity of issuance of this Series 2023 Bond after its delivery for value.



This Series 2023 Bond is transferable only upon the registration books of the City by \_\_\_\_\_, \_\_\_\_\_, Colorado, or his, her or its successors, as transfer agent, at the request of the Registered Owner or such Owner's duly authorized attorney-in-fact or legal representative, upon surrender hereof together with a written instrument of transfer duly executed by the Registered Owner or such Owner's duly authorized attorney-in-fact or legal representative with guaranty of signature satisfactory to the transfer agent, containing written instructions as to the details of the transfer, along with the social security number or federal employer identification number of the transferee and, if the transferee is a trust, the names and social security numbers of the settlors and the beneficiaries of the trust. The transfer agent shall accept this Series 2023 Bond for registration or transfer only if the Registered Owner is to be an individual, a corporation, a partnership, a limited liability company, a limited liability partnership or a trust. The transfer agent is not required to transfer ownership of this Series 2023 Bond during the 15 days prior to the first mailing of any notice of redemption or to transfer ownership of any Series 2023 Bond selected for redemption on or after the date of such mailing. The Registered Owner may also exchange this Series 2023 Bond for another Series 2023 Bond or Bonds of authorized denominations. Transfers and exchanges are to be made at the expense of the transferor or exchanger, and the transfer agent may also require payment of a sum sufficient to defray any tax or other governmental charge that may hereafter be imposed in connection with any transfer or exchange of Series 2023 Bonds. No transfer of this Series 2023 Bond is to be effective until entered on the registration books of the City maintained by the registrar. In the case of every transfer or exchange, the registrar shall authenticate and the transfer agent shall deliver to the new registered owner a new Series 2023 Bond or Bonds of the same aggregate principal amount, maturing in the same year, and bearing interest at the same per annum rate as the Series 2023 Bond or Bonds surrendered. Such Series 2023 Bond or Bonds shall be dated as of their date of authentication. The City may deem and treat the person in whose name this Series 2023 Bond is last registered upon the books of the City as the absolute owner hereof for the purpose of receiving payment of the principal of, interest on, and any premium due in connection with the redemption of this Series 2023 Bond and for all other purposes, and all such payments so made to such owner or upon such owner's order will be valid and effective to satisfy and discharge the liability of the City upon this Series 2023 Bond to the extent of the sum or sums so paid, and the City will not be affected by any notice to the contrary.

This Series 2023 Bond is a special and limited obligation payable solely out of and secured by an irrevocable, but not necessarily exclusive, pledge of the Net Pledged Revenues, as more specifically provided in the Ordinances. This Series 2023 Bond does not constitute a debt or an indebtedness or a multiple-fiscal year debt or other financial obligation of the City within the meaning of any constitutional, charter or statutory provision or limitation. This Series 2023 Bond is not payable in whole or in part from the proceeds of general property taxes or any other form of taxation, and the full faith and credit of the City is not pledged for the payment of the principal of or interest on this Series 2023 Bond.

IN WITNESS WHEREOF, the City Council of the City of Aurora, Colorado, acting as the governing body of the Utility Enterprise of said City, has caused this Series 2023 Bond to be executed in its name and on its behalf with the facsimile signature of the Mayor of the City, to be sealed with the facsimile seal of the City, and to be signed and attested with the facsimile signature of the City Clerk of the City.

[SEAL]

CITY OF AURORA, COLORADO,  
ACTING BY AND THROUGH ITS UTILITY  
ENTERPRISE

By \_\_\_\_\_  
Mayor, City of Aurora, Colorado

Attest:

By \_\_\_\_\_  
City Clerk, City of Aurora, Colorado

**CERTIFICATE OF AUTHENTICATION**

This Series 2023 Bond is one of the Series 2023 Bonds issued pursuant to the Ordinances herein described. [Printed on the reverse hereof][Attached hereto] is the complete text of the opinion of bond counsel, a signed copy of which, dated the date of the first delivery of the Series 2023 Bonds herein described, is on file with the undersigned.

Dated: \_\_\_\_\_

\_\_\_\_\_, as registrar

By \_\_\_\_\_  
\_\_\_\_\_, Authorized Signatory

## ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Series 2023 Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entireties
JT TEN	-	as joint tenants with the right of survivorship and not as tenants in common
UNIF GIFT MIN ACT	-	_____ Custodian _____ (Cust) (Minor)

under Uniform Gifts to Minors Act

\_\_\_\_\_  
(State)

Additional abbreviations may also be used  
though not on the above list.

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned Registered Owner sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_

the attached Series 2023 Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, or its successor, to transfer said Series 2023 Bond on the books kept for registration thereof.

Dated: \_\_\_\_\_

Signature guaranteed:

[BANK, TRUST COMPANY OR FIRM]

By \_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the attached Series 2023 Bond in every particular without alteration or enlargement or any change whatever.

**TRANSFER FEE REQUIRED**

**[END OF FORM OF PUBLICLY OFFERED BOND]**

**Section 2.06. Form of Privately Placed Series 2023 Bond.** To the extent that the Series 2023 Bonds are Privately Placed they shall be in substantially the form set forth in this Section, with such changes thereto, not inconsistent herewith, as may be necessary or desirable and approved by the officials of the City executing the same (whose manual or facsimile signatures thereon shall constitute conclusive evidence of such approval). All covenants, statements, representations and agreements contained in the Series 2023 Bonds are hereby approved and adopted as the covenants, statements, representations and agreements of the City.

[FORM OF PRIVATELY PLACED BOND]

(Text of Face)

THIS SERIES 2023 BOND WAS ISSUED AS AN EXEMPT SECURITY OR IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. UNDER NO CIRCUMSTANCES SHALL THIS SERIES 2023 BOND BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DISPOSED OF EXCEPT IN THE MANNER PROVIDED IN SECTION 2.04(f) OF THE SERIES ORDINANCE UNDER WHICH IT IS ISSUED AND IN COMPLIANCE WITH APPLICABLE STATE AND FEDERAL SECURITIES LAWS. ANY TRANSFER OR PURPORTED TRANSFER IN VIOLATION OF SUCH SECTION 2.04(f) OR SUCH LAWS SHALL BE VOID AND OF NO EFFECT.

UNITED STATES OF AMERICA  
STATE OF COLORADO  
COUNTIES OF ADAMS, ARAPAHOE AND DOUGLAS  
CITY OF AURORA  
UTILITY ENTERPRISE  
FIRST-LIEN SEWER REVENUE BOND  
(PIPELINE/INTERCEPTOR PROJECT)  
SERIES 2023

No. R- \_\_\_\_\_ \$ \_\_\_\_\_

Interest Rate                      Maturity Date                      Original Date

[If Fixed]

REGISTERED OWNER:    \*\* \_\_\_\_\_ \*\*  
Tax Identification Number: \_\_\_\_\_

PRINCIPAL SUM:                      \*\* \_\_\_\_\_ DOLLARS\*\*

The City Council of the City of Aurora, in the Counties of Adams, Arapahoe and Douglas and State of Colorado, acting as the governing body of the Utility Enterprise of said City, for value received, hereby promises to pay to the Registered Owner (specified above), or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, the Principal Sum (specified above), or so much thereof as has been advanced by or on behalf of the Registered Owner in lawful money of the United States of America, on the Maturity Date (specified above), with interest thereon from [the Original Date (specified above), or the interest payment date to which interest has been paid next preceding the authentication date hereof, whichever is later], [the date or dates the proceeds hereof have been advanced] to the Maturity Date, except if redeemed prior thereto, at [the per annum Interest Rate (specified above), payable semiannually on the first day of February and the first day of August of each year], [at a variable interest rate determined in the manner provided in the Final Terms Certificate relating to the Series 2023 Bonds] but not in excess of \_\_\_% (the "Maximum Rate") commencing on \_\_\_\_\_, 20\_\_\_\_, or the first such date

after the date hereof, whichever is later, in the manner provided herein. If upon presentation at maturity payment of the Principal Sum is not made as provided herein, interest continues at the Interest Rate until the Principal Sum is paid in full.

[Bonds of this series maturing in the years \_\_\_\_\_ through \_\_\_\_\_ are not subject to optional redemption prior to their respective maturity dates. Bonds of this series maturing in the year \_\_\_\_\_ and thereafter are subject to optional redemption prior to their respective maturity dates, in whole or in part [in \_\_\_\_\_ order of maturity and \_\_\_\_\_ within a maturity,] on \_\_\_\_\_ 1, 20\_\_\_\_, and on any interest payment date thereafter, at a price equal to the principal amount of each Series 2023 Bond so redeemed plus accrued interest thereon to the redemption date plus a premium expressed as a percentage of the principal amount of each Series 2023 Bond so redeemed, depending on the redemption date, as follows:

**Redemption Dates**

**Premiums**

Bonds of this series which are redeemable prior to their respective maturity dates may be redeemed in part if issued in denominations which are integral multiples of \$100,000 and integral multiples of \$1,000 in excess thereof. In such case the Series 2023 Bond is to be surrendered in the manner provided for transfers of ownership. Upon payment of the redemption price the Registered Owner is to receive a new Series 2023 Bond or Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Series 2023 Bond surrendered.]

Notice of redemption of any Bonds of this series is to be given by the Paying Agent by sending a copy of such notice by certified or registered first-class postage prepaid mail, at least 30 days prior to the redemption date, to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, the Original Purchase hereof, and to the registered owner of each of the Series 2023 Bonds being redeemed determined as of the close of business on the day preceding the first mailing of such notice at the address appearing on the registration books of the City. Such notice is to specify the number or numbers of the Series 2023 Bonds to be redeemed, whether in whole or in part, and the date fixed for redemption, and is further to state that on the redemption date there will be due and payable upon each Series 2023 Bond or part thereof so to be redeemed the principal amount or part thereof plus accrued interest thereon to the redemption date plus any premium due and that from and after such date interest will cease to accrue. For so long as the Series 2023 Bonds are in book-entry form through The Depository Trust Company or its nominee, such notice may be given, in lieu of such mailing, by sending a copy thereof, by Federal Express or other nationally recognized overnight delivery service, or by electronic means, to The Depository Trust Company or its nominee. In addition, if the Series 2023 Bonds are in book-entry form, the paying agent is authorized to comply with any operational procedures and requirements of The Depository Trust Company relating to redemption of bonds and notice thereof. Failure to mail or send any notice as aforesaid or any defect in any notice so given with respect to any Series 2023 Bond does not affect the validity of the redemption proceedings with respect to any other Series 2023 Bond.

The principal of, interest on and any premium due in connection with the redemption of this Series 2023 Bond are payable to the Registered Owner by \_\_\_\_\_, \_\_\_\_\_, Colorado, or its successors, as Paying Agent. The principal and the final installment of interest are payable to the Registered Owner upon presentation and surrender of this Series 2023 Bond at maturity or upon prior redemption. Except as hereinbefore and hereinafter provided, the interest is payable to the Registered Owner determined as of the close of business on the regular record date, which is the fifteenth day of the calendar month next preceding the interest payment date, irrespective of any transfer of ownership hereof subsequent to the regular record date and prior to such interest payment date, by check or draft mailed to the Registered Owner at the address appearing on the registration books of the City maintained by \_\_\_\_\_, \_\_\_\_\_, Colorado, or its successors, as Registrar. Any interest hereon not paid when due and any interest hereon accruing after maturity is payable to the Registered Owner determined as of the close of business on the special record date, which is to be fixed by the paying agent for such purpose, irrespective of any transfer of ownership of this Series 2023 Bond subsequent to such special record date and prior to the date fixed by the paying agent for the payment of such interest, by check or draft mailed as aforesaid. Notice of the special record date and of the date fixed for the payment of such interest is to be given by sending a copy thereof by certified or registered first-class postage prepaid mail, at least 10 days prior to the special record date, to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, and to the registered owner of each Series 2023 Bond upon which interest will be paid determined as of the close of business on the day preceding such mailing, at the addresses appearing on the registration books of the City. Any premium is payable to the Registered Owner upon presentation and surrender of this Series 2023 Bond upon prior redemption. If the date for making or giving any payment, determination or notice described herein is not a Business Day, such payment, determination or notice is to be made or given on the next succeeding day which is a Business Day.

Payment of the principal of, interest on and any premium due in connection with the redemption of this Series 2023 Bond is to be made solely from, and as security for such payment there are irrevocably (but not necessarily exclusively) pledged, pursuant to the Sewer System General Ordinance (the "General Ordinance") and the Series Ordinance pertaining to the Bonds of this Series (the "Series Ordinance"), as supplemented by the Final Terms Certificate (the "Final Terms Certificate") pursuant to which this Series 2023 Bond is delivered (the General Ordinance, the Series Ordinance and the Final Terms Certificate being referred to collectively as the "Ordinances"), [two][a] special account[s], thereby identified as the Debt Service Account [and the Debt Service Reserve Account], into which the City Council, acting as the governing body of the Utility Enterprise of the City, has covenanted in the Ordinances to pay, from certain revenues derived from the operation and use of and otherwise pertaining to the Sewer System (the "System") of the City (the "Income") after provision is made only for the payment of all necessary and reasonable current expenses of operating, maintaining and repairing the System (such remaining revenues being referred to as the "Net Pledged Revenues"), sums sufficient to pay when due the principal of, interest on and any premium due in connection with the redemption of the Series 2023 Bonds and any parity securities payable from such revenues[, and to accumulate and maintain a specified reserve for such purposes]. In addition, the City may at its option augment such funds with any other moneys of the City legally available for expenditure for the purposes thereof as provided in the Ordinances.



It is hereby recited, certified and warranted that for the payment of the principal of, interest on, and any premium due in connection with the redemption of this Series 2023 Bond, the City has created and will maintain said special funds and will deposit the Net Pledged Revenues therein, and out of said special funds, as an irrevocable charge thereon, will pay the principal of, interest on, and any premium due in connection with the redemption of this Series 2023 Bond in the manner provided by the Ordinances.

The Bonds of this issue are equitably and ratably secured by a lien on the Net Pledged Revenues, and such Bonds constitute an irrevocable and first lien, but not necessarily an exclusive first lien, upon the Net Pledged Revenues. Bonds and other obligations, in addition to the Bonds of this issue, subject to expressed conditions, may be issued and made payable from the Net Pledged Revenues having a lien thereon subordinate and junior to the lien of the Bonds of this issue or, subject to additional expressed conditions, having a lien thereon on a parity with the lien of such Bonds in accordance with the provisions of the Ordinances.

The City Council, acting as the governing body of the Utility Enterprise of the City, covenants and agrees with the Registered Owner hereof that it will keep and will perform all of the covenants of this Series 2023 Bond and of the Ordinances described below.

This Series 2023 Bond is authorized and issued for the purpose of defraying the cost of constructing and installing additions and improvements to the Sewer System of the City under the authority of and in full conformity with the Constitution of the State of Colorado, the City Charter, the City Code of the City, and all other applicable laws of the State of Colorado and pursuant to Ordinances, duly adopted, executed and delivered prior to the issuance of this Series 2023 Bond.

Reference is hereby made to the Ordinances for a description of the provisions, terms and conditions upon which the Bonds of this issue are issued and secured, including, without limitation, the nature and extent of the security for the Series 2023 Bonds, provisions with respect to the custody and application of the proceeds of the Series 2023 Bonds, the collection and disposition of the revenues and moneys charged with and pledged to the payment of the principal of, interest on, and any premium due in connection with the redemption of the Series 2023 Bonds, the terms and conditions on which the Series 2023 Bonds are issued, a description of the special funds referred to above and the nature and extent of the security and pledge afforded thereby for the payment of the principal of, interest on, and any premium due in connection with the redemption of the Series 2023 Bonds, and the manner of enforcement of said pledge, as well as the rights, duties, immunities and obligations of the City and the members of its Council, acting as such and as the governing body of the Utility Enterprise of the City, and also the rights and remedies of the registered owners of the Series 2023 Bonds.

To the extent and in the respects permitted by the Ordinances, the provisions thereof, or any instrument amendatory thereof or supplemental thereto, may be modified or amended by action of the City Council of the City taken in the manner and subject to the conditions and exceptions provided therein. The pledge of revenues and other obligations of the City and its Utility Enterprise under the Ordinances may be discharged at or prior to the maturity or prior redemption of the Series 2023 Bonds upon the making of provision for the payment of the Series 2023 Bonds on the terms and conditions set forth in the Ordinances.

It is hereby recited, certified and warranted that all the requirements of law have been fully complied with by the proper officers of the City and the Utility Enterprise of the City in the issuance of this Series 2023 Bond; that it is issued pursuant to and in strict conformity with the Constitution and all other laws of the State of Colorado, including the City Charter, the City Code and the Ordinances; that this Series 2023 Bond does not contravene any constitutional or statutory provision or limitation of the State of Colorado, or any provision or limitation of the City Charter; and that this Series 2023 Bond is issued under the authority of the Ordinances.

This Series 2023 Bond is issued pursuant to the Supplemental Public Securities Act, Part 2 of Article 57, Title 11, C.R.S., and this recital shall be conclusive evidence of the validity and the regularity of issuance of this Series 2023 Bond after its delivery for value.

This Series 2023 Bond is transferable only upon the registration books of the City by \_\_\_\_\_, \_\_\_\_\_, Colorado, or his, her or its successors, as transfer agent, at the request of the Registered Owner or such Owner's duly authorized attorney-in-fact or legal representative, upon surrender hereof together with a written instrument of transfer duly executed by the Registered Owner or such Owner's duly authorized attorney-in-fact or legal representative with guaranty of signature satisfactory to the transfer agent, containing written instructions as to the details of the transfer, along with the social security number or federal employer identification number of the transferee and, if the transferee is a trust, the names and social security numbers of the settlors and the beneficiaries of the trust. The transfer agent shall accept this Series 2023 Bond for registration or transfer only if the Registered Owner is to be an individual, a corporation, a partnership, a limited liability company, a limited liability partnership or a trust. The transfer agent is not required to transfer ownership of this Series 2023 Bond during the 15 days prior to the first mailing of any notice of redemption or to transfer ownership of any Series 2023 Bond selected for redemption on or after the date of such mailing. The Registered Owner may also exchange this Series 2023 Bond for another Series 2023 Bond or Bonds of authorized denominations. Transfers and exchanges are to be made at the expense of the transferor or exchanger, and the transfer agent may also require payment of a sum sufficient to defray any tax or other governmental charge that may hereafter be imposed in connection with any transfer or exchange of Series 2023 Bonds. No transfer of this Series 2023 Bond is to be effective until entered on the registration books of the City maintained by the registrar. In the case of every transfer or exchange, the registrar shall authenticate and the transfer agent shall deliver to the new registered owner a new Series 2023 Bond or Bonds of the same aggregate principal amount, maturing in the same year, and bearing interest at the same per annum rate as the Series 2023 Bond or Bonds surrendered. Such Series 2023 Bond or Bonds shall be dated as of their date of authentication. The City may deem and treat the person in whose name this Series 2023 Bond is last registered upon the books of the City as the absolute owner hereof for the purpose of receiving payment of the principal of, interest on, and any premium due in connection with the redemption of this Series 2023 Bond and for all other purposes, and all such payments so made to such owner or upon such owner's order will be valid and effective to satisfy and discharge the liability of the City upon this Series 2023 Bond to the extent of the sum or sums so paid, and the City will not be affected by any notice to the contrary.

This Series 2023 Bond is a special and limited obligation payable solely out of and secured by an irrevocable, but not necessarily exclusive, pledge of the Net Pledged Revenues, as more specifically provided in the Ordinances. This Series 2023 Bond does not constitute a debt or an indebtedness or a multiple-fiscal year debt or other financial obligation of the City within the

meaning of any constitutional, charter or statutory provision or limitation. This Series 2023 Bond is not payable in whole or in part from the proceeds of general property taxes or any other form of taxation, and the full faith and credit of the City is not pledged for the payment of the principal of or interest on this Series 2023 Bond.

IN WITNESS WHEREOF, the City Council of the City of Aurora, Colorado, acting as the governing body of the Utility Enterprise of said City, has caused this Series 2023 Bond to be executed in its name and on its behalf with the facsimile signature of the Mayor of the City, to be sealed with the facsimile seal of the City, and to be signed and attested with the facsimile signature of the City Clerk of the City.

[SEAL]

CITY OF AURORA, COLORADO,  
ACTING BY AND THROUGH ITS UTILITY  
ENTERPRISE

By \_\_\_\_\_  
Mayor, City of Aurora, Colorado

Attest:

By \_\_\_\_\_  
City Clerk, City of Aurora, Colorado

**CERTIFICATE OF AUTHENTICATION**

This Series 2023 Bond is one of the Series 2023 Bonds issued pursuant to the Ordinances herein described. [Printed on the reverse hereof][Attached hereto] is the complete text of the opinion of bond counsel, a signed copy of which, dated the date of the first delivery of the Series 2023 Bonds herein described, is on file with the undersigned.

Dated: \_\_\_\_\_

\_\_\_\_\_, as registrar

By \_\_\_\_\_  
\_\_\_\_\_, Authorized Signatory

**ABBREVIATIONS**

The following abbreviations, when used in the inscription on the face of this Series 2023 Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entirety
- JT TEN - as joint tenants with the right of survivorship and not as tenants in common
  
- UNIF GIFT MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)

under Uniform Gifts to Minors Act

\_\_\_\_\_  
(State)

Additional abbreviations may also be used though not on the above list.

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned Registered Owner sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_

the attached Series 2023 Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, or its successor, to transfer said Series 2023 Bond on the books kept for registration thereof.

Dated: \_\_\_\_\_

Signature guaranteed:

[BANK, TRUST COMPANY OR FIRM]

By \_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the attached Series 2023 Bond in every particular without alteration or enlargement or any change whatever.

**TRANSFER FEE REQUIRED**

**[END OF FORM OF PRIVATELY PLACED BOND]**

**Section 2.07. Series 2023 Bonds Equally Secured.** The Series 2023 Bonds shall be secured by an irrevocable and first lien (but not necessarily an exclusive first lien) upon the Net Pledged Revenues to the full extent provided in Section 5.01 of the General Ordinance, which lien shall be binding and enforceable as provided therein. The covenants and agreements herein set forth to be performed on behalf of the City and the Enterprise shall be for the equal benefit, protection and security of the Owners of any and all of the Series 2023 Bonds, all of which, regardless of the time or times of their maturity, shall be of equal rank without preference, priority

or distinction of any of the Series 2023 Bonds over any other thereof, except as otherwise expressly provided in or pursuant to this Series Ordinance.

**Section 2.08. Special Obligations.** All of the Series 2023 Bonds, as to all Debt Service Requirements thereof, shall be payable solely out of the Net Pledged Revenues. The Owners of the Series 2023 Bonds may not look to the general fund or any other fund of the City for the payment of the Debt Service Requirements, except the special funds and accounts pledged therefor. The Series 2023 Bonds shall not constitute a debt or indebtedness or multiple-fiscal year debt or other financial obligation of the City within the meaning of any constitutional, Charter or statutory provision or limitation, and the Series 2023 Bonds shall not be considered or held to be general obligations of the City, but shall constitute special and limited obligations of the City, acting by and through the Enterprise. The Series 2023 Bonds are not payable in whole or in part from the proceeds of general property taxes or any other form of taxation, and the full faith and credit of the City is not pledged for payment of the Series 2023 Bonds.

### ARTICLE III

#### SPECIAL ACCOUNTS

The proceeds of the Series 2023 Bonds and the Income shall be deposited by the City in the accounts described in this Article III, to be accounted for in the manner and priority set forth in this Article III.

Neither the Purchaser nor any subsequent Owner of any Series 2023 Bonds shall be in any manner responsible for the application or disposal by the City or by any of its officers, agents or employees of the moneys derived from the sale of the Series 2023 Bonds or of any other moneys designated in this Article III.

**Section 3.01. Series 2023 Debt Service Subaccounts.** There are hereby established within the Debt Service Account a Series 2023 Interest Subaccount and a Series 2023 Principal Subaccount. The Series 2023 Interest Subaccount shall be used to account for funds of the Debt Service Account allocable to payments of interest on the Series 2023 Bonds, and the Series 2023 Principal Subaccount shall be used to account for funds of the Debt Service Account allocable to payments of principal of the Series 2023 Bonds. The funds in the Series 2023 Interest Subaccount and the Series 2023 Principal Account are hereby appropriated for such purposes.

**Section 3.02. Series 2023 Construction Account.** The net proceeds of the Series 2023 Bonds shall be held in the Series 2023 Construction Account and applied to the Project. Any funds remaining in such account after completion of the Project may be applied to other additions and improvements to the System or to the payment of principal of or interest on the Series 2023 Bonds or to any other lawful purpose of the City or the Enterprise. Upon the Completion Date any moneys remaining in the Construction Account may applied to reduce the principal balance of the Series 2023 Bonds Outstanding and the schedule of principal payments may be adjusted accordingly, all as may be provided by Final Terms Certificate.

**Section 3.03. Series 2023 Costs of Issuance Subaccount.** The portion of the proceeds of the Series 2023 Bonds reasonably required to pay the costs of issuance thereof shall be deposited

in the Series 2023 Costs of Issuance Subaccount, which is hereby established within the Series 2023 Construction Account, and used, to the extent required, for the payment of Costs of Issuance of the Series 2023 Bonds, and to the extent of any excess, for any other Costs of the Series 2023 Capital Project.

**Section 3.04. Series 2023 Debt Service Reserve Account.** Pursuant to Section 3.04 of the General Ordinance, but only to the extent provided by Final Terms Certificate, there shall be established in connection with the Series 2023 Bonds a Debt Service Reserve Account to be known as the Series 2023 Debt Service Reserve Account. The Series Ordinance authorizing any Series of Additional First-Lien Revenue Obligations may provide that such Additional First-Lien Revenue Obligations are secured by the Series 2023 Debt Service Reserve Account as a common reserve on the same basis and subject to the same requirements as the Series 2023 Bonds, or may provide for a separate Debt Service Reserve Account for such Additional First-Lien Revenue Obligations. Subject to the payments required by Sections 3.02 and 3.03 of the General Ordinance and except as provided in Section 3.05 thereof, from the Net Pledged Revenues or the proceeds of the Series 2023 Bonds, or both, there shall be credited from time to time to the Series 2023 Debt Service Reserve Account moneys sufficient to accumulate and maintain the Series 2023 Debt Service Reserve Account at an amount at least equal to the Series 2023 Reserve Requirement. The dollar amount of the Series 2023 Reserve Requirement may be recalculated and reduced, but not increased, from time to time by the City as necessary to apply the Series 2023 Reserve Requirement to the remaining Debt Service Requirements of the Series 2023 Bonds; provided that the Series 2023 Reserve Requirement shall not be reduced to an amount less than the lesser of (a) the Maximum Annual Debt Service Requirements of the Series 2023 Bonds, or (b) 125% of the Average Annual Debt Service Requirements of the Series 2023 Bonds. The moneys required to be deposited to the Series 2023 Debt Service Reserve Account, excluding any investment earnings which may be transferred to the Series 2023 Excess Investment Earnings Account to be rebated to the federal government, shall be set aside, accumulated and, if necessary, reaccumulated from time to time and maintained as a continuing reserve to be used, except as otherwise expressly provided in the General Ordinance or this Series Ordinance, only to prevent deficiencies in payment of the Debt Service Requirements of the Series 2023 Bonds then Outstanding resulting from failure to deposit into the Debt Service Account sufficient funds to pay such Debt Service Requirements as the same become due, and such funds are hereby appropriated for such purpose. To the extent and in the manner permitted by the General Ordinance a surety bond or other instrument issued by Credit Facility Provider may be used in lieu of cash to satisfy the Series 2023 Reserve Requirement. The amount of the Series 2023 Reserve Requirement and any other necessary details in connection with the Series 2023 Debt Service Reserve Account shall be determined by Final Terms Certificate.

**Section 3.05. Series 2023 Excess Investment Earnings Account.** The Director of Finance shall transfer into and pay from the Series 2023 Excess Investment Earnings Account hereby created within the Wastewater Fund the amount of required arbitrage rebate, if any, due to the federal government pursuant to Section 148(f)(2) of the Tax Code, and the applicable Treasury regulations (the “Regulations”) promulgated thereunder. The Director of Finance shall determine such amounts in the manner required by said sections and related regulations and Section 4.01(f) hereof. Transfer of the required arbitrage rebate amounts shall be made from the Series 2023 Construction Account, the Debt Service Account and the Series 2023 Debt Service Reserve Account; provided, however, that required arbitrage rebate payments shall be made to the federal



government from legally available funds regardless of whether there are any remaining proceeds or other funds attributable to the Series 2023 Bonds that are available for the purpose.

All amounts in the Series 2023 Excess Investment Earnings Account, including income earned from investment thereof, shall be held by the Director of Finance free and clear of any lien created by this Series Ordinance, and the Director of Finance shall remit the same to the federal government from time to time as provided in Section 4.01(f) hereof; provided that any amounts remaining in the Series 2023 Excess Investment Earnings Account after payment of, or in excess of, all arbitrage rebate payments reasonably expected to be due in connection with the Series 2023 Bonds shall be available for any lawful purpose of the Enterprise or the City. The amounts, if any, in the Series 2023 Excess Investment Earnings Account are hereby appropriated for such purposes.

**Section 3.06. Reborrowing.** Any reborrowing of previously paid principal shall be subject to the same provisions and limitations hereunder as other Series 2023 Bonds and shall be conditioned upon the receipt by each Registered Owner of an opinion of Bond Counsel to the effect that interest accruing on the reborrowed amount shall have the same treatment for federal and Colorado income tax purposes as interest on all other Series 2023 Bonds.

## ARTICLE IV

### SERIES 2023 COVENANTS

**Section 4.01. Federal Income Tax Covenants.** In addition to the various covenants made by it in the General Ordinance, the City covenants to and for the benefit of the Owners of the Series 2023 Bonds as follows:

(a) **General.** The City intends that the interest on the Series 2023 Bonds shall be excludable from gross income for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Tax Code, and Regulations. The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Series 2023 Bonds to be includable in gross income, as defined in Section 61 of the Tax Code, for federal income tax purposes. In particular, the City covenants and agrees to comply with each requirement of this Section 4.01; provided, however, that the City shall not be required to comply with any particular requirement of this Section 4.01 if the City has received an opinion of nationally recognized bond counsel (“Counsel’s Opinion”) that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2023 Bonds or if the City has received a Counsel’s Opinion to the effect that compliance with some other requirement set forth in this Section 4.01 will satisfy the applicable requirements of the Tax Code and the Regulations, in which case compliance with such other requirement specified in such Counsel’s opinion shall constitute compliance with the corresponding requirement specified in this Section 4.01.

(b) **No Private Use or Payment and No Private Loan Financing.** The City covenants and agrees that it will make such use of the proceeds of the Series 2023 Bonds including interest or other investment income derived from Series 2023 Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take

such other and further action as may be required so that the Series 2023 Bonds will not be “private activity bonds” or be deemed to finance any “private loan” within the meaning of the Tax Code and the Regulations promulgated thereunder. Moreover, the City shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Series 2023 Bonds are delivered, that the proceeds of the Series 2023 Bonds will not be used in a manner that would cause the Series 2023 Bonds to be “private activity bonds” within the meaning of Section 141 of the Tax Code and the Regulations promulgated thereunder.

(c) **No Federal Guarantee.** The City covenants and agrees that it has not taken and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Series 2023 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code and the applicable Regulations thereunder, except as permitted by Section 149(b)(3) of the Tax Code and such Regulations.

(d) **No Hedge Bonds.** The City covenants and agrees that it has not taken and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Series 2023 Bonds to be “hedge bonds” within the meaning of Section 149(g) of the Tax Code and the applicable Regulations thereunder.

(e) **No Arbitrage.** The City covenants and agrees that it will make such use of the proceeds of the Series 2023 Bonds including interest or other investment income derived from Series 2023 Bond proceeds, regulate investments of proceeds of the Series 2023 Bonds, and take such other and further action as may be required so that the Series 2023 Bonds will not be “arbitrage bonds” within the meaning of Section 148(a) of the Tax Code and the applicable Regulations promulgated thereunder. Moreover, the City shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Series 2023 Bonds are delivered, the City will reasonably expect that the proceeds of the Series 2023 Bonds will not be used in a manner that would cause the Series 2023 Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Tax Code and the applicable Regulations promulgated thereunder.

(f) **Arbitrage Rebate.** If the City does not qualify for an exception to the requirements of Section 148(f) of the Tax Code relating to the required rebate to the United States of America, the City will take all necessary steps to comply with the requirement that certain amounts earned by the City on the investment of the “gross proceeds” of the Series 2023 Bonds (within the meaning of Section 148(f)(6)(B) of the Tax Code), be rebated to the federal government. Specifically, the City will (i) maintain records regarding the investment of the gross proceeds of the Series 2023 Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Series 2023 Bonds separately from records of amounts on deposit in the funds and accounts of the City allocable to other bond issues of the City or moneys which do not represent gross proceeds of any bonds of the City; (ii) calculate at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Series

2023 Bonds which is required to be rebated to the federal government; and (iii) pay, not less often than every fifth anniversary date of the delivery of the Series 2023 Bonds or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, the City will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Series 2023 Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

(g) **Information Reporting.** The City covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the fifteenth day of the second calendar month after the close of the calendar quarter in which the Series 2023 Bonds are issued, an information statement concerning the Series 2023 Bonds, all under and in accordance with Section 149(e) of the Tax Code and the applicable Regulations promulgated thereunder.

(h) **Continuing Obligation.** Notwithstanding any other provision of this Series Ordinance, the City's obligations under the covenants and provisions of this Section 4.01 shall survive the defeasance and discharge of the Series 2023 Bonds.

**Section 4.02. Rate Maintenance; Rate Study Requirement.** Notwithstanding anything in this Ordinance or the General Ordinance, so long as the Net Pledged Revenues in any calendar year are sufficient to pay at least 100% of the Combined Annual Debt Service Requirements of all Outstanding First-Lien Revenue Obligations and 100% of the Combined Annual Debt Service Requirements of all Outstanding Subordinate Revenue Obligations, the failure to meet the rate maintenance requirements of Section 6.01 of the General Ordinance in such calendar year shall not constitute an Event of Default, so long as the City shall, within 180 days after the end of such calendar year, promptly retain and cause an Independent Accountant or a Consulting Engineer, as such terms are defined in the General Ordinance, to prepare a rate study for the purpose of recommending a schedule of rates, fees and charges for the use of the System which in the opinion of the firm conducting the study will be sufficient to provide Income to be collected in the next succeeding calendar year which will allow compliance with such rate maintenance requirements. The City shall, within three (3) months of receipt of such study, and in any event before the end of the calendar year, adopt rates, fees and charges for the use of the System, based upon the recommendations contained in such study, which will provide compliance with such rate maintenance requirements in the next succeeding calendar year.

## ARTICLE V

### MISCELLANEOUS

**Section 5.01. Enterprise Status.** The City represents that the Enterprise is currently qualified as an "enterprise" for purposes of Article X, Section 20 of the constitution and covenants that it will cause the Enterprise to maintain such status during the current fiscal year.

**Section 5.02. Sale of Series 2023 Bonds.** The Series 2023 Bonds shall either be Publicly Offered at negotiated or competitive sale or Privately Placed, as determined by Final Terms Certificate, in either case at a price, to be determined by a Final Terms Certificate, (a) in the case of Publicly Offered Series 2023 Bonds, not less than 100% of their principal amount plus accrued interest to the date of their delivery to the Purchaser or, (b) in the case of Privately Placed Series 2023 Bonds, 100% of the amount of proceeds advanced by the Registered Owner. The Series 2023 Bonds may either be Publicly Offered with an Official Statement or Privately Placed with one or more banks or other institutions, in which case no Official Statement or Continuing Disclosure Undertaking shall be prepared. The Mayor and the Clerk, on behalf of the Enterprise, are authorized pursuant to this Series Ordinance and a Final Terms Certificate to take all such actions as reasonably required for the purpose of specifying the terms and conditions of sale of the Series 2023 Bonds and effecting their delivery to the Purchaser.

**Section 5.03. Character of Agreement.** None of the covenants, agreements, representations or warranties contained herein or in the Series 2023 Bonds shall ever impose or shall be construed as imposing any liability, obligation or charge against the City (except for the special funds pledged therefor) or against the general credit of the City payable out of its general funds or out of any funds derived from its general property taxes.

**Section 5.04. No Pledge of Property.** The payment of the Series 2023 Bonds is not secured by an encumbrance, mortgage or other pledge of property of the City except for the Net Pledged Revenues and other funds expressly pledged hereunder. No property of the City, subject to such exception with respect to the Net Pledged Revenues and other funds, as provided herein and in the General Ordinance, shall be liable to be forfeited or taken in payment of the Series 2023 Bonds.

**Section 5.05. Delegated Duties.** The officers of the City are hereby authorized and directed to enter into such agreements and take all action necessary or appropriate to effectuate the provisions of this Series Ordinance and to comply with the requirements of law, including, without limitation:

(a) ***Preparation of Series 2023 Bonds.*** The preparation of the Series 2023 Bonds, including the printing upon or attachment to each such Bond of a copy of the approving legal opinion of bond counsel, duly certified by the Registrar, and, if necessary or desirable pending delivery of printed Series 2023 Bonds, the preparation of one or more temporary typewritten Series 2023 Bonds in an aggregate principal amount equal to that of the Series 2023 Bonds, otherwise in substantially the same form and bearing the same terms, to be delivered to the Purchaser and thereafter to be exchanged by the Purchaser for printed Bonds when the same are received by the City;

(b) ***Execution, Registration and Delivery of Series 2023 Bonds.*** The execution and registration of the Series 2023 Bonds and the delivery of the Series 2023 Bonds to the Purchaser pursuant to the provisions of this Series Ordinance;

(c) ***Information.*** The assembly and dissemination of financial and other information concerning the City and the Series 2023 Bonds;

(d) ***Official Statement and Continuing Disclosure Undertaking.*** In the event that the Series 2023 Bonds are Publicly Offered, the preparation of an Official Statement for the use of prospective buyers of the Series 2023 Bonds, including, without limitation, the Purchaser, and in connection therewith, the delivery and performance of the Continuing Disclosure Undertaking; and

(e) ***Related or Ancillary Documents; Closing Certificates.*** The execution of any related or ancillary documents as provided by Final Terms Certificate, to the extent not inconsistent with this Ordinance or necessary to effectuate the transactions authorized hereby, together with such certificates as may be reasonably required by the Purchaser, relating, inter alia, to:

(i) the signing of the Series 2023 Bonds;

(ii) the tenure and identity of the officials of the City;

(iii) if in accordance with fact, the absence of litigation, pending or threatened, affecting the validity of the Series 2023 Bonds;

(iv) the excludability of interest on the Series 2023 Bonds from gross income for federal income tax purposes and the exemption of such interest from State income tax;

(v) the delivery of the Series 2023 Bonds and the receipt of the Series 2023 Bond purchase price; and

(vi) the accuracy and adequacy of information provided in the Official Statement, if any, prepared for prospective buyers of Publicly Offered Series 2023 Bonds.

**Section 5.06. Successors.** Whenever herein the City is named or is referred to, such provision shall be deemed to include any successors of the City, whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of and other provisions for the benefit of the City contained herein shall bind and inure to the benefit of any officer, board, district, commission, authority, agency, instrumentality or other Person or Persons to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the City or of its respective successors, if any, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions hereof.

**Section 5.07. Rights and Immunities.** Except as herein otherwise expressly provided, nothing herein expressed or implied is intended or shall be construed to confer upon or to give to any Person, other than the City, and the Owners from time to time of the Series 2023 Bonds, any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof. All of the covenants, stipulations, promises and agreements herein contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, and any Owner of any of the Series 2023 Bonds.

No recourse shall be had for the payment of the Debt Service Requirements of the Series 2023 Bonds or for any claim based thereon or otherwise upon this Series Ordinance authorizing their issuance or any other ordinance or instrument pertaining thereto, against any individual member of the Council, or any officer or other agent of the City, past, present or future, either directly or indirectly through the City, or otherwise, whether by virtue of any constitution, statute or rule of law or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the Series 2023 Bonds and as a part of the consideration of their issuance specially waived and released.

**Section 5.08. Ratification.** All action not inconsistent with the provisions of this Series Ordinance heretofore taken by the City or its officers, and otherwise by the City directed toward the Series 2023 Capital Project, the adoption of this Ordinance or the issuance of the Series 2023 Bonds for the purposes described herein is hereby ratified, approved and confirmed.

**Section 5.09. Facsimile Signatures.** Pursuant to the Uniform Facsimile Signature of public Officials Act, Part 1, Article 55, Title 11, C.R.S., as amended, the Mayor and the City Clerk shall forthwith, and in any event prior to the time the Series 2023 Bonds are delivered to the Purchaser, file with the Colorado Secretary of State their manual signatures certified by them under oath.

**Section 5.10. Ordinance Irrepealable.** This Series Ordinance is, and shall constitute, a legislative measure of the City and after any of the Series 2023 Bonds are issued, this Series Ordinance shall constitute an irrevocable contract between the City and the Owner or Owners of the Series 2023 Bonds; and this Series Ordinance, if any Series 2023 Bonds are in fact issued, shall be and shall remain irrepealable until the Series 2023 Bonds, as to all Debt Service Requirements, shall be fully paid, cancelled and discharged, as herein provided.

**Section 5.11. Repealer.** All ordinances, resolutions, bylaws, orders, and other instruments, or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any ordinance, resolution, bylaw, order, or other instrument, or part thereof, heretofore repealed.

**Section 5.12. Severability.** If any section, paragraph, clause or other provision of this Series Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any of the remaining sections, paragraphs, clauses or provisions of this Series Ordinance.

**Section 5.13. Effective Date; Expiration.** This Series Ordinance shall take effect 30 days after publication following final passage. This Series Ordinance shall expire to the extent that the Series 2023 Bonds authorized herein are not issued by December 31, 2023.

**Section 5.14. Publication by Reference.** Pursuant to Section 5-5 of the Charter of the City and the City Code, this Series Ordinance may be published either in full or in summary form.

**Section 5.15. Disposition of Ordinance.** This Series Ordinance, immediately on its final passage, shall be numbered and recorded in the Book of Ordinances kept for that purpose, authenticated by the signatures of the Mayor and Clerk, and shall be published as required by law.

INTRODUCED, READ AND ORDERED PUBLISHED this 19<sup>th</sup> day of December, 2022.

PASSED AND ORDERED PUBLISHED BY REFERENCE this 9<sup>th</sup> day of January, 2023.

[SEAL]

CITY OF AURORA, COLORADO,  
ACTING BY AND THROUGH ITS UTILITY  
ENTERPRISE

By \_\_\_\_\_  
MIKE COFFMAN, Mayor

Attest:

By \_\_\_\_\_  
KADEE RODRIGUEZ, City Clerk

Approved as to Form:

By \_\_\_\_\_  
HANOSKY HERNANDEZ, Assistant City Attorney

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY \_\_, 2023**

**NEW ISSUE—BOOK-ENTRY-ONLY**

**RATINGS (See “RATINGS”): [Fitch]: “[\_\_]”  
[S&P Global Ratings]: “[\_\_]”**

*[KR to review] In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2023 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and is excludable from the computation of State of Colorado alternative minimum taxable income. For tax years beginning after December 31, 2022, interest on the Series 2023 Bonds may affect the federal alternative minimum tax imposed on certain corporations. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS” herein.*

\$ \_\_\_\_\_ \*  
**City of Aurora, Colorado**  
acting by and through its  
Utility Enterprise  
**First-Lien Sewer Revenue Bonds**  
**(Pipeline/Interceptor Project)**  
**Series 2023**

**Dated: Date of Delivery**

**Due: [August 1], as shown below**

The First-Lien Sewer Revenue Bonds, (Pipeline/Interceptor Project) Series 2023 (the “Series 2023 Bonds”) will be issued in fully registered book-entry form in denominations of \$5,000 or integral multiples thereof. The Series 2023 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), securities depository for the Series 2023 Bonds. UMB Bank, n.a. will act as Paying Agent, Registrar and Transfer Agent for the Series 2023 Bonds. Individual purchases are to be made in book-entry-only form in authorized denominations. Purchasers, as Beneficial Owners, will not receive certificates evidencing their ownership interest in the Series 2023 Bonds. Interest is payable [August] 1, 2023 and semiannually thereafter each February 1 and August 1 to and including the maturity dates shown below, unless the Series 2023 Bonds are redeemed earlier.

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Price or Yield</u>	<u>CUSIP</u> <sup>①</sup>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Price or Yield</u>	<u>CUSIP</u> <sup>①</sup>
20__				051589	20__				051589
20__				051589	20__				051589
20__				051589	20__				051589
20__				051589	20__				051589
20__				051589	20__				051589
20__				051589	20__				051589

\$ \_\_\_\_\_ \* \_\_\_\_% **Term Bond due August 1, 20\_\_** \* **Yield: \_\_\_\_%** **CUSIP**<sup>①</sup> **Number: 051589** \_\_<sup>1</sup>

The Series 2023 Bonds are being issued for the purpose of (a) [financing, in whole or in part, the cost of the acquisition and construction of collector and pipeline improvements to the Sewer System operated by the Utility Enterprise of the City] and (b) paying expenses of issuance of the Series 2023 Bonds. The Series 2023 Bonds are special, limited obligations of the City, acting by and through its Utility Enterprise, and are payable solely from and secured by a first (but not necessarily exclusively first) lien upon certain net pledged revenues, consisting of the net revenues of the Sewer System of the City remaining after the payment of operation and maintenance expenses. See “THE SERIES 2023 BONDS—Security and Flow of Funds.”

*The Series 2023 Bonds are not a debt or indebtedness or a multiple-fiscal year debt or other financial obligation of the City under the Constitution and laws of the State of Colorado. The Series 2023 Bonds are not payable from the proceeds of general property taxes or any other form of taxation, and the full faith and credit of the City is not pledged for their payment.*

The Series 2023 Bonds are subject to redemption as described under the caption “THE SERIES 2023 BONDS—Redemption.”

**This cover page is not a summary of the issue. Investors should read the Official Statement in its entirety to make an informed investment decision.**

The Series 2023 Bonds are offered when, as and if issued by the City and accepted by the Underwriter[s] named below, subject to approval of validity by Kutak Rock LLP, Bond Counsel, and certain other conditions. Kutak Rock LLP has also been retained to assist the City in the preparation of this Official Statement. Certain legal matters will be passed upon for the City by the Office of the City Attorney and for the Underwriters by [\_\_\_\_\_]. Hilltop Securities Inc. has acted as financial advisor to the City in connection with the Series 2023 Bonds. Delivery of the Series 2023 Bonds through DTC in New York, New York, is expected on or about February \_\_, 2023.

**SELLING: February \_\_, 2023**  
**MANNER OF SALE: Parity**  
**FINANCIAL ADVISOR: Hilltop Securities Inc.**

**The date of this Official Statement is February \_\_, 2023.**

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\* Preliminary; subject to change.

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<sup>1</sup> The City assumes no responsibility for the accuracy of the CUSIP numbers, which are included solely for the convenience of owners of the Series 2023 Bonds.



No broker, dealer, salesman, or other person has been authorized to give any information or to make any representation with respect to the Series 2023 Bonds which is not contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the City. The information in this Official Statement is subject to change and neither the delivery of this Official Statement nor any sale made after any such delivery shall, under any circumstances, create any implication that there has been no change since the date of this Official Statement. This Official Statement shall not constitute an offer to sell or the solicitation of any offer to buy, and there shall be no sale of any of the Series 2023 Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriter[s] have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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**THE PRICES OR YIELDS AT WHICH THE SERIES 2023 BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER[S] MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS SHOWN ON THE COVER PAGE HEREOF, AND THE UNDERWRITER[S] MAY ALLOW CONCESSIONS OR DISCOUNTS TO DEALERS AND OTHERS TO FACILITATE DISTRIBUTION OF THE SERIES 2023 BONDS. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE HAS APPROVED OR DISAPPROVED THE SERIES 2023 BONDS OR THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.**

**SUMMARY OF THE OFFICIAL STATEMENT**

**The City .....** The City of Aurora, Colorado (the “City”) is located within the Denver, Colorado metropolitan area, with an estimated population of 378,826 persons in 2021, and covers approximately 160 square miles. The City is a home rule city and operates under a council-manager form of government. See “THE CITY.”

**The Series 2023 Bonds and Authorization .....** The First-Lien Sewer Revenue Bonds (Pipeline/Interceptor Project), Series 2023 (the “Series 2023 Bonds”), are being issued in the aggregate principal amount of \$\_\_\_\_\_ \* by the City, acting by and through its Utility Enterprise (the “Enterprise” or “Aurora Water”). The Enterprise was organized to operate the City’s municipal water system (the “Water System”), as well as its storm drainage facilities (the “Storm Drainage System”) and sewer facilities (the “Sewer System” and together with the Storm Drainage System, the “System”), on a fully self-supporting basis as a City-owned business. The City Council of the City (the “Council”) is the governing body of the Enterprise.

The Series 2023 Bonds are issued in book-entry-only form, in denominations of \$5,000 or integral multiples thereof, through the facilities of The Depository Trust Company, New York, New York. See Appendix F “BOOK-ENTRY-ONLY SYSTEM.”

The Series 2023 Bonds are authorized to be issued pursuant to the City’s home rule charter (“Charter”), the Enterprise Ordinance, constituting Article II of Chapter 138 of the Code of the City of Aurora, the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2 of the Colorado Revised Statutes, as amended, Sewer System General Revenue Bond Ordinance No. 2006-08 (the “General Ordinance”) adopted by the Council, and a Series Ordinance No. 2022-[\_\_] (the “Series Ordinance”) adopted by the Council.

**Security for the Series 2023 Bonds.....** The Series 2023 Bonds are special and limited obligations of the City, acting by and through the Enterprise, payable solely out of and secured by an irrevocable pledge of and a first lien upon the Net Pledged Revenues as defined under the caption “THE SERIES 2023 BONDS—Security and Flow of Funds.” *The Series 2023 Bonds are not general obligations of the City and are not payable in whole or in part from the proceeds of general property taxes or any other form of taxation. No property of the City or the Enterprise, other than the Net Pledged Revenues of the System, is pledged as security for the Series 2023 Bonds.*

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\* Preliminary; subject to change.

**Redemption.....** The Series 2023 Bonds are subject to optional redemption prior to maturity and certain Series 2023 Bonds are subject to mandatory sinking fund redemption as described herein. See “THE SERIES 2023 BONDS—Redemption.”

**Aurora Water .....** Aurora Water (the Enterprise) was organized to operate the System on a fully self-supporting basis and operates as a City-owned business. The Council is the governing body of Aurora Water. See “AURORA WATER.”

**The System.....** The Sewer System was developed for the purpose of providing sewer service to persons and property both inside and outside the City. Its assets consist of a system of sewer mains, interceptors and pump stations for the collection of raw sewage, one reclaimed wastewater treatment plant and rights to sewage treatment under the Metro Contract (as defined under “THE SYSTEM—Metro and the Metro Contract.”

The Storm Drainage System consists of a network of channels and storm drainage pipes that empty into either concrete-lined swales, natural and developed channels, detention ponds, or greenbelt areas. Most improved properties in the City and certain properties outside the City are served by both storm drainage and sewer components of the System and pay service charges to the Enterprise based upon their water consumption (in the case of sewer) or impervious area (in the case of storm water), as well as development fees at the time of connection with the System in regards to sewer and at the time of platting and connection with the System in regards to storm water. See “THE SYSTEM.”

**Plan and Purpose of Series 2023 Bonds.....** The Series 2023 Bonds are being issued for the purpose of (a) [financing, in whole or in part, the cost of the acquisition and construction of collector and pipeline improvements to the Sewer System (the “Project”); and] (b) paying expenses of issuance of the Series 2023 Bonds. See “USE OF PROCEEDS—The Project.”

**Constitutional Limitations on Taxes, Revenues, Borrowing and Spending.....** In 1992, the Colorado Constitution was amended to impose substantial limitations, including voter approval requirements, upon the taxes, revenues, borrowing, and spending of the State and local governments. See “CONSTITUTIONAL LIMITATIONS ON TAXES, REVENUES, BORROWING AND SPENDING.” The Series 2023 Bonds are permitted to be issued without voter approval under the provisions of such amendment which exclude “enterprises” and their bonds from such limitations.

**Tax Treatment of  
Interest on the**

**Series 2023 Bonds.....** *[KR to review]* In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2023 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and is excludable from the computation of State of Colorado alternative minimum taxable income. For tax years beginning after December 31, 2022, interest on the Series 2023 Bonds may affect the federal alternative minimum tax imposed on certain corporations. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS” herein.

**Professional Services.....** The professional firms participating in the initial offering of the Series 2023 Bonds are as follows:

Bond Counsel:           Kutak Rock LLP  
Suite 3000  
1801 California Street  
Denver, CO 80202-2626  
Telephone: 303-297-2400

Financial Advisor:      Hilltop Securities Inc.  
Suite 500  
8055 East Tufts Avenue  
Denver, CO 80237  
Telephone: 303-771-0217

Underwriter:

Underwriters’ Counsel:

**Additional Information;  
Continuing Disclosure**

**Undertaking**..... Additional information concerning the City, Aurora Water, the System and the Series 2023 Bonds may be obtained from the City’s Director of Finance, 5th Floor, 15151 East Alameda Parkway, Aurora, Colorado 80012, Telephone: (303) 739-7055, or from the Financial Advisor at the address and telephone shown above. The City will enter into an undertaking for the benefit of the beneficial owners of the Series 2023 Bonds pursuant to Securities and Exchange Commission Rule 15c2-12 to provide certain information concerning the Series 2023 Bonds on a continuing basis, and to file such information with specified information repositories accessible to investors. See “THE SERIES 2023 BONDS—Continuing Disclosure Undertaking” and Appendix E hereto.

**THE FOREGOING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE DETAILED INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT. EACH PROSPECTIVE INVESTOR SHOULD READ THE OFFICIAL STATEMENT IN ITS ENTIRETY.**

**[Remainder of page intentionally left blank]**

## OFFICIAL STATEMENT

Relating to:

\$ \_\_\_\_\_ \*

**City of Aurora, Colorado**  
**acting by and through its Utility Enterprise**  
**First-Lien Sewer Revenue Bonds**  
**(Pipeline/Interceptor Project)**  
**Series 2023**

### INTRODUCTION

#### Generally

This Official Statement, including its cover page and appendices, is provided in connection with the issuance by the City of Aurora, Colorado (the “City”) acting by and through its Utility Enterprise (the “Enterprise” or “Aurora Water”) of \$\_\_\_\_\_ aggregate principal amount of First-Lien Sewer Revenue Bonds (Pipeline/Interceptor Project), Series 2023 (the “Series 2023 Bonds”). The Series 2023 Bonds will be issued under the Sewer System General Revenue Bond Ordinance, Ordinance No. 2006-08, as amended (the “General Ordinance”), and the Series 2023 First-Lien Sewer Revenue Bond Series Ordinance, Ordinance No. 2023-[\_\_] (the “Series Ordinance”), adopted by the City Council (the “Council”), supplemented, as to certain details of the Series 2023 Bonds, by a Final Terms Certificate executed by the City’s Director of Finance (the “Final Terms Certificate” and, together with the General Ordinance and the Series Ordinance, the “Bond Ordinance”). The term “City” as used in this Official Statement refers to the City and, where appropriate, to the City acting by and through Aurora Water. The City is a political subdivision of the State of Colorado (the “State”) organized and existing as a home rule city under the laws of the State and a home rule charter (the “Charter”).

The Series 2023 Bonds will be payable solely from and secured by a first (but not necessarily exclusively first) lien upon the Net Pledged Revenues of the City’s sewer system (the “Sewer System”). For a definition of the term “Net Pledged Revenues,” see “THE SERIES 2023 BONDS—Security and Flow of Funds.”

THE SERIES 2023 BONDS DO NOT CONSTITUTE A DEBT OR INDEBTEDNESS OR A MULTIPLE-FISCAL YEAR DEBT OR OTHER FINANCIAL OBLIGATION OF THE CITY WITHIN THE MEANING OF THE CONSTITUTION OR LAWS OF THE STATE OF COLORADO. THE SERIES 2023 BONDS ARE NOT PAYABLE IN WHOLE OR IN PART FROM THE PROCEEDS OF GENERAL PROPERTY TAXES OR ANY OTHER FORM OF TAXATION AND THE FULL FAITH AND CREDIT OF THE CITY IS NOT PLEDGED FOR THEIR PAYMENT.

#### Plan and Purpose of Financing

The Series 2023 Bonds are being issued to [finance, in whole or in part, the cost of the acquisition and construction of collector and pipeline improvements to the Sewer System]. See “USE OF PROCEEDS—The Project.”

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\* Preliminary; subject to change.

The references to and summaries of provisions of the Constitution and laws of the State and the descriptions of documents included herein do not purport to be complete and are qualified in their entirety by reference to the complete provisions thereof, copies of which are available from the City, or through the Underwriter during the period of the initial offering of the Series 2023 Bonds.

Capitalized terms used and not defined herein have the respective meanings specified in Appendix C to this Official Statement.

### **FORWARD-LOOKING STATEMENTS**

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS RELATING TO FUTURE RESULTS THAT ARE “FORWARD-LOOKING STATEMENTS” AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. WHEN USED IN THIS OFFICIAL STATEMENT, THE WORDS “ESTIMATE,” “FORECAST,” “INTEND,” “EXPECT,” “PROJECTED” AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. ANY PROJECTION IS SUBJECT TO SUCH UNCERTAINTIES. INEVITABLY, SOME ASSUMPTIONS USED TO DEVELOP THE PROJECTIONS WILL NOT BE REALIZED AND UNANTICIPATED EVENTS AND CIRCUMSTANCES WILL OCCUR. THEREFORE, IT CAN BE EXPECTED THAT THERE WILL BE DIFFERENCES BETWEEN PROJECTIONS AND ACTUAL RESULTS, AND THOSE DIFFERENCES MAY BE MATERIAL.

### **THE SERIES 2023 BONDS**

#### **Description of the Series 2023 Bonds**

The Series 2023 Bonds are special and limited obligations of the City, acting by and through Aurora Water, and are issued for the purpose of financing a portion of Aurora Water’s ongoing program of additions and improvements to the Sewer System. The Series 2023 Bonds are in the denominations, bear interest, mature, and are subject to the other terms and conditions stated on the cover page hereof.

***Debt Service Requirements.*** The debt service requirements of the Series 2023 Bonds and the other obligations payable from the Net Pledged Revenues are set forth in Table IX.

#### **Authority for Issuance**

The Series 2023 Bonds are issued under authority of the Charter and Article II of Chapter 138 of the City Code (the “Enterprise Ordinance”). Under the Enterprise Ordinance, the City has designated and currently maintains its water, storm and sewer activities as an “enterprise” for purposes of Article X, Section 20 of the Colorado Constitution (“TABOR”). See “AURORA WATER.” As bonds of a TABOR enterprise, the Series 2023 Bonds are authorized to be issued without approval by the electors of the City. See “CONSTITUTIONAL LIMITATIONS ON TAXES, REVENUES, BORROWING AND SPENDING.”

#### **Registration and Payment**

The Series 2023 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), securities depository for the Series 2023 Bonds. For so long as the Series 2023 Bonds are in book-entry form, the principal of and interest on the Series 2023 Bonds will be payable at the

office of UMB Bank, n.a., or its successors, as paying agent, registrar and transfer agent (the “Paying Agent”). Interest on the Series 2023 Bonds is payable by wire transfer to Cede & Co. upon written instruction or by check or draft mailed by the Paying Agent to the registered owners of the Series 2023 Bonds whose names and addresses appear in the registration books of the City on the Regular Record Date, i.e., the fifteenth day, whether or not a business day, of the calendar month preceding the interest payment date. Under certain circumstances a Special Record Date may be fixed by the Paying Agent to establish ownership of the Series 2023 Bonds for the purpose of paying interest not paid when due or interest accruing after maturity.

**Book-Entry-Only System**

DTC will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2023 Bond will be issued for each maturity of the Series 2023 Bonds, each in the aggregate principal amount of such maturity, and each of such Series 2023 Bonds will be deposited with DTC. For information regarding DTC, see “Appendix F—Information Related to Book-Entry-Only System.”

**Redemption**

The Series 2023 Bonds are subject to redemption prior to maturity as follows:

**Optional Redemption.** Series 2023 Bonds maturing on August 1, 20\_\_\* and thereafter are subject to redemption prior to maturity at the option of the City on August 1, 20\_\_\* or any date thereafter, in whole or in part, and if in part in such order of maturity as the City shall determine and by lot within maturities, at a redemption price of par plus accrued interest to the redemption date, without redemption premium.

**Mandatory Sinking Fund Redemption.** The Series 2023 Bonds maturing on August 1, 20\_\_\* are subject to mandatory redemption by lot from mandatory sinking fund installments, at a redemption price equal to par plus accrued interest only to the redemption date, on August 1, of the following years and in the following amounts, such redemption amounts to be subject to proportionate reduction in the event of partial optional redemption of such Series 2023 Bonds:

Redemption Date (August 1) *	Principal Amount *
20__	\$
20__	
20__	
20__	
20__ <sup>1</sup>	

\* Preliminary; subject to change.  
<sup>1</sup> Stated maturity.

**Notice of Redemption.** Notice of redemption of any Series 2023 Bonds is to be given by the Paying Agent by sending a copy of such notice by first-class mail, postage prepaid, at least 30 days prior to the redemption date, to the Underwriter[s] and to the registered owner of each Series 2023 Bond all or a portion of which is called for prior redemption, at his or her address as it last appears on the registration records kept by the Paying Agent. For so long as the Series 2023 Bonds are in book-entry form, any such

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\* Preliminary; subject to change.



redemption notice may be given, in lieu of such mailing, by sending a copy thereof by electronic means, to DTC or its designee. Failure, as to any Series 2023 Bond, to mail or send such notice as provided above, or any defect therein, does not affect the validity of the proceedings for the redemption of any other Series 2023 Bonds. Any failure of DTC to advise any Participant, or of any Participant or indirect participant to notify the Beneficial Owner, of any such notice and its content or effect does not affect the validity of the redemption of the Series 2023 Bonds called for redemption or any other action premised on that notice.

In the event of a call for redemption, the City's notification to DTC initiates DTC's standard call procedure. In the event of a partial call, DTC's practice is to determine by lot the amount of the interest of each Participant in the Series 2023 Bonds to be redeemed, and each such Participant then selects by lot the ownership interest in such Series 2023 Bonds to be redeemed. When DTC and Participants allocate the call, the Beneficial Owners of the book-entry interests called are to be notified by the broker or other organization responsible for maintaining the records of those interests and subsequently credited by that organization with the proceeds once the Series 2023 Bonds are redeemed.

### **Security and Flow of Funds**

***The General Ordinance and the Series Ordinance.*** The Series 2023 Bonds are to be issued pursuant to the General Ordinance and the Series Ordinance, adopted by the City Council, acting as such and as the governing body of the Enterprise, and supplemented, as to certain final terms of the Series 2023 Bonds, by the Final Terms Certificate. The Series Ordinance provides for the application of substantially all of the proceeds of the Series 2023 Bonds as follows: (a) an amount sufficient to pay the Costs of Issuance is to be deposited in the Series 2023 Costs of Issuance Subaccount of the Series 2023 Construction Account; (b) an amount to be deposited to the Series 2023 Construction Account as described under the caption "USE OF PROCEEDS—Sources and Uses of Funds"; and (c) an amount to fund the Debt Service Reserve Account, if any. The Bond Ordinance provides that the General Ordinance and the Series Ordinance are irrevocable until the Series 2023 Bonds and the interest thereon are fully paid or defeased. The following are brief summaries of certain material provisions of the Bond Ordinance.

***The Series 2023 Construction Account.*** The Series Ordinance establishes a Series 2023 Construction Account. A portion of the net proceeds of the Series 2023 Bonds will be held in the Series 2023 Construction Account and applied to the completion of the Project.

***The Series 2023 Costs of Issuance Subaccount.*** The Series Ordinance establishes a Series 2023 Costs of Issuance Subaccount within the Series 2023 Construction Account. The portion of the proceeds of the Series 2023 Bonds reasonably required to pay costs of issuance is required to be deposited in the Series 2023 Costs of Issuance Subaccount, and used, to the extent required, for the payment of Costs of Issuance of the Series 2023 Bonds, and to the extent of any excess, for the payment of Project costs.

***[No Series 2023 Debt Service Reserve Account.*** No Debt Service Reserve Account is being established for the Series 2023 Bonds.]

***Pledged Revenues and Flow of Funds.*** The General Ordinance defines the System to include the Sewer System and the Storm Drainage System presently owned and operated by the City, acting by and through the Enterprise, together with all Equipment and Improvements to the System (but excluding Special Facilities) and any other property or facilities specifically added to the System by ordinance of the City Council. The Income of the System is defined in the General Ordinance to include all rates, fees, or charges for services furnished by, or the direct or indirect use of the System, together with any interest income of the System attributable to the investment of moneys in the accounts created in the General Ordinance and not specifically excluded from the lien of the General Ordinance, and subject to certain exclusions enumerated in the full text of the definition of "Income" in Appendix B hereto. See "THE SYSTEM—Sources of Revenue."

The General Ordinance establishes a special account (the “Income Account”) into which is to be deposited all Income. The Income Account may be maintained as a subfund, account or subaccount of the Sewer Enterprise Fund.

The Income on deposit in the Income Account is to be deposited and applied in the following order of priority:

FIRST, to the payment of necessary and proper costs of operating and maintaining the System (“Operation and Maintenance Expenses”) as they become due (the Income less such Operation and Maintenance Expenses being referred to as the “Net Pledged Revenues”);

SECOND, to the Debt Service Account in monthly installments sufficient to pay any interest accrued and due on the next interest payment date and a ratable portion of the next installment of principal, if any, on the Series 2023 Bonds and similar installments with respect to any outstanding parity securities;

THIRD, to the Debt Service Reserve Account, to the extent required to maintain the Debt Service Reserve Account at the Minimum Reserve Requirement (or, if the Minimum Reserve Requirement is satisfied with a surety bond or other credit facility, to reimburse the issuer thereof for any amounts advanced by it, with interest);

FOURTH, to the payment of the Debt Service Requirements of obligations having a lien on the Net Pledged Revenues subordinate to the lien of the Series 2023 Bonds and other outstanding First-Lien Revenue Obligations; and

FIFTH, to any other lawful purpose determined by the City Council, acting as the governing body of the Enterprise.

Moneys in any or all of the foregoing accounts may, to the extent provided by the Final Terms Certificate, be made subject to transfer to an Excess Investment Earnings Account. In order to give effect to the requirements of both the Code and the General Ordinance, the City may, to the extent necessary, advance, subject to reimbursement, moneys required for the payment of Operation and Maintenance Expenses from funds earmarked for Improvements or Capital Projects, and may also, to the extent necessary, advance, subject to reimbursement, Net Pledged Revenues required for the payment of Debt Service Requirements of Obligations from funds earmarked for Operation and Maintenance Expenses. Nothing in the General Ordinance prevents the City from creating subfunds or subaccounts for the purpose of recording payments and accumulations in a manner consistent with the accounting principles which may be employed by the City from time to time.

**Rate Maintenance.** In the General Ordinance, the City covenants, among other things, to prescribe, revise and collect fair and reasonable rates, fees and charges for use of the System which shall produce Income sufficient, together with any other moneys legally available therefor and credited to the Income Account, to make the payments and accumulations required by the Ordinances; and which shall produce Net Pledged Revenues in each ensuing Fiscal Year at least equal to the sum of 120% of the Combined Annual Debt Service Requirements of all Outstanding First-Lien Revenue Obligations and 105% of the Combined Annual Debt Service Requirements of all Outstanding Subordinate Revenue Obligations, plus any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Net Pledged Revenues or any securities payable therefrom. For purposes of compliance with the Ordinances, including the Rate Maintenance Covenant, there may be counted as Income any funds contributed to the System by the City. See “TABLE XVI—Sewer System Monthly Service and Volume

Charges” and “TABLE XVIII—Monthly Storm Drainage Usage and Development Fees” for past and certain currently estimated future rates.

The Series Ordinance provides, with respect to the Series 2023 Bonds, that so long as the Net Pledged Revenues in any calendar year are sufficient to pay at least 100% of the Combined Annual Debt Service Requirements of all Outstanding First-Lien Revenue Obligations (as such terms are defined in the Series Ordinance) and 100% of the Combined Annual Debt Service Requirements of all Outstanding Subordinate Revenue Obligations, the failure to meet the rate maintenance requirements of the General Ordinance in such calendar year shall not constitute an Event of Default so long as the City shall, within 180 days after the end of such calendar year, promptly retain and cause an Independent Accountant or Consulting Engineer, as such terms are defined in the General Ordinance, to prepare a rate study for the purpose of recommending a schedule of rates, fees and charges for the use of the System which in the opinion of the firm conducting the study will be sufficient to provide Income to be collected in the next succeeding calendar year which will allow compliance with such rate maintenance requirements. In the Series Ordinance, the City agrees, within three (3) months of receipt of such study, and in any event before the end of the calendar year, to adopt rates, fees and charges for the use of the System, based upon the recommendations contained in such study, which will provide compliance with such rate maintenance requirements in the next succeeding calendar year.

***First-Lien Bonds.*** Pursuant to the General Ordinance, the Series 2023 Bonds and any Additional First-Lien Revenue Obligations constitute a first and prior (but not necessarily exclusive) lien on the Net Pledged Revenues.

***Additional Obligations.*** Additional Obligations may be issued, subject to certain provisions of the Bond Ordinance.

The General Ordinance prohibits the issuance of Obligations having a claim to the Income prior or superior to that of the Series 2023 Bonds. Subordinate securities may be issued at any time.

Additional First-Lien Revenue Obligations may be issued provided that, at the time of their issuance: (a) the City is not in default under the provisions of the Bond Ordinance; and (b) the Net Pledged Revenues for the last complete Fiscal Year or any 12 consecutive whole months out of the last 18 prior to the issuance of the proposed Additional First-Lien Revenue Obligations, as certified by the City Manager or a Consulting Engineer or Independent Accountant, must have been equal to at least 120% of the Maximum Annual Debt Service Requirements of the Series 2023 Bonds and Additional First-Lien Revenue Obligations then Outstanding and the Additional First-Lien Revenue Obligations proposed to be issued. If any adjustment in System rates or fees is to be effective during or prior to any Fiscal Year in which the Maximum Annual Debt Service Requirements occur, the Net Pledged Revenues may be adjusted to reflect the Net Pledged Revenues which would have been produced had the modified rates been in effect throughout such Fiscal Year.

For a more detailed description of the Bond Ordinance, see Appendix C hereto.

### **Continuing Disclosure Undertaking**

In order to facilitate compliance by the Underwriters with Securities and Exchange Commission Rule 15c2-12 (the “Rule”) the City will enter into an undertaking in substantially the form set forth in Appendix E hereto (the “Continuing Disclosure Undertaking”) to provide certain information, including audited financial results, on an annual basis, and to provide notice of certain specified events contemplated by the Rule, to the information repositories designated in the Continuing Disclosure Undertaking. Investors may obtain access to such filings in the manner specified in Appendix E hereto.

The specific information required to be provided by the City under the Continuing Disclosure Undertaking includes: (a) notice of the occurrence of any of the material events enumerated in the Rule; (b) annual audited financial statements; and (c) annual operating results with respect to the items described under the caption “FINANCIAL INFORMATION CONCERNING THE SYSTEM—Operating History” and Tables [III, IV, V, VI, VII, VIII, X, XII, XIII, XIV, XV, XVI and XVII].

Failure to perform the Continuing Disclosure Undertaking does not constitute an Event of Default under the Bond Ordinance, but in the event of a failure to perform the Continuing Disclosure Undertaking, the owners of the Series 2023 Bonds have the right to seek a court order directing the City to perform its obligations thereunder.

**USE OF PROCEEDS**

**Sources and Uses of Funds**

The City estimates the following sources and uses of funds in connection with the sale of the Series 2023 Bonds:

**Sources**

Principal Amount of Series 2023 Bonds..... \$  
 [Net] Original Issue [Premium/Discount].....

**Total Sources** .....

**Uses**

Deposit to Construction Account.....  
 Costs of Issuance<sup>1</sup> .....

**Total Uses** .....

<sup>1</sup> Includes underwriting discount, legal, printing, accounting, financial advisory fees and rounding amount.

**The Project**

The net proceeds of the Series 2023 Bonds are to be used to pay expenses of issuance of the Series 2023 Bonds and to finance a portion of the costs of the construction of [description of pipeline/interceptor project] (the “Project”). [please provide a general description of the project]

Construction of the Project is to begin [in \_\_\_\_ 20\_\_] and is expected to be completed in 20[\_\_\_]. The City has selected [Contractor] as construction manager and general contractor for the construction of the Project, pursuant to a Construction Manager Contract dated [\_\_\_\_], 20[\_\_\_] (the “Construction Manager Contract”). In accordance with the Construction Manager Contract, the guaranteed maximum price for the Project is \$[\_\_\_\_], which amount includes contingency coverage in the amount of \$[\_\_\_\_].

**THE CITY**

Currently the third largest municipality in Colorado, the City was founded in 1891 as an unincorporated community and was incorporated on May 5, 1903 as the Town of Fletcher. In 1907, the Town Council changed the name to “Aurora.” The Council-Manager form of government was adopted by the City in 1954, and the 11 members of the Council (including a full-time Mayor, who is elected specifically for that position) are chosen biennially for staggered four-year terms in non-partisan elections.

The Mayor serves as the presiding officer at all meetings of the Council and is not entitled to vote upon any resolution or ordinance unless it is to create or break a tie vote. A Mayor Pro Tem is elected by the Council to serve in the absence of the Mayor. In 1961, the City became a home rule city by adopting its own Charter pursuant to Article XX of the Constitution of the State. The City is a full-service local government and owns Aurora Water. For more detailed information concerning the City, its government, growth and development and the local economy, see “Appendix D—GENERAL INFORMATION CONCERNING THE CITY.” While the City has other sources of revenue, the Series 2023 Bonds are not secured by any funds or revenues of the City other than the Net Pledged Revenues.

## **AURORA WATER**

Aurora Water was organized to operate the Water System, the Sewer System and the Storm Drainage System, on a fully self-supporting basis as a City-owned business. The Council is the governing body of Aurora Water. Only the net revenues of the Sewer System and the Storm Drainage System are included in the Net Pledged Revenues. The Series 2023 Bonds are not secured by any pledge of Water System revenues.

Aurora Water, under the administration of the General Manager of Aurora Water, has approximately [470] full time equivalent employees and is responsible for the operation and maintenance of all water, sewer, reclaimed effluent and storm drainage facilities owned by the City. Aurora Water has two major functional divisions, Water and Wastewater. The Water Division is engaged in developing, protecting, operating, maintaining and expanding the Water System for the benefit of users within the City and limited service areas outside the City. Funds of the Water System are maintained in accounts separate from funds of the Wastewater Division. The Wastewater Division is further divided into the Sewer and Storm Drainage operating divisions. An Administration Division provides administrative oversight for the entire department. Other divisions provide financial and customer billing, plan review and connection application, capital projects, public information and conservation, and resource acquisition and quality control functions.

### **Principal Officials**

Aurora Water operates under the supervision of the General Manager of Aurora Water. Following is a description of the principal Aurora Water officials involved in the management of the System. See “Appendix D—GENERAL INFORMATION CONCERNING THE CITY—City Management” for information concerning key elected and appointed officials of the City government. ***[Please update the following bios as needed]***

***Marshall Brown***, General Manager of Aurora Water, has been employed with the City since 2012. Mr. Brown has more than [27] years of experience in the water industry. He began in the private sector, where he gained significant technical expertise on water resource evaluation and development, feasibility studies, groundwater modeling and groundwater characterization and remediation. Mr. Brown was previously the head of the water utility in Scottsdale, Arizona. During his time with Aurora and Scottsdale, two industry leading utilities, Mr. Brown has had the opportunity to plan, manage and direct activities to position each organization for sustainable futures. Mr. Brown received a Bachelor of Science degree from Brigham Young University in Geological Engineering and a Master of Science degree from the University of Arizona in Geophysical and Geological Engineering. He is a licensed Professional Engineer and has served in a leadership capacity for multiple regional and national organizations including a current leadership role with the Western Urban Water Coalition.

***Alexandra Davis***, Deputy Director of Water Resources, has been employed with the City since 2015. Ms. Davis has spent almost [27] years in the water resources field. She started at the Colorado

Attorney General's office representing Natural Resource agencies and the State Engineer in Colorado Water Court. She spent a year as a Special U.S. Attorney representing Department of Interior agencies on water issues. While at the Colorado Department of Natural Resources (the "DNR"), she served as the Assistant Director for Water and the Director of the Inter Basin Compact Committee. There, she was responsible for implementing the Governor's and the DNR Director's agendas, creating and implementing statewide water policy, and aiding the Department agencies with water-related issues, policies and projects. As Assistant Director for Water, she served on a number of influential boards and committees including the Upper Colorado River Commission, the Colorado Ground Water Commission, Colorado Water Conservation Board, Western States Water Council, Governor Ritter's South Platte Task Force, and the Colorado Supreme Court Water Rules Committee. After a short stint in private law practice, Ms. Davis returned to the State as the Colorado Parks and Wildlife Water Resources Manager and from there came to Aurora Water. Ms. Davis has a Bachelor of Arts degree from Pitzer College, majoring in Psychology and Organizational Psychology and a Juris Doctorate degree from the University of Colorado. Ms. Davis also spent a year in Japan studying International Studies at Waseda University.

**Dan Mikesell**, Director of Water Operations, has been employed with the City since 1981. Mr. Mikesell has [42] years of experience in the water industry. During that time, he has held the positions of Interim Director, Deputy Director of Operations & Engineering, Manager of Operations, Water Services Manager and Customer Service Superintendent, all with the City. He currently serves as a member of the Homestake Steering Committee and the Aurora/Colorado Springs Joint Water Authority, as well as the Metropolitan Wastewater Reclamation District Board of Directors. Mr. Mikesell has an Associate of Applied Science degree in Management.

**Steve Sciba**, Deputy Director of Operations, has been employed with the City since 2005. Mr. Sciba has over [35] years of experience in the utility industry and previously held positions with the City of Englewood Engineering and Utilities Departments and was a supervisor for Colorado Springs Utilities before coming to the City. Since joining the City, Mr. Sciba has held the positions of Customer Service Superintendent, Water Services Division Manager, Support Services Division Manager and the Operations and Maintenance Division Manager for Aurora Water. He currently serves as the President of the Aurora/Colorado Springs Joint Water Authority and is Vice President of the Homestake Steering Committee. Mr. Sciba graduated with a Bachelor of Arts degree in Psychology from the University of Colorado and is currently designated as a State of Colorado, Certified Water Professional. He has obtained industry specific certifications as a Class 4 Collection System Operator, Class 4 Distribution System Operator, a "D" Water Treatment Operator and a Cross Connection Control Technician.

**Jo Ann Giddings**, Deputy Director of Water Financial Administration, has been employed with the City since 2005. Ms. Giddings has over [20] years of experience in government finance at the city and county level. Ms. Giddings' experience at the City includes working in the City finance department as well as the finance office of Aurora Water. In addition to working for the City and Arapahoe County, Ms. Giddings also worked for a public accounting firm performing audits mainly for governmental entities. In addition to the city, county and audit experience, Ms. Giddings also has experience in commercial banking. Ms. Giddings serves on the GFOA Economic Development and Capital Planning Committee and is Chair of the Metro Wastewater Reclamation District Finance Committee. Ms. Giddings received a Bachelor of Science degree in Accounting from Regis University and is a certified public accountant licensed in the State of Colorado.

**Sarah Young**, Deputy Director of Water Planning & Engineering, has been employed with the City since 2013. Ms. Young has over [27] years of engineering and water-related experience. Prior to joining the City, Ms. Young spent several years in civil construction and prior to that 12 years in private engineering consulting, focusing on master planning, water/wastewater design, environmental permit support, and

enterprise fund feasibility and implementation. Ms. Young has a Bachelor of Science degree in Civil Engineering from the University of Colorado and is a licensed professional engineer in Colorado.

### **Employee Pension Plan**

Employees of Aurora Water are employees of the City and as such are covered under the City’s pension and post-employment benefits policies and plans. The City’s pension policies and plans are described in Appendix D hereto. See “Appendix D—GENERAL INFORMATION CONCERNING THE CITY—Employees; Unions and Labor Relations—*Employee Pension Plans*.”

### **Designation and Character of the Enterprise for Purposes of TABOR**

To facilitate compliance with certain provisions of Article X, Section 20 of the Colorado Constitution (“TABOR”) described under the caption “CONSTITUTIONAL LIMITATIONS ON TAXES, REVENUES, BORROWING AND SPENDING,” the Council enacted the Enterprise Ordinance, confirming the existence of Aurora Water (including the Water, Sewer and Storm Drainage Systems) as an “enterprise” for purposes of TABOR. TABOR defines an “enterprise” as a government owned business authorized to issue its own revenue bonds and receiving less than 10% of its annual revenue in grants from all State and local governments combined. In the 12 months ended December 31, 2022, Aurora Water [did not] receive any material portion of its total revenues in grants from the State or its political subdivisions, including the City. Total revenues for that period, including development fees, were \$[ ] (\$[ ] of which were System revenues and \$[ ] of which were Water System revenues). Because total revenues for this purpose include items such as development fees, which are not treated as operating revenues for financial reporting purposes, these amounts are higher than the revenue figures reflected in Tables XII and XIII.

The City has made no covenant in the Bond Ordinance or the Enterprise Ordinance that it will continue to maintain Aurora Water as an “enterprise” under TABOR beyond the current fiscal year. A future failure of Aurora Water to qualify as an “enterprise” for purposes of TABOR would not affect the validity of the Series 2023 Bonds or the right and obligation of the City to increase fees and charges when required by the Bond Ordinance, but the absence of continuing spending exceptions such as those described under the caption “CONSTITUTIONAL LIMITATIONS ON TAXES, REVENUES, BORROWING AND SPENDING” would result in the inclusion of Aurora Water in the City’s overall spending and revenue base and limitations while Aurora Water continued to be disqualified. See “CONSTITUTIONAL LIMITATIONS ON TAXES, REVENUES, BORROWING AND SPENDING.” In part because of voter-approved exceptions to the City’s TABOR revenue and spending limits, such a result, in the event that it occurred, would not be expected to adversely affect either Aurora Water or the City as a whole.

### **Awards**

Aurora Water recently received the highest ranking in the west midsize segment of the J.D. Power 2021 U.S. Water Utility Residential Customer Satisfaction Study of customers’ satisfaction nationally among water customers in the US. Long recognized for its innovation and leadership in the arid west, Aurora Water was also the recipient of the Sustainable Water Utility Management Award from the Association of Metropolitan Water Agencies (“AMWA”) in 2019, the U.S. Water Prize in 2017, and the AMWA Platinum Award for Exceptional Utility Performance and the Excellence in Management Platinum Award from the National Association of Clean Water Agencies in 2015. Aurora has also won multiple competitions for its great tasting water and is the only utility in the nation to have three water purification facilities with the Partnership for Safe Water's Phase IV "Excellence in Water Treatment" distinction.

**[Please update]**

## THE SYSTEM

The System is operated by the Enterprise and provides both Sewer and Storm Drainage facilities and services to persons and property within the City and to certain persons and property outside the City. The System is operated on a fee-for-service basis under a uniform system of rates designed to charge System customers for their relative shares of the cost of Sewer and Storm Drainage services.

### General Description of the System

**[Please review and update this section as needed]** The following describes the facilities and operations of the Sewer System and the Storm Drainage System, which are physically separate but are administered as a single utility referred to collectively in this Official Statement as the “System.”

**Service Area.** The service area of the System includes the entire area of the City, with the exception of several relatively small and isolated areas which are presently undeveloped or receive service from special districts, as well as certain areas outside the City which have contracted for sewage collection and treatment.

The largest of the areas outside the City is the East Cherry Creek Valley Water and Sanitation District (“ECCV”) which maintains its own sewage collection system but, by contract, interconnects with the City’s sewer interceptors for delivery to Metropolitan Wastewater Reclamation District (“Metro”), a separate governmental entity which provides sewage treatment to many municipalities and a number of special districts in the Denver area, for treatment. The contract with ECCV allows ECCV to provide sewer service to its customers without having to construct and own its own wastewater treatment plant. ECCV pays a premium to the City for the conveyance of its sewage and gives up its rights to successive use of that sewage as a developable water right. It is expected that this arrangement will continue, although ECCV could exercise its right to construct an independent treatment facility and disconnect from the System.

**Sewer System.** The Sewer System has been in operation since the 1920s. The status of development of the facilities of the Sewer System during the past five years is reflected in the following table:

**TABLE I  
Sewer System Development**

Year	Total Sewer Connections	Total Miles of Sewage Collection Lines & Forces Lines
2017	83,254	1,093
2018	84,980	1,115
2019	86,413	1,137
2020	88,363	1,157
2021	90,247	[redacted]
2022 <sup>1</sup>	[redacted]	[redacted]

<sup>1</sup> Through **[December 31, 2022]** (unaudited).

The facilities of the Sewer System include a large network of collection and interceptor lines and various sewage lift pump stations. Lines larger than 30 inches in diameter are generally reinforced concrete, while most lines between 30 inches and eight inches in diameter are vitreous clay pipe. Numerous smaller lines are also constructed of polyvinyl chloride. It is the policy of Aurora Water not to use asbestos concrete in sewer line construction. The longest force main in the Sewer System is approximately 9,000 feet long.



Approximately 84% of the wastewater collected by the Sewer System is conveyed through the collection lines to two regional sewage treatment plants located northwest of the City and operated by Metro. Under a contract with the entities which deliver raw sewage to it, Metro treats that sewage for an annual fee which is calculated on the basis of Metro’s cost of operations and debt service. See “—Metro and the Metro Contract” below. The remaining portion of the wastewater collected by the Sewer System is treated by the City at its 5 million gallon per day wastewater reclamation facility at Sand Creek, near the City’s northern boundary. This facility reclaims wastewater from the Sewer System for irrigating five municipal golf courses, four City parks and one Municipal Center. Treated effluent not used for irrigation is discharged to Sand Creek under the conditions of a National Pollutant Discharge Elimination System (NPDES) permit. The following table shows average daily flows of wastewater collected by the Sewer System for each of the past five years.

**TABLE II**  
**Sewer System Average Daily Wastewater Flows**

<b>Year</b>	<b>Average Daily Flows (MGD) <sup>1</sup></b>
2017	31
2018	30
2019	31
2020	31
2021	[ ]
2022	[ ]

<sup>1</sup> MGD represents 1 million gallons per day.

The following tables show the total growth of the Sewer System by class of customer over the past five years, and the ten largest customers of the Sewer System in [2021].

**TABLE III**  
**Sewer System Customers by Class**

<b>Classification</b>	<b>2017</b>	<b>2018<sup>1</sup></b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Single-Family Residential	77,524	78,273	79,609	81,496	83,328
Multi-Family (2+ Units)	2,535	3,655	3,713	3,743	3,768
Commercial	<u>3,040</u>	<u>3,052</u>	<u>3,091</u>	<u>3,124</u>	<u>3,151</u>
Total	<u>83,099</u>	<u>84,980</u>	<u>86,413</u>	<u>88,363</u>	<u>90,247</u>

<sup>1</sup> In 2018 the definition of residential class changed to include only single family residential dwellings. Any residential dwelling with 2 or more units is classified as Multi-Family. **[Insert 2022 if available]**

**TABLE IV**  
**20[22] Sewer System Usage and Revenues by Classification <sup>[1]</sup>**

Classification	Percent of Consumption	Percent of Revenues
Commercial	78.0%	79.0
Residential	<u>21.0</u>	<u>21.0</u>
Total	<u>100.0%</u>	<u>100.0%</u>

<sup>1</sup> As of December 31, 2021 [change to December 31, 2022 (unaudited)] if available].

**TABLE V**  
**Ten Largest Customers of the Sewer System**

Customer	Total User Charge Revenue Collected	Percent of Total Service Charges Collected <sup>1</sup>
Bottling Company	\$ 690,741	
University	684,155	
Military Base	275,439	
Apartment Complex	264,224	
Hotel	201,438	
Public School District	189,095	
Commercial	167,027	
City	164,333	
Public School District	156,667	
Commercial <sup>2</sup>	<u>152,358</u>	
Total	<u>\$2,945,477</u>	<u>7.3%</u>

<sup>1</sup> Based on total sewer service billings of \$[ ] in 2021. [change to December 31, 20[22] (unaudited)] if available].

<sup>2</sup> See “—Service Area” above.

Source: The Enterprise

**Storm Drainage System.** The City’s Storm Drainage System has formally been in existence since 1968, although the majority of the Storm Drainage System has been constructed since 1971. The Storm Drainage System facilities consist of a network of channels and storm drainage pipes ranging from 18 inches to 112 inches in diameter. These pipes are primarily reinforced concrete. The storm drainage channels and mains empty into concrete-lined swales, natural and developed channels, detention ponds or greenbelt areas. The Storm Drainage System does not contain machinery or mechanical systems. The operation and maintenance of the Storm Drainage System consists primarily of keeping the pipes and channels free of debris and sediment and making periodic repairs to broken or eroded parts of the Storm Drainage System.

The Storm Drainage System contains approximately 418 miles of storm drainage, pipes and 86 miles of drainageways and in 2021 served an estimated [89,000] residential and commercial customers. The following table sets forth information on the Storm Drainage System’s ten largest customers in 20[21].

**TABLE VI**  
**Ten Largest Customers of the Storm Drainage System**

Customer	Total User Charge Revenue Collected	Percent of Total Service Charges Collected <sup>1</sup>
Apartment Complex	\$ 243,000	
City	209,954	
Public School District	188,849	
Auto Wholesaler	155,936	
University	99,559	
Public School District	92,021	
Commercial <sup>2</sup>	87,604	
Commercial <sup>2</sup>	86,790	
Real Estate Developer	80,199	
Real Estate Trust	<u>74,301</u>	
Total	<u>\$1,318,183</u>	<u>5.8%</u>

<sup>1</sup> Based on total storm drainage service billings of \$ [redacted] in 2021. [change to December 31, 20[22 (unaudited) if available].

<sup>2</sup> See “—Service Area” above.  
Source: The Enterprise

The Storm Drainage System lies within the Mile High Flood District, established by statute to coordinate storm drainage and flood control efforts in the six-county metropolitan Denver area. See “—Mile High Flood District” below.

**Metro and the Metro Contract**

[Please update as necessary] The City is a party to the Metro Wastewater Reclamation District (as previously defined, “Metro”) Sewage Treatment and Disposal Agreement (Service Contract), dated as of January 1, 1964, as amended through December 1, 1994 (collectively, the “Metro Contract”). Metro was formed under the Metro Contract for the purpose of constructing and operating a sewage transmission and treatment system serving most of the Denver metropolitan area. The Metro Contract provides that the City, along with other municipalities that are parties to the Metro Contract, may connect to Metro’s sewage collection system and discharge the sewage from the System into interceptor sewers constructed and maintained by Metro. Metro collects and conveys sewage from the collection systems of the parties to the Metro Contract and from special connecting municipalities which also use Metro’s system (collectively, the “Connectors”). The wastewater is conveyed to a regional wastewater treatment facility which treats and discharges effluent to the South Platte River. In return, the City and the other Connectors agree to pay annual fees to Metro for the operation of its system.

The City is the second largest contributor to Metro’s system after the City and County of Denver. [In 2019, the City provided 22% of Metro’s revenues from customers and, based on Metro’s 2021 Budget the City will provide 19% of Metro’s revenues from customers. The City used 47.73% of the City’s Wastewater Fund 2020 operating and maintenance expenses to pay Metro’s 2020 charges and fees. In 2019, Metro treated a total of 48 billion gallons of sewage. Of this total, the City contributed 9,382 million gallons, or approximately 19.5%. Metro has built a second treatment plant northeast of the City to handle the additional capacity needed for the continued development in the eastern side of the City.]

Metro is governed by a Board of Directors (the “Metro Board”). Each party to the Metro Contract (each a “Member Municipality”) is entitled to one seat on the Metro Board for each seventy-five thousand of population, or fraction thereof, provided, however, that no Member Municipality is entitled to more than

one-half of the total number of Directors. The Directors from each Member Municipality are appointed by the chief executive of the Member Municipality with the approval of its governing body. The regular term of each Director is two years. The representation on the Metro Board is reapportioned every four years based on the latest population estimates made by the Colorado Department of Local Affairs, Division of Planning and the governing bodies of the Member Municipalities. There are currently five Directors from the City on the Metro Board. In addition, the Metro Board is currently in the process of formally approving an additional member from the City, bringing the total to six.

Annual fees paid by the Connectors for the transmission and treatment of sewage are based on the volume and strength of the sewage delivered to Metro's system. Each Connector is obligated to Metro for all sewage contributed by it, including that originating from any other municipality. Metro collects annual fees sufficient to provide for all operation and management expenses and reserves therefor, requisite debt service coverage, deficits, if any, capital expenditures and all other charges legally payable from Metro's system.

Metro also levies a sewer connection charge for each new tap connected to its sewage collection system or to the lines of the Connectors. This charge is used to pay for growth-related projects and debt service of Metro. Each Connector either charges the newly connected customer directly for the sewer tap connection or pays the fee through other sources. The City collects tap fees at the time the connection is made. The tap fees are typically paid by the developer, contractor or property owner. See "—Sources of Revenue" below.

On the first day of September preceding each fiscal year, Metro delivers to each municipality subject to the payment of any service charge or any annual charges, a certificate stating the estimated amount of such charge. Any such certificate may be adjusted by Metro during the fiscal year. The final annual charge is adjusted in amount, regardless of whether the original estimate was adjusted prior to that time, on the last day of March following the last day of the fiscal year.

Under the Metro Contract, each Connector must comply with any requirements of Metro including the quantity, quality and characteristics of the sewage delivered and discharged into Metro's system. Each Connector must have and administer pretreatment/industrial waste control programs in accordance with the Metro Contract. In addition, each Connector must control the industrial waste discharges from significant industrial users within its service area.

### **Mile High Flood District**

The Storm Drainage System lies within the Mile High Flood District ("Mile High"), previously Urban Drainage and Flood Control District, an entity established by statute to coordinate storm drainage and flood control efforts in the six-county Denver metropolitan area. Mile High has powers of taxation, eminent domain, and assessment of both public and private property to defray costs of its projects, and presently imposes a 1.00 mill levy on property in the City. Although the City is responsible for all physical structures of the Storm Drainage System within its service area, the Storm Drainage System is required to be designed and constructed in a manner consistent with the regional master storm drainage plan administered by Mile High. Mile High provides various services to the storm drainage utilities within its boundaries including regional planning and engineering of improvements, construction of major regional storm drainage facilities, and some maintenance funds.

Mile High also enters into inter-governmental agreements with the City and other operators of drainage systems providing for the joint design and construction of projects and the administration of grant funds. Mile High's enabling act provides, among other things, that Mile High's Board, which includes a representative from the City, may disapprove funding for storm drainage projects found to be inconsistent

with Mile High’s overall drainage plan and may order modification of nonconforming facilities. Projects done jointly by the City and Mile High require a cost participation intergovernmental agreement prior to contract award. Projects done independently by the City, although they do not need an intergovernmental agreement, are submitted to Mile High for approval prior to awarding contracts. Consequently, Mile High will typically have approved all storm drainage projects done by the City before any contracts are awarded.

**Environmental Concerns**

The operation of the System is subject to substantial environmental regulation under both State and federal law. All operations of the System must comply with the provisions of the Clean Water Act (PL92-500 and amendments) and the City holds various NPDES permits as the regulating agency responsible for point and nonpoint pollution management. Although management of the System believes it is presently in compliance with all material regulations affecting the System, there can be no assurance future compliance with such requirements will not prevent the development of otherwise feasible projects or result in substantially increased capital and operating expenses for the System. Metro is subject to similar environmental regulation, and its costs of compliance are expected to be included in the annual Metro fees paid by the City and other governmental users of Metro’s transmission and treatment services. **[Please confirm]**

**Five-Year Capital Improvement Plan**

The System has a five-year Capital Improvement Plan (the “Capital Improvement Plan”) which is updated and revised annually. The Capital Improvement Plan includes a list of projects designed to meet the needs of current customers and provide for future development. These projects include, among others, expansion of the Sewer System along First Creek, Second Creek and Senac Creek which will result in the decommissioning of five lift stations throughout the City. Additional projects include rehabilitation of manholes, interceptors and diversion structures and upsizing of some undersized sewers in the older parts of the City. The Storm Drainage System improvements include flood reduction, detention and water quality projects in Westerly Creek, Easterly Creek, First Creek, Second Creek and Tollgate Creek, rehabilitation of existing pipe networks and infrastructure reimbursements for regional infrastructure constructed by the development community. The **[2022-2026]** Capital Improvement Plan includes **[\$209]** million for Sewer System and Storm Drainage System projects, including the Project. A substantial portion of the total cost is expected to be funded by borrowing. **[Please update as necessary]**

**TABLE VII  
Five-Year Projected Capital Improvements**

	<b>2022 Adopted</b>	<b>2023 Planned</b>	<b>2024 Planned</b>	<b>2025 Planned</b>	<b>2026 Planned</b>	<b>Total Cost 2022-2026</b>
Sanitary sewer	\$31,500,000	\$17,050,000	\$35,300,000	\$ 7,000,000	\$	\$
Storm drainage	<u>7,125,442</u>	<u>8,150,067</u>	<u>13,136,079</u>	<u>10,000,000</u>		
Total Wastewater Fund	<u>\$38,625,442</u>	<u>\$25,200,067</u>	<u>\$48,436,079</u>	<u>\$17,000,000</u>	\$	\$

## DEBT STRUCTURE OF THE SYSTEM

The following tables summarize the outstanding System obligations of the City and Aurora Water and their annual debt service requirements.

**TABLE VIII**  
**Debt Supported by Wastewater Fund Revenues as of December 31, 2022**

Issue	Dated	Original Amount	Interest Rate	Maturity Date	Principal Outstanding
<b>First-Lien Sewer Obligations</b>					
Sewer Revenue Bonds, Series 2016	11/04/2016	\$ 28,900,000	1.560%	08/01/2026	\$ 12,055,000
Sewer Revenue Bonds, Series 2018	12/12/2018	30,000,000	1.231-3.035	08/01/2030	25,590,427
Sewer Revenue Bonds, Series 2021	05/27/2021	<u>48,970,000</u>	4.000-5.000	08/01/2051	<u>48,970,000</u>
<b>Total First-Lien Sewer Revenue Obligations</b>		<b><u>\$107,870,000</u></b>			<b><u>\$86,615,427</u></b>

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**TABLE IX**  
**Summary of Debt Service Requirements to Maturity <sup>1</sup>**

Year *	Series 2023 Bonds *		Parity Sewer Revenue Obligations <sup>2</sup>	Total Requirements to Maturity
	Principal	Interest	Total	
2023	\$	\$	\$8,600,785	\$
2024			8,599,852	
2025			8,598,217	
2026			8,600,881	
2027			5,467,765	
2028			5,467,775	
2029			5,467,786	
2030			5,467,797	
2031			3,495,800	
2032			3,496,300	
2033			3,498,050	
2034			3,495,800	
2035			3,496,800	
2036			3,495,000	
2037			3,495,400	
2038			3,497,800	
2039			3,497,000	
2040			3,498,000	
2041			3,495,600	
2042			3,499,800	
2043			3,495,200	
2044			3,497,000	
2045			3,494,800	
2046			3,498,600	
2047			3,498,000	
2048			3,498,000	
2049			3,498,400	
2050			3,499,000	
2051			<u>3,499,600</u>	
Total			<u>\$138,663,333</u>	

<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> Includes the outstanding Series 2016 Bonds, Series 2018A Bonds, Series 2018B Bonds and the Series 2021 Bonds. **[Hilltop to confirm outstanding amounts]**

**TABLE X**  
**Historical Debt Service Coverage for Wastewater Fund for the Fiscal Years ended December 31, 2018—2022**

	2018	2019	2020	2021	2022 (Estimated)
Net Pledged Revenue:					
Charges for Services <sup>1</sup>	\$ 67,385,881	\$ 69,555,133	\$ 72,448,526		
Connection and Development Fees <sup>2</sup>	11,647,178	7,188,582	11,685,972		
Investment Income and Other Non-operating Revenue <sup>3</sup>	2,170,773	3,347,617	3,428,611		
Total Pledged Revenue	81,203,832	80,091,332	87,563,109		
Operating Expenses <sup>4</sup>	(51,254,250)	(52,899,919)	(52,607,198)		
Net Pledged Revenue	29,949,582	27,191,413	34,955,911		
First-Lien Revenue Obligations—Debt Service <sup>5</sup>	3,132,238	3,168,340	3,219,119		
First-Lien Revenue Obligations—Coverage <sup>5</sup>	9.56x	8.58x	10.86x		
All Revenue Obligations—Debt Service	3,132,238	3,568,340	3,619,119		
All Revenue Obligations—Coverage	9.56x	7.62x	9.66x		
Cash Balance	79,886,113	82,422,923	86,425,935		
Days Cash on Hand	569	569	600		

<sup>1</sup> Includes charges for services, licenses and permits.

<sup>2</sup> Includes connection, main extension and front footage fees and drought replacement surcharge (for applicable years). Does not include annexation fees.

<sup>3</sup> Includes investment income and other non-operating revenue, less the adjustment to fair value.

<sup>4</sup> Excludes depreciation and amortization expenses.

<sup>5</sup> Debt service in years 2017 through 2022 includes the City's Series 2016, Series 2018A, Series 2018B Bonds and Series 2021 Bonds.

Source: Aurora Water **[Please update 2020 and provide 2021 and 2022 Estimated figures]**

Based on the 2023 System budget, projected Net Pledged Revenues and estimated debt service, management of the System currently estimates the following approximate debt service coverage in the years 2023-2027:

**TABLE XI**  
**Projected Debt Service Coverage for Wastewater Fund for the Fiscal Years ended December 31, 2023—2027**

	2023 Estimate <sup>7</sup>	2024 Estimate <sup>7</sup>	2025 Estimate <sup>7</sup>	2026 Estimate <sup>7</sup>	2027 Estimate <sup>7</sup>
Pledged Revenue:					
Charges for Services <sup>1</sup>	\$ 81,832,282	\$ 84,961,057	\$ 89,160,112		
Connection and Development Fees <sup>2</sup>	8,998,254	9,101,231	9,184,859		
Investment Income and Other Non-operating Revenue <sup>3</sup>	1,060,739	901,864	894,344		
Total Pledged Revenue	91,891,275	94,964,152	99,239,315		
Operating Expenses <sup>4</sup>	(60,016,747)	(61,927,995)	(63,902,210)		
Net Pledged Revenue	31,874,528	33,036,157	35,337,105		
First-Lien Revenue Obligations—Debt Service <sup>5</sup>	8,600,785	8,599,852	8,598,217		
First-Lien Revenue Obligations—Coverage <sup>5</sup>	3.71x	3.84x	4.11x		
All Revenue Obligations—Debt Service <sup>5,6</sup>	8,600,785	8,599,852	8,598,217		
All Revenue Obligations—Coverage <sup>5,6</sup>	3.71x	3.84x	4.11x		

<sup>1</sup> Includes charges for services, licenses and permits.

<sup>2</sup> Includes connection, main extension and front footage fees and drought replacement surcharge (for applicable years). Does not include annexation fees.

<sup>3</sup> Includes investment income and other non-operating revenue, less the adjustment to fair value.

<sup>4</sup> Excludes depreciation and amortization expenses.

<sup>5</sup> Aurora Water does not currently project any Subordinate Revenue Obligations during the forecast period.

<sup>6</sup> Projected based upon assumptions concerning future operations, including events and conditions which are not within Aurora Water's control, used by Aurora Water for planning purposes. These projections assume Aurora Water does not implement an increase in rates charged to its customers during the years indicated. Actual results will vary from the assumptions and such variations may be material.

<sup>7</sup> Includes the outstanding

Source: Aurora Water **[Please provide 2026 and 2027 Estimated figures]**



**FINANCIAL INFORMATION CONCERNING THE SYSTEM**

**Operating History**

The following table sets forth the operating history of the Wastewater Fund for the years indicated.

**TABLE XII**  
**City of Aurora Wastewater Fund**  
**Comparative Schedule of Revenues, Expenses and Changes in Net Position**  
**Years Ended December 31<sup>1</sup>**

	2017	2018	2019	2020	2021
<b>Operating Revenues</b>					
<i>Charges for services</i>	\$ 64,039,032	\$ 67,385,881	\$ 69,555,133	\$ 72,448,526	\$ 73,561,726
<b>Operating Expenses</b>					
Cost of Sales and Services	49,632,079	50,330,286	51,048,471	50,836,208	56,085,832
Administrative Expenses	1,392,186	1,432,561	1,477,126	1,146,121	1,947,278
Depreciation	<u>11,696,684</u>	<u>12,558,089</u>	<u>13,268,985</u>	<u>14,234,128</u>	<u>15,904,477</u>
Total Operating Expenses	<u>62,720,949</u>	<u>64,320,936</u>	<u>65,794,582</u>	<u>66,216,457</u>	<u>73,937,587</u>
Operating Income	<u>1,318,083</u>	<u>3,064,945</u>	<u>3,760,551</u>	<u>6,232,069</u>	<u>(375,861)</u>
<b>Nonoperating Revenues</b>					
<b>(Expenses)</b>					
Investment Earnings	828,282	1,116,554	2,791,095	2,670,807	(680,221)
Intergovernmental Revenue	--	--	55,077	--	--
Miscellaneous Revenue	23,201	22,240	39,609	6,424	15,758
Interest Expense	(230,078)	(394,717)	(844,342)	(852,144)	(1,879,931)
Bond Issuance Expense	--	--	--	--	--
Amortization of premiums and (discounts)	48,644	47,558	47,558	47,558	271,460
Gain (loss) Disposal Capital Assets	<u>(3,731,753)</u>	<u>(4,072)</u>	<u>147,193</u>	<u>(1,861,817)</u>	<u>694,591</u>
Net Non-Operating Revenues (Expenses)	<u>(3,061,704)</u>	<u>787,563</u>	<u>2,236,190</u>	<u>10,828</u>	<u>(1,578,343)</u>
Income (Loss) Before Contributions and Transfers	(1,743,621)	3,852,508	5,996,741	6,242,897	(1,954,204)
Capital Contributions	22,041,122	31,716,001	29,653,554	40,962,916	38,425,261
Transfers Out	(100,000)	(33,399)	--	--	--
<b>CHANGE IN NET POSITION</b>	20,197,501	35,535,110	35,650,295	47,205,813	36,471,057
NET POSITION-January 1, before restatement	<u>547,149,019</u>	<u>567,346,520</u>	<u>602,171,554</u>	<u>637,821,849</u>	<u>685,027,662</u>
Adjustment for Change in Accounting Principle	--	(710,076)	--	--	--
NET POSITION-January 1, after restatement	<u>547,149,019</u>	<u>566,636,444</u>	<u>602,171,554</u>	<u>637,821,849</u>	<u>685,027,662</u>
NET POSITION- December 31	<u>\$567,346,520</u>	<u>\$602,171,554</u>	<u>\$637,821,849</u>	<u>\$685,027,662</u>	<u>\$721,498,719</u>

<sup>1</sup> See Appendix B to this Official Statement containing the audited financial statements of the City for the year ended December 31, 2021 and accompanying notes for more complete information related to the Wastewater Fund.

**TABLE XIII**  
**City of Aurora Wastewater Fund**  
**Schedule of Sources, Uses and Changes in Funds Available**  
**Actual, (Non-GAAP) Budgetary Basis Years Ended December 31**

	2017	2018	2019	2020	2021
<b>Sources</b>					
Charges for Services	\$ 63,636,075	\$ 66,768,676	\$68,917,395	\$71,464,364	\$ 72,826,522
Intergovernmental Revenues	960,207	319,920	1,081,077	1,346,572	--
Licenses and Permits	--	--	--	984,162	735,204
Investment Income	936,014	1,092,907	1,693,205	1,506,968	946,598
Other Revenues <sup>1</sup>	6,926,692	12,975,304	8,252,462	12,236,374	14,976,046
Proceeds—Sale of Assets	46,045	47,025	147,193	24,108	736,630
Proceeds—Long Term Borrowing	--	30,000,000	--	--	60,283,084
Transfers In	--	<u>16,000,000</u>	--	--	--
Total Sources	<u>72,505,033</u>	<u>127,203,832</u>	<u>80,091,332</u>	<u>87,562,548</u>	<u>150,504,084</u>
<b>Uses</b>					
<b>Operating Costs</b>					
Operations Group	53,045,536	54,506,952	56,755,020	55,942,663	79,675,459
Non-Departmental	--	--	--	41,238	75,246
<b>Continuing Appropriations</b>					
Operations Group	<u>30,379,073</u>	<u>72,634,160</u>	<u>10,066,112</u>	<u>19,995,615</u>	<u>79,648,848</u>
Total Uses	<u>83,424,609</u>	<u>127,141,112</u>	<u>66,821,132</u>	<u>75,979,516</u>	<u>159,399,553</u>
Change in Funds Available	(10,919,576)	62,720	13,270,200	11,583,032	(8,895,469)
<b>Funds Available—January 1</b>	<u>25,172,108</u>	<u>14,252,532</u>	<u>14,315,252</u>	<u>27,585,452</u>	<u>39,168,484</u>
<b>Funds Available—December 31</b>	<u>\$ 14,252,532</u>	<u>\$ 14,315,252</u>	<u>\$27,585,452</u>	<u>\$39,168,484</u>	<u>\$ 30,273,015</u>

<sup>1</sup> Includes connection, development and annexation fees in addition to other miscellaneous revenues.

## Management’s Discussion and Analysis of Trends in Wastewater Fund Financial Results

Aurora Water maintains the System. Master plans are completed on a 50-year planning horizon and reviewed routinely to guide the capital planning for the System to enhance the level of service provided to existing customers and to respond to projected growth in the City. Projections of planned population growth indicate that the System will require significant expansion in the coming decades. Increasingly stringent regulations and customer expectations will require expansions and continuing upgrades in the System.

### System Financial Plan

Since 2007, Aurora Water has performed annual updates of the Wastewater Enterprise Financial Plan (the “Financial Plan”). The first version of the Financial Plan was approved by the Council on March 26, 2007. The Financial Plan is used by Aurora Water Managers in the overall management of the System and incorporates a comprehensive capital and operating plan, as well as a cash flow model for the System. The Financial Plan demonstrates the necessary rate increases sufficient to pay annual operating and capital costs, as well as maintaining the required debt service coverage and target reserve requirements. The assumptions used in the Financial Plan and cash flow model are subject to revision in the future as warranted by circumstances.

The rates currently charged to System customers are believed to be competitive with other systems in the Denver metropolitan area. The Financial Plan assumes the timely completion of the master plan projects within its current schedule and contemplates a specific program of rate and fees increases which must be implemented to provide the required revenues. While the Council has the authority to increase

rates to whatever extent necessary to meet the City's obligations, there is no assurance that unforeseen circumstances will not require greater rate increases than currently contemplated.

### **Financial Policies; Debt Service Coverage**

Aurora Water maintains voluntary financial policies which reflect management's current understanding of industry best practices. The financial policies are not mandatory and may be changed from time to time, at the discretion of Aurora Water, with Council approval. In general, the financial policies are contained in a document approved by the Council on July 11, 2016, stating goals which include rate setting practices, impact fees, maintenance of debt service coverage in excess of bond covenant requirements, capital planning, maintenance of credit ratings, and optimum levels of reserves and liquidity. The City maintains a reserve policy of a minimum of 350 days of unrestricted cash on hand for the Wastewater Fund, which is separated into an operating reserve, capital reserve and debt policy reserve. At the end of 2021 and 20[22], the Wastewater Fund had approximately 548 and [ ] days' cash on hand, respectively. In addition, the policies contemplate continued development and maintenance of infrastructure sufficient to accommodate growth.

Table X describes the historical coverage of revenues over debt service for the System during the years 2018 through 2022 and Table XI provides management's current estimates with respect to coverage in the years 2023-2027.

### **Debt Service Prepayments**

Aurora Water has previously used cash on hand to prepay or defease a portion of its outstanding obligations, which practice has favorably affected debt service requirements and coverage.

### **System Rates and Fees**

System rates and fees are established by the Council by ordinance. The Colorado Supreme Court has held that rate ordinances are administrative, rather than legislative, in nature and are therefore not subject to popular referendum.

The Enterprise maintains the Wastewater Fund, which accounts for the revenues and expenses of the System. Within the Wastewater Fund there are four principal sub-funds, the Sanitary Sewer Operations, the Sanitary Sewer Development Sub-Fund, and the Storm Drainage Operations and Storm Drainage Development Sub-Fund. Moneys derived from one-time Sewer Service Connection Fees are credited to the Sanitary Sewer Development Sub-Fund and monthly fees are credited to the Sanitary Sewer Operations. Moneys derived from one-time Storm Drainage Development Fees are credited to the Storm Drainage Development Sub-Fund and monthly Storm Drainage usage fees are credited to the Storm Drainage Operations Sub-Fund. In both cases, monthly fees are allocated to operating and system improvement projects while connection fees are allocated to growth-related projects.

***Sewer System Tap Fees.*** The primary sources of revenue of the Sewer System include Sewer Service Tap Fees which are one-time fees imposed for the privilege of tapping or connecting to the Sewer System and Sewer Charges which are the monthly fees and usage amounts charged to the customers of the Sewer System (see "Sewer Charges" below). Historical tap fees charged by the City to Sewer System customers are as follows:

**TABLE XIV**  
**Sewer System Tap Fees by Service Size**

Type and Size of Connection	Sewer System Tap Fees				
	2018	2019	2020	2021	2022 <sup>1</sup>
<b>Single Family Detached</b> (per unit)	\$ 2,700	\$ 3,070	\$ 3,280	\$ 3,280	
<b>Single Family Attached</b> (per unit)	1,485	1,689	1,840	1,840	
<b>Multi-Family</b> (per unit)	1,377	1,566	1,673	1,673	
<b>Commercial</b> (per tap size)					
3/4"	5,400	6,140	6,580	6,580	
1" & 1 1/4"	12,960	14,736	15,744	15,744	
1-1/2"	29,700	33,770	36,080	36,080	
2"	54,000	61,400	65,600	65,600	
3"	116,100	132,010	141,040	141,040	
4"	232,200	264,020	282,080	282,080	
6" and larger	(a)	(a)	(a)	(a)	

(a) Commercial Sewer fees for meters greater than 6" will be determined on an individual basis

<sup>1</sup> As of December 31, 20[22 (unaudited)].

Historical Sewer System tap fee revenues for the years ended December 31, 2017 through [2022 (unaudited)] have been as follows:

**TABLE XV**  
**Sewer System Tap Fee Revenues**

Year	Tap Fee Revenue
2017	\$ 5,162,741
2018	8,667,365
2019	6,242,461
2020	9,751,076
2021	10,278,899
2022 <sup>1</sup>	[ ]

<sup>1</sup> As of December 31, 2022 (unaudited).

In addition to the Tap Fee, the City collects, as agent for Metro (See “—Metro and the Metro Contract” above), Metro’s sewer connection charge. Such charge is determined by Metro and is applied to all new or altered connections to the City’s System. The connection charge is determined directly for single-family residential units and by the installed water service connection size for multifamily and nonresidential connections.

**Monthly Sewer Service Charges.** Sewer service charges for single-family detached, single-family attached, multifamily, commercial and industrial users of the System are assessed based upon the user’s average monthly water consumption computed from meter readings taken during the winter period. The current Sewer System volume charge is \$[3.94] per 1,000 gallons of water consumed by the user.

The rates charged by the City to Sewer System customers, based upon the size of the water meter servicing the user, are as follows:

**TABLE XVI**  
**Sewer System Monthly Service and Volume Charges <sup>1</sup>**

<b>Meter Size</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
5/8" & 3/4"	\$ 3.96	\$ 4.12	\$ 4.28	\$ 4.28	
1" & 1 1/4"	9.90	10.30	10.71	10.71	
1-1/2"	19.80	20.60	21.42	21.42	
2"	31.72	32.96	34.28	34.28	
3"	69.34	72.10	74.98	74.98	
4"	198.00	206.00	214.24	214.24	
6"	396.00	412.00	428.48	428.48	
Volume Charge per 1,000 gallons <sup>2</sup>	3.64	3.79	3.94	3.94	

<sup>1</sup>Total monthly fee includes the monthly service charge plus the volume charge.

<sup>2</sup> Sewer usage is based on the average water use for December, January and February.

Historical Sewer System service and volume charge revenues for the years ended December 31, 2017 through 2022 have been as follows:

**TABLE XVII**  
**Sewer System Service Charge Revenues**

<b>Year</b>	<b>Service Charge Revenue</b>
2017	\$43,466,135
2018	45,229,609
2019	47,010,813
2020	49,179,957
2021	49,758,062
2022 <sup>1</sup>	

<sup>1</sup> As of December 31, 2022 (unaudited).

[Remainder of page intentionally left blank]

**Storm Drainage System Usage and Development Fees.** Revenues for the Storm Drainage Operations and Development Sub-fund of the Wastewater Fund are derived from the Storm Drainage Usage Fees imposed monthly upon the owners of property served by the Storm Drainage System, and from the Stormwater Development Fee charged to developers at the time of platting and connection. The Storm Drainage Usage and Development Fees are as follows:

**TABLE XVIII  
Monthly Storm Drainage Usage and Development Fees**

	2018	2019	2020	2021	2022 <sup>4</sup>
<u>Development Fees</u>					
Stormwater Development Fee (Per Acre)	\$3,250	\$1,242	\$1,242	\$1,242	
Single Family (per sq. ft. of lot size)	--	--	0.048	0.048	
Commercial and Multi-Family	--	--	0.14	0.14	
<u>Monthly Usage Fees</u>					
Residential <sup>1</sup>	10.46	10.46	10.46	10.46	
Multifamily 1 <sup>st</sup> Unit <sup>2</sup>	10.46	10.46	10.46	10.46	
Additional Unit	8.24	8.24	8.24	8.24	
Commercial 1 <sup>st</sup> Unit <sup>3</sup>	10.46	10.46	10.46	10.46	
Additional Unit <sup>3</sup>	8.24	8.24	8.24	8.24	

<sup>1</sup> Includes single family detached and individually metered single family attached dwellings.

<sup>2</sup> Multifamily units are equal to the number of total dwellings units

<sup>3</sup> For commercial and industrial building, each unit is equal to 2,500 square feet of gross floor space or portion thereof.

<sup>4</sup> As of December 31, 2022 (unaudited).

Historical Storm Drainage Usage and Development Fees revenues for the years ended December 31, 2017 through 2022 have been as follows:

**TABLE XIX  
Storm Drainage Usage and Development Fee Revenues**

Year	Usage Fee Revenue	Development Fee Revenue	Total
2017	\$20,161,233	\$ 961,463	\$21,122,697
2018	21,198,475	2,979,813	24,178,288
2019	21,594,311	946,121	22,540,432
2020	22,087,417	1,934,896	24,022,314
2021			
2022 <sup>1</sup>			

<sup>1</sup> As of December 31, 2022 (unaudited).

**Billing Practices and Collections**

The System’s service area is divided into 19 geographical zones, each of which is billed every month. The customers are billed for monthly service charges and usage fees for water, sewer and storm drainage services in the same bill. Payment is due twenty days from the statement date. The City receives payments through various means. Due to the concern for public safety, the City makes every effort to collect delinquent accounts prior to disconnection of water service. The City provides notification at least

15 days prior to service disconnection. Discontinuance and reinstatement charges due to delinquency in payment, in the amount of \$[28.30], are added to the customer's account. Under the City Code, water, sewer and storm drainage services provided by the City or Metro are deemed to be provided to the real property so served without regard to the actual person billed for such services. The City is authorized to place a lien on the real property so served in the amount of all unpaid fees and rates, including a late fee of [5]% of the bill and an administrative fee not to exceed ten percent of the total amount of such unpaid fees and rates, such lien being enforceable in the same manner provided for collection of delinquent real property taxes.

## **Homeland Security**

The City has implemented various security measures designed to protect critical portions of the System from acts of terrorism and other hazards. Beginning early in 2002, key Aurora Water employees participated in the Sandia Labs Risk Assessment Methodology for Water Systems training program and have performed numerous Risk Self-Assessment Tests. In addition, key City employees have attended and have been certified in the National Incident Management System and key managers attended a weeklong training at the Homeland Security Training Institute in Emmitsburg, Virginia.

## **Cybersecurity**

**[Please update as necessary]** The City's Information Security Office ("ISO") oversees the cybersecurity operations of the City's Information Technology ("IT") infrastructure and provides consultation to the City's Operational Technology ("OT") teams, including Aurora Water. The City is a founding member of the Colorado Threat Intelligence System ("CTIS") that provides near-real time alerts to Colorado State, Local, Tribal and Territorial ("SLTT") government agencies regarding cyber threats to the SLTT community, as well as a standing member of the Multi-State Information Sharing and Analysis Center ("MS-ISAC"), the Water Information Sharing and Analysis Center ("Water-ISAC") and InfraGard, which provide threat intelligence and cybersecurity services to the SLTT and Water/Wastewater communities.

The City utilizes a defense-in-depth methodology that begins at the employee and extends throughout the technology life cycle. City IT and ISO personnel undergo rigorous background checks, including a fingerprint-based criminal history check. ISO personnel maintain industry security and privacy certifications (CISSP, Security+, CISM, CIPM) and undergo training throughout the year on cybersecurity Common Body of Knowledge and operational security systems. The City has performed annual security and privacy training to all City employees since 2017 and converted to a monthly training cadence in late 2021. As part of its methodology, the City utilizes next generation perimeter and internal network security systems that protect the City's assets from increasingly complex attacks. Additionally, the City IT uses a change management program that requires all production changes to be vetted by a technical team and approved by management prior to being implemented as well as a software lifecycle management process that tracks an application throughout its useful life to ensure updates are applied and the environment uses a currently supported version. The ISO performs ongoing monitoring, auditing and response of the City's IT infrastructure through the active collection of assets audit records into a Security Information and Event Management ("SIEM") platform that correlates the logs to other events and alerts the City's IT and ISO staff for investigation and response.

In addition to securing access control and data management, the ISO is also responsible for third party management of technology service providers and performs regular risk assessment and auditing based upon the vendor's risk to the City. Vendors are assessed during on-boarding and annually thereafter based upon their risk to City process and infrastructure. The City holds a cyber insurance policy with \$10 million in coverage and has retained a law firm for incident response, as well as a leading cybersecurity firm for

forensics and notification. While the City is unaware of the occurrence of any material breach of its systems, the City did activate its cybersecurity policy for a 2019 information security incident involving a third-party online water bill payment system, Click2Gov, that potentially impacted customers between approximately August 30 and October 14, 2019. The Click2Gov system was not used by other City departments. The incident could have potentially impacted customer cardholder information if entered into the Click2Gov system during the window of risk, however there was no impact upon the functionality of other financial systems or to the integrity of the City's financial processes.

## COVID-19

***[As of August 24, 2022; please revise as necessary]*** In 2020, the spread of COVID 19 altered the behavior of individuals and businesses in a manner that had significant negative effects on global, national, and local economies and could have resulted in municipal operations and revenues being vulnerable to the potential economic effects of the pandemic. Although still on the nation's radar, the economic downturn caused specifically by COVID-19 seems to have subsided and the economy has strengthened. Two specific pots of federal funds were given to the City to assist with this economic upturn, Coronavirus Aid, Relief, and Economic Security Act (CARES) funds and American Rescue Plan Act (ARPA) Funds.

On May 28, 2020, Governor Polis signed Executive Order D2020-070 (the "Executive Order"), directing the use of federal funds received by the State and local governments pursuant to the federal Coronavirus Aid, Relief, and Economic Security Act of 2020 (the "CARES Act"). Among other measures intended to provide relief, the CARES Act established the Coronavirus Relief Fund (the "CRF"), which provides payments to state, local and tribal governments to assist with the impacts of COVID 19. On December 30, 2020, Governor Polis signed Executive Order D2020-295, amending the Executive Order to extend the deadline for expenditure of CRF funds until December 31, 2021. The Department of Local Affairs ("DOLA") oversees the distribution of these funds to reimburse costs to Colorado counties, municipalities and special districts for necessary expenditures incurred due to COVID 19 which were not accounted for in the budget as of March 27, 2020 (the date of enactment of the CARES Act) and which were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021. In 2020, the City received approximately \$33.8 million through the CARES Act, allocated into three categories: Community Assistance, Infrastructure, and Service Preservation. Community Assistance distributions included aid to residents in the form of rental assistance and homeless services. It also included small business relief, restaurant relief, and food distribution. The Infrastructure category distributions included city facility safety modifications including physical space modifications, HVAC improvements, low touch and easy to clean services, and deep cleaning. This category also included technology and security enhancements to facilitate moving to a digital work and service model. Service Preservation distributions included personal protective equipment (PPE), hazard pay, COVID leave pay, cleaning and medical supplies.

Signed into law on March 11, 2021, the American Rescue Plan Act of 2021 ("ARPA") provides additional funding to aid in the recovery from the budgetary, economic and financial impacts of the pandemic. The City received federal funding through ARPA's Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") program of approximately \$65.4 million in 2021 and 2022. The City plans to manage the SLFRF proceeds in much the same manner as the CARES Act funds and is currently assessing the needs of the community to determine the best use of these funds on eligible uses. The spending of the SLFRF funds is expected to take multiple years, but funding must be obligated by December 31, 2024 and spent by December 31, 2026. Beyond the implementation by Aurora Water of such measures as purchasing additional personal protective equipment for certain personnel and limiting staff occupancy in vehicles and facilities, COVID-19 has not had a significant, material impact on Aurora Water's non-financial operations and construction activities.



## **CONSTITUTIONAL LIMITATIONS ON TAXES, REVENUES, BORROWING AND SPENDING**

At the general election held November 3, 1992, the voters of the State approved a constitutional amendment (“TABOR”) limiting the ability of the State and local governments such as the City to increase revenues, debt and spending and restricting property, income and other taxes. Generally, TABOR limits the percentage increases in spending and property tax revenues to the prior year’s amounts, adjusted for inflation, local growth and voter approved changes, requires the maintenance of certain reserves, and prohibits the imposition of new real estate transfer taxes. In addition, TABOR requires that the State and local governments obtain voter approval for certain tax or tax rate increases or to keep or spend revenues received in excess of TABOR limits, and to create any “multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years,” except for refinancing debt at a lower interest rate or adding new employees to existing pension plans. City Charter amendments approved by voters in 1999 and 2000 limited the rate of property taxes imposed in the City, but also excluded most categories of City revenue, including City fees for services, from the TABOR fiscal year spending limit.

Many of the provisions of TABOR are ambiguous and will continue to require judicial interpretation. There is no assurance that the application of TABOR, particularly during periods of reduced economic activity, will not adversely affect the operations or financial condition of the City.

TABOR excepts from its restrictions the borrowings and fiscal operations of “enterprises,” which term is defined to include government owned businesses authorized to issue their own revenue bonds and receiving under 10% of their revenues in grants from all Colorado State and local governments combined. In a 1995 decision the Colorado Supreme Court held that a governmental entity with taxing power was not itself an “enterprise.” Aurora Water is authorized to issue revenue bonds in its own name, has no taxing power and receives no material portion of its revenues as grants from governmental sources. The City therefore treats, and expects to continue to treat, Aurora Water as an “enterprise” within the meaning of TABOR. Such treatment would depend upon conditions which may or may not exist in the future. Accordingly, the actual treatment of Aurora Water under TABOR may vary and such variations may be material. A failure by Aurora Water to qualify as a TABOR enterprise in a future year would potentially cause its revenues to be counted against the City’s TABOR fiscal year spending limits, although the Charter amendments described above under this caption would tend to mitigate any adverse effect of such a failure. See “AURORA WATER–Designation and Character of the Enterprise for Purposes of TABOR.”

## **FINANCIAL ADVISOR**

Hilltop Securities Inc. is employed as Financial Advisor to the City to render certain professional services including advising the City concerning the plan of financing for the Series 2023 Bonds. Under the terms of its agreement with the City, the Financial Advisor is not permitted to underwrite or competitively bid on any City securities issued by the City.

## **RATINGS**

[Fitch Ratings, Inc.] (“[Fitch]”) and [S&P Global Ratings] (“[S&P]”) have assigned ratings of “[ ]” and “[ ]” respectively, to the Series 2023 Bonds. Such ratings reflect only the views of the respective rating agencies, and do not constitute a recommendation to buy, sell or hold securities. Explanations of the significance of such ratings may be obtained from the rating agencies.

The ratings are subject to revision or withdrawal at any time by the respective rating agency and there is no assurance that the ratings will continue for any period of time or that they will not be revised or

withdrawn. The Underwriters have undertaken no responsibility either to bring to the attention of the holders of the Series 2023 Bonds any proposed revision or withdrawal of the ratings of the Series 2023 Bonds or to oppose any such proposed revision or withdrawal. Any downward revision or withdrawal of such ratings could have an adverse effect on the market price of the Series 2023 Bonds.

## LITIGATION

There is no litigation now pending or, to the knowledge of the City officials responsible for the issuance of the Series 2023 Bonds, threatened which questions the validity of the Series 2023 Bonds or of any proceedings of the City taken with respect to issuance or sale thereof. There is no litigation pending or, to the knowledge of City officials, threatened that would, if determined adversely to the City, have a material effect on the financial condition of Aurora Water. **[Please confirm]**

## TAX MATTERS

### General Matters

**[KR to review]** In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2023 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. For tax years beginning after December 31, 2022, interest on the Series 2023 Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Series 2023 Bonds. Failure to comply with such requirements could cause interest on the Series 2023 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2023 Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2023 Bonds.

Bond Counsel is also of the opinion that, under existing State of Colorado statutes, to the extent interest on the Series 2023 Bonds is excludable from gross income for federal income tax purposes, such interest is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Series 2023 Bonds under the laws of Colorado or any other state or jurisdiction.

The accrual or receipt of interest on the Series 2023 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2023 Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2023 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2023 Bonds.

## **Original Issue Discount**

The Series 2023 Bonds that have an original yield above their respective interest rates, as shown on the cover of this Official Statement (the “Discount Bonds”), are being sold at an original issue discount. The difference between the initial public offering price of such Discount Bonds and their stated amounts to be paid at maturity (excluding “qualified stated interest” within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bonds is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bonds (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bonds which are attributable to accrued original issue discount will be treated as tax exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such certificates for a price that is higher or lower than the “adjusted issue price” of the certificates at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

## **Original Issue Premium.**

The Series 2023 Bonds that have an original yield below their respective interest rates, as shown on the cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes the amount of original issue premium on such Premium Bond. A purchaser of a Premium Bond must amortize any original issue premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the original issue premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As original issue premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no corresponding federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult

their tax advisors with respect to the determination and treatment of original issue premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

### **Backup Withholding**

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2023 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 2023 Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2023 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2023 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2023 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2023 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2023 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2023 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

**PROSPECTIVE PURCHASERS OF THE SERIES 2023 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2023 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2023 BONDS.**

### **UNDERWRITING**

The Underwriter[s] named on the cover page of this Official Statement have agreed to purchase the Series 2023 Bonds from the City at a purchase price of \$\_\_\_\_\_, which is equal to the principal amount thereof plus original issue premium in the amount of \$\_\_\_\_\_ less an underwriting discount of \$\_\_\_\_\_. The City's obligation to deliver, and the Underwriter[s]' obligation to accept, the Series 2023 Bonds are subject to various conditions contained in the agreement relating to the purchase of the Series 2023 Bonds.

The Underwriter[s] and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter[s] and their affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the City for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the

Underwriter[s] and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City. The Underwriter[s] and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend.

### **LEGAL MATTERS**

Legal matters incident to the authorization and issuance of the Series 2023 Bonds are subject to approval by Kutak Rock LLP, Bond Counsel, whose opinion is expected to be delivered in substantially the form set forth in Appendix A hereto. In addition to acting as Bond Counsel, Kutak Rock LLP has also been retained to advise the City concerning, and has assisted in, the preparation of this Official Statement. Certain legal matters will be passed upon for the City by the Office of the City Attorney and for the Underwriter by [\_\_\_\_\_].

### **FINANCIAL STATEMENTS**

The financial statements of the City as of December 31, 2021 and for the year then ended, included in APPENDIX B to this Official Statement, have been audited by Forvis, LLP (“Forvis”), independent auditors, as stated in their report appearing therein. The City did not request that Forvis perform, and Forvis has not performed, any updating procedures subsequent to the date of its audit report on the December 31, 2021 financial statements. Forvis also has not performed any procedures relating to this Official Statement.

### **MISCELLANEOUS**

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any such estimates will be realized. This Official Statement shall not be construed as a contract between the City and any person.

The execution and delivery of this Official Statement have been duly authorized by the City.

### **CITY OF AURORA, COLORADO**

By \_\_\_\_\_  
Mayor

**APPENDIX A**  
**FORM OF OPINION OF BOND COUNSEL**

**APPENDIX B**  
**AUDITED FINANCIAL STATEMENTS OF THE CITY**  
**AS OF DECEMBER 31, 2021**

**APPENDIX C**

**SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL ORDINANCE  
AND THE SERIES ORDINANCE**



## APPENDIX D

### GENERAL INFORMATION CONCERNING THE CITY

Currently the third largest municipality in Colorado, the City was founded in 1891 as an unincorporated community, and was incorporated on May 5, 1903, as the Town of Fletcher. In 1907, the Town Council changed the name to “Aurora.” The Council Manager form of government 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 City’s boundaries include portions of Arapahoe, Adams, and Douglas counties, covering an area of approximately 160 square miles. The Colorado Supreme Court recognized the prominence of the City among Colorado municipalities in 2012 in an opinion approving a congressional redistricting plan that, among other things, sought to unify major cities such as Aurora within single districts. Growth in the City is generally expanding to the northeast, east and southeast into currently undeveloped areas. Located on the plains east of the Rocky Mountains, the City comprises the eastern portion of the Denver metropolitan area, affording its residents short (approximately 15 minute) drives to Denver International Airport as well as the area’s two major employment centers (downtown Denver and the Southeast Corridor). The City’s population has grown from 983 in 1920 to an estimated 378,826 in 2021, with approximately [86]% of its population residing in Arapahoe County, approximately 14% of its population residing in Adams County and approximately 0.10% of its population residing in Douglas County. This growth has brought significant private investment to the City, along with demand for more public services.

#### Elected Officials

The following persons, as of the date hereof, are members of the City Council.

<b>Name</b>	<b>Council Position</b>	<b>Principal Occupation</b>	<b>Term Expires</b>
Mike Coffman	Mayor	Full-time Mayor	2023
Francoise Bergan	Mayor Pro Tem	Retired	2023
Alison Coombs	Council Member	Residential Program Manager	2023
Curtis Gardner	Council Member	Executive Vice President	2023
Danielle Jurinsky	Council Member	Business Owner	2025
Angela Lawson	Council Member	Lobbyist Program Manager	2023
Juan Marcano	Council Member	Architectural Design	2023
Rubin Medina	Council Member	Project Manager	2025
Crystal Murillo	Council Member	Diversity Program Coordinator	2025
Steve Sundberg	Council Member	Business Owner	2025
Dustin Zvonek	Council Member	Business Owner	2025

Pursuant to the Colorado Constitution, Council members are limited to two consecutive terms of office. City voters may lengthen, shorten or eliminate these term limitations. At the regular municipal election of November 1, 2005, City voters approved such a change to the term limitation. Accordingly, except for those persons holding elective office prior to November 1, 2005, Council members are now limited to three consecutive terms of office.

The position of mayor is a full-time salaried position. Council members are also salaried but do not hold full time positions.

## **City Management**

The City Manager is responsible for providing administrative support, direction and interpretation of City Council policies to the Deputy City Managers, City departments and agencies. The City Manager, appointed by the City Council, serves at the pleasure of the Council.

**James Twombly**, City Manager, was appointed to his position at the City in August, 2018. Prior to coming to the City, Mr. Twombly served as the Director of Administration/City Manager for Tulsa, Oklahoma from 2009 to 2017. He served as the City Manager for Broken Arrow, Oklahoma, from 2004 to 2009, and the City Administrator for Pella, Iowa, from 1994 to 2004. Mr. Twombly served in multiple positions for the City of Oklahoma City, Oklahoma between 1982 and 1994, the last five years of which were in the City Manager's Office. He has had varied experience over his career in organizing and directing capital improvement program planning and financing, including voter-approved debt, revenue-backed debt, tax increment financing and fundraising. Mr. Twombly holds a Master of Arts degree and a Bachelor of Arts degree in Urban Affairs from St. Louis University.

**Jason Batchelor** has been Deputy City Manager for the City since 2015. He is currently responsible for Police, Fire, Office of Development Assistance, and Planning and Development Services. Mr. Batchelor served as the City's Finance Director from 2011 to 2015 and the City's Budget Officer from 2008 to 2011. Prior to his work with the City, Mr. Batchelor was the Corporate Budget Manager for the City of Austin, Texas. Mr. Batchelor served in the United States Army as a tankerman with the First Cavalry Division, stationed at Fort Hood, Texas from 1996 through 2001. Mr. Batchelor received a Master of Public Policy degree from the LBJ School of Public Affairs at the University of Texas and a Master of Science degree in Environmental and Water Resources Engineering from the University of Texas. He received a Bachelor of Science degree from United States Military Academy – West Point.

**Roberto Venegas** currently serves as Deputy City Manager for the City, as of December, 2019, after serving as Interim Deputy City Manager from July, 2019. In that role, Mr. Venegas oversees several departments, including Housing and Community Development, the Office of International and Immigrant Affairs, Communications, the Clerk's Office and Finance. Mr. Venegas is also responsible for all intergovernmental relations for the City at the local, state and federal level. Since beginning his career with the City in 2012, he helped reestablish the Aurora Sister Cities program in 2013 and has significantly contributed to the positioning of the City as an international city. Mr. Venegas previously served as a Policy Advisor and City Council Liaison for former Denver Mayor, John Hickenlooper. In 2006, he was selected as a German Marshall Fellow. Mr. Venegas has a Bachelor of Arts degree from Colorado College and a Master of Arts degree from Stanford University.

**Laura Perry** currently serves as Deputy City Manager for the City, as of October, 2021. In that role, Mrs. Perry oversees the operations departments which include Public Works, Parks Recreation and Open Space, Aurora Water, Human Resources and Library and Cultural Services. Prior to her work with the City, Mrs. Perry was the Capital Planning and Programming Director for the City and County of Denver. As the Capital Planning and Programming Director, Mrs. Perry led the planning, coordination and implementation of capital improvement programs, special districts, special projects, budget development, and the implementation of strategic initiatives. During Mrs. Perry's 12 year tenure with the City and County of Denver, she also served as the Capital Improvement Program Administrator and as a Financial Management Analyst in the City's Budget and Management Office. Mrs. Perry led the planning and implementation of Denver's award-winning \$937 million 2017 General Obligation Bond measure, Elevate Denver, which included the engagement of over 100 city staff, 60 community volunteers and substantial

community engagement. Mrs. Perry was also a Management Assistant in the Alachua County, Florida County Manager's Office, where she coordinated special projects, economic development and community planning initiatives. Mrs. Perry received a Master of Arts with a public affairs focus and Bachelor of Arts from the University of Florida.

**Terri Velasquez** has been Finance Director since 2015. She is responsible for operations of the City's Finance Department and the overall management of the City's finances. Previously, Ms. Velasquez served as the Deputy Finance Director of the City from 2012 to 2015. From 1987 through 2011 she worked for the City of Colorado Springs, Colorado in a number of capacities including Director of Finance and Administrative Services and Chief Finance Officer. Ms. Velasquez received a Master's degree in Finance and a Bachelor's degree in Accounting from the University of Colorado and is licensed as a Certified Public Accountant in the State of Colorado. She also holds a Certified Public Finance Officer designation from the Government Finance Officers' Association.

**Teresa Sedmak** was appointed as City Treasurer in December of 2020. In this position, she oversees the City's debt, treasury and investment functions. Prior to her employment for the City, Ms. Sedmak served as the City Treasurer for the City of Tacoma, Washington from June 2012 through most of 2020. Prior to that experience, from 1999 to 2012, Ms. Sedmak served as the Manager of Debt and Investments for the Regional Transportation District in Denver, Colorado. Ms. Sedmak received a Bachelor's degree in Business and a Master's degree in Business, both from the University of Colorado.

**Daniel L. Brotzman, Esq.**, was appointed City Attorney of the City on November 21, 2019. The City Attorney serves at the pleasure of and is directly responsible to the City Council. Mr. Brotzman has worked for the City since 2016, serving as the Manager of Legal Operations/Senior Attorney, Deputy City Attorney and Interim City Attorney. Prior to his work with the City, Mr. Brotzman served as the City Attorney of the City of Englewood, Colorado from 1995 to 2016. Mr. Brotzman received his Bachelor of Science in Business Administration from the University of Denver and his Juris Doctorate from Creighton University Law School. Mr. Brotzman studied international law at Magdalen College, Oxford University/McGeorge School of Law and pursued advanced graduate studies in tax at the University of Denver.

### **Services Available to City Residents**

**Generally.** Pursuant to its Charter, the City provides the following services: police, fire protection and emergency medical services, water, sanitary sewer and storm drainage facilities and services, street construction and maintenance, parks and open space, libraries and recreation facilities and services. The City operates the second largest municipal water utility system in the metropolitan area. Most sewage from the City is treated by the Metropolitan Wastewater Reclamation District pursuant to contract. Garbage collection is provided by private contractors by arrangement with individual residents.

**Schools.** The public school system serving City residents consists of facilities operated by two school districts, Adams-Arapahoe School District 28J and Cherry Creek School District No. 5, both of which are independent political subdivisions of the State of Colorado not connected with the City government. The following table presents a five year history of school enrollment for Adams and Arapahoe County School District No. 28J and Cherry Creek School District No. 5.

### School Enrollment

Year	Adams and Arapahoe County School District No. 28J	Cherry Creek School District No. 5
2017/2018	40,920	55,657
2018/2019	39,892	55,791
2019/2020	40,088	56,172
2020/2021	37,907	54,167
2021/2022	38,451	53,558
2022/2023	[_____]	[_____]

Source: Colorado Department of Education

### Employees, Unions and Labor Relations *[Please update this section in its entirety through*

#### *2022 if possible]*

**Positions.** The City has a total of 3,368.50 full, part-time and temporary positions in the proposed 2023 budget. As set forth in the Charter, all regular full time and part time City employees, except Council appointees and City Manager appointees, are subject to a Civil or Career Service system, pursuant to which positions are graded and hiring and promotion policies are based upon standardized assessments of merit.

**Unions and Labor Relations.** Approximately 37.7% of the City’s full-time employees are members of the Fraternal Order of Police (the “Police Association”) or the International Association of Firefighters Local 1290 (the “Firefighters Association” and together with the Police Association, the “Associations”). The City has contracts with the Associations providing, among other things, for specified wage increases and containing grievance procedures allowing for appeals to the City Civil Service Commission. The City has been holding periodic meet-and-confer discussions with the Associations for a number of years. The current contracts are effective through December 31, 2022. *[Collective bargaining concluded in the summer of 2022 for the next contract.]*

As of the date of this Official Statement, labor management relations in the City may be characterized as free of major controversy, but the City cannot predict what wage settlements or added costs, if any, may result from future discussions or the resolution of grievances.

In 1976, the Colorado Supreme Court ruled that a municipality may not agree to binding arbitration on “legislative” matters, which include wages, on the basis that the delegation of legislative power to the arbitrator violates the State Constitution. Subsequent cases held that, as a general rule, the powers of the City can only be delegated to persons with political accountability to elected officials. The City’s procedures for resolving labor disputes involving police and fire employees are provided in its Charter. The Charter provisions governing police and fire labor disputes prohibit strikes and provide that disputes concerning wages, hours or working conditions are to be subject to collective bargaining; and that, in the event of an impasse in such bargaining, the matters in controversy may be submitted to a vote of the electors of the City.

**Employee Pension Plans.** As of December 31, 2021, City employees and elected officials participate in one of nine pension plans, including six defined benefit plans and three defined contribution plans, as further described in Note 13 to the basic financial statements in APPENDIX C to this Official Statement. Counted among these nine plans are the City’s pension trust funds: the City General Employees’ Retirement Plan (“GERP”) and the City Elected Officials’ and Executive Personnel Defined Benefit Plan

(“EOEP”). For executive personnel, EOEP is a supplemental plan available to the employee in addition to the Executive Retirement Plan – Money Purchase Pension Plan (“ERP”) which is a defined contribution plan available to these executives. GERP was created in 1967 to provide retirement benefits to career service personnel. EOEP plans were created in 2001 to provide retirement benefits to elected officials and executive personnel. City police officers and firefighters are covered by one of the six other available retirement plans which are established and maintained exclusively for these first responders.

The City’s various defined benefit pension plans are evaluated in terms of net pension liability, net pension asset, deferred outflows of resources, deferred inflows of resources and pension expense. The net pension liability or asset is the difference between the total pension liability and the fiduciary net position of the plan as of the measurement date. If the fiduciary net position exceeds the total pension liability as of the measurement date, there is a net pension asset. Deferred outflows of resources and deferred inflows of resources related to pensions are the amounts that are required to be deferred and recognized in subsequent periods. These terms refer to items that are not yet recognized in the net pension liability or asset or the pension expense. From time to time, changes in actuarial assumptions are expected to occur which would impact the net pension liability or asset of the defined benefit pension plans.

**GERP.** GERP is a contributory single employer defined benefit pension plan that covers all full- and part-time City employees, with the exception of City police officers, City firefighters, elected officials, contingent employees and executives who have elected to participate in ERP. Under GERP, employee contributions are required as a condition of employment and are matched equally by the City. The employee contribution was 7.0% for 2021. Benefits under GERP include retirement, death, disability and supplemental benefits. Pursuant to the City’s financial statements, as of December 31, 2021 (measured as of December 31, 2020), there were 1,134 retirees and others receiving benefits under GERP with 1,816 active plan members. There were 257 former employees who are “deferred vested” under the plan, meaning participants with at least five years of credited service who terminate before normal retirement age and leave their contribution accumulation with the plan, have the option to receive an early or normal retirement benefit at a later time.

GERP administrative costs are financed using contributions and earnings of the plan. Employee and employer contributions are recognized for financial reporting purposes as revenues of the plan when due. Employer contributions recognized by GERP for the year ended December 31, 2021 were \$8,732,415. As of December 31, 2021, the City reported a liability of \$13,780,004 for GERP. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The liability was rolled forward from January 1, 2020 to December 31, 2020 using standard actuarial methods.

While GERP maintained an actuarial surplus prior to the national financial crisis of 2008, investment losses in that year and changes in actuarial assumptions led the City to develop a plan to return GERP to fully funded status. Actions taken included increasing employee contributions, increasing City matching and developing a less costly tier of benefits for new employees hired after 2011. These changes are factored into budget estimates for the year 2022 and beyond.

**ERP.** ERP is an open defined contribution money purchase plan established by ordinance. The ERP plan provides retirement benefits to executive personnel who do not choose to join GERP and is administered by ICMA-RC. Normal retirement age under ERP is age 50 for plan members hired before November 5, 2013 and age 62 for plan members hired on or after November 5, 2013. Members vest at 33.33% each year and are fully vested at three years. Provisions and contribution requirements under this plan are established and may be amended by City Council. As of December 31, 2021, there were 21 plan members. In the year ended December 31, 2021, plan members and the City both contributed 10.0%

(\$345,948) to the plan, and plan members also rolled in an additional \$1,894,430 in roll-over contributions in 2021.

**EOEP.** EOEP is a non-contributory single employer defined benefit pension plan that covers the Mayor of the City and all elected City Council members (“elected officials”). Individuals performing services as executive employees of the City on or after January 1, 2000 are also eligible to participate in EOEP (“executive personnel”) if they participate in the City’s ERP. The plan relies exclusively on contributions by the City; no member contributions are accepted. Under this plan, the City is required to contribute at an actuarially determined amount. An actuarial valuation is performed every other year and the City makes its full annual required contribution to EOEP each January. Benefits under EOEP include base and supplemental retirement benefits for elected officials, a standard supplemental benefit to executive personnel who are also members of ERP, supplemental and death benefits. As of December 31, 2021, there were 62 retirees receiving benefits under this plan with 28 active plan members and eight former employees who are deferred vested and entitled to receive benefits under EOEP at a later time.

EOEP administrative costs are financed using contributions and earnings of the plan. For the year ended December 31, 2021, the City’s average contribution rate was 7.0% of annual covered payroll and employer contributions recognized by the plan were \$370,300. As of December 31, 2021, the City reported a net pension asset of \$1,984,266 for EOEP. The net pension asset was measured as of December 31, 2020.

**Additional Pension Plans.** In addition to GERP, EOEP and ERP, the City has six pension plans exclusively available to its police officers and firefighters: four defined benefit pension plans including Old Hire – Fire; Old Hire – Police; Fire Statewide Defined Benefit Pension Plan; and Fire Statewide Hybrid Pension Plan, and two defined contribution plans including the Police Money Purchase Pension Plan and the Fire Money Purchase Pension Plan. A brief overview of each plan is presented below with additional information provided in Note 13 to the basic financial statements in APPENDIX C to this Official Statement. The City is periodically involved in contract discussions with the Fraternal Order of Police and the Firefighters Association. See “—Unions and Labor Relations” above. The current contracts are effective through December 31, 2023.

**Old Hire Fire and Police Pension 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 and provide normal, delayed, vested or deferred retirement benefits to plan participants. The Old Hire Plans are a part of the statewide multiple agent employer public employee retirement system and are administered by the Fire and Police Pension Association of Colorado (the “FPPA”). The FPPA follows the Colorado Revised Statutes for plan contribution requirements and benefits. Both plans are included in the FPPA’s annual separately issued audited financial statements.

On April 1, 2020, House Bill 20-1044 was signed into law which will allow the FPPA Board to pursue a more individualized funding approach, including contribution policies, for each Old Hire plan. The effective date is January 1, 2021. The impact of this change cannot be predicted at this time.

**Old Hire – Fire.** As of December 31, 2021 (measured as of December 31, 2020), there were 129 retirees and others receiving benefits under the plan with no active or inactive, nonretired plan members. The City is required to contribute at an actuarially determined rate. Employer contributions recognized by the plan for the year ended December 31, 2021 were \$3,399,614. At December 31, 2021, the City reported a liability of \$41,317,590 for the plan. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The liability was rolled forward from January 1, 2020 to December 31, 2020 using standard actuarial methods.

**Old Hire – Police.** As of December 31, 2021 (measured as of December 31, 2020), there were 146 retirees and others receiving benefits under the plan with no active or inactive, nonretired plan members. The City is required to contribute at an actuarially determined rate. Employer contributions recognized by the plan for the year ended December 31, 2021 were \$4,164,773. At December 31, 2021, the City reported a liability of \$51,703,515 for the plan. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The liability was rolled forward from January 1, 2020 to December 31, 2020 using standard actuarial methods.

**Statewide Defined Benefit Plan – Fire New Hire Pension Plan.** The Fire Statewide Defined Benefit Plan (the “SWDB”) is a cost-sharing multiple employer defined benefit pension plan administered by the FPPA. The plan provides retirement and death benefits to firefighters hired on or after April 8, 1978. In addition to the initial transfer plan implemented at that time (which initial transfer plan is now closed), an updated plan was instituted in 2011 and remains in effect for firefighters hired on or after October 1, 2011. State statute assigns authority to establish and amend benefit provisions to the FPPA. This plan is included in the FPPA’s annual separately issued audited financial statements.

The City is required to contribute at a statutorily determined rate. The FPPA Board sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute while member contribution rates can be amended by state statute or election of the membership and City Council ordinance. As of December 31, 2021, 129 City firefighters are active members of the transfer plan and 8 are inactive, nonretired members of the transfer plan. In 2021, members of the transfer plan and the City contributed 13.5% (\$1,517,900) and 10.5% (\$1,154,066), respectively. Contribution rates for members of the transfer plan are scheduled to increase 0.5% annually through 2022 for a total member contribution of 14.0% in 2022. Beginning in 2021, employer contributions will increase 0.5% annually over the next ten years to reach a total city contribution rate of 15.0% in 2030. In 2011, an updated plan was instituted for firefighters hired on or after October 1, 2011. As of December 31, 2021, 277 City firefighters were members of this plan. In 2021, plan members and the City contributed 11.5% (\$2,222,655) and 8.5% (\$1,642,844), respectively. Member contribution rates for this plan are scheduled to increase 0.5% annually through 2022 to a total of 12.0% of base salary. Employer contributions for this plan will increase 0.5% annually beginning January 2021 through 2030, for a total combined member and employer contribution of 25.0% in 2030.

As of December 31, 2021, the City reported an asset of \$9,166,187 for its proportionate share of the net pension asset for the plan. The net pension asset was measured as of December 31, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021, which was unchanged from December 31, 2020. At December 31, 2020, the City’s proportion was 4.22%.

**Statewide Hybrid Plan – Fire New Hire Pension Plan.** The Statewide Hybrid Fire Pension Plan (the “SWH”) is a cost-sharing multiple employer defined benefit pension plan administered by the FPPA. This plan contains a defined benefit component and a money purchase component. State statute assigns authority to establish and amend benefit provision to the FPPA. This plan is included in the FPPA’s annual separately issued audited financial statements.

The City is required to contribute at a statutorily determined rate. The FPPA Board sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWH plan are set by each individual employer; however, the rate for both employer and members must be at least 8% of the member’s base salary. As of December 31, 2021, 27 City firefighters were members of this plan with 4 inactive, nonretired plan members. In 2021, plan

members and the City each contributed an amount equal to 10.5% (\$329,793) of the member's base salary. The percent split is recalculated each year.

At December 31, 2021, the City reported an asset of \$5,131,905 for its proportionate share of the net pension asset for the plan. The net pension asset was measured as of December 31, 2020. The City's portion of the net pension asset was based on the City's contributions to the SWH plan for the calendar year 2020 relative to the total contributions of participating employers to the plan. At December 31, 2020, the City's proportion was 18.66%.

***Police Money Purchase Pension Plan – New Hire.*** The Police New Hire Plan is an open defined contribution money purchase plan established by agreement to provide retirement benefits for full time police hired on or after April 8, 1978. The plan is administered by a board established by the agreement. Plan provisions and contribution requirements are amended by an affirmative vote of 65% of the members as well as a City Council resolution. Normal retirement age is 50. The member is 100.0% vested at 5 years of service and 0.0% vested until that time. At December 31, 2021, there were 844 plan members. Plan members and the City were both required to contribute 12.0%. In 2021, plan members and the City each contributed \$8,006,527.

***Fire Money Purchase Pension Plan.*** The Fire Money Purchase Pension Plan is a closed defined contribution money purchase plan established by City ordinance to provide retirement benefits for City firefighters hired on or after April 8, 1978 and is administered by the FPPA. Plan provisions and contribution requirements are established and may be amended by City Council. Normal retirement age is 50. All members are fully vested. As of December 31, 2021, there were 7 plan members. Plan members and the City are both required to contribute 10.5%. In 2021, plan members and the City each contributed \$74,211.

***New 2022 Police Money Purchase Pension Plan – Defined Benefit Hybrid Option.*** Effective January 1, 2022, a Defined Benefit Hybrid Option (combined defined contribution/defined benefit) was added to the Police Money Purchase Pension Plan. Established by agreement, this contributory single-employer plan will be available to employees that qualify for the Police Money Purchase Pension Plan. All current qualified employees have the opportunity to make a choice between January 1, 2022 and June 30, 2023 to stay within the current Money Purchase Pension Plan structure or make a one-time, irrevocable election into the new hybrid option. New hires that begin employment after January 1, 2022, will also have the choice to make a one-time, irrevocable election to move into the new hybrid option within three years of date of hire.

***HB 22-1034.*** On March 30, 2022, Colorado Governor Jared Polis signed House Bill 22-1034 ("HB 22-1034"). HB 22-1034 merges two existing FPPA plans, the SWDB plan and the SWH plan, to form a new Statewide Retirement Plan effective January 1, 2023. In addition, the legislation increased the minimum required contributions into the Hybrid Defined Benefit and Money Purchase Components (formerly the SWH plan) by a combined 2.0% over 8 years from 16.0% (8.0% each for both employee and the City) to 18.0% (9.0% each for both employee and the City) at 0.125% per year. As the employees associated with this plan and the City already contribute in excess of the new minimum required contribution, no contribution increase would be required.

***Governmental Accounting Standards Board Statements No. 67 and 68.*** The Governmental Accounting Standards Board ("GASB") adopted Statement No. 67, *Financial Reporting for Pension Plans—An Amendment of GASB Statement No. 25* ("GASB 67") to establish the requirements for governmental pension plan financial statement reporting for defined benefit pension plans. GASB 67 applies to pension plan financial statements included as a pension trust fund of a governmental entity. For the City's defined benefit pension plans that issue stand-alone financial statements, GASB 67 does not require that the City



include the information identified in GASB 67 within the City’s report as the stand-alone plan financial reports include the GASB 67 requirements. GASB 67 does apply to the City’s reporting of EOEP’s statement of fiduciary net position, statement of changes in fiduciary net position, certain notes to the financial statements and certain required supplementary information (“RSI”), as no stand-alone financial report is issued for EOEP.

Additionally, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27* (“GASB 68”) provides pension accounting and reporting requirements with regard to statements of net position, statements of activities, certain notes to the financial statements and certain RSI for governments that provide their employees with pension benefits that are administered through trusts and equivalent arrangements in which specific criteria are met. Under GASB 68, governments providing defined benefit pensions, including the City, are required to recognize the difference between the pension plan’s net fiduciary position and the total pension liability as of the measurement date as a liability or asset. The City’s required disclosures under both GASB 67 and GASB 68 are contained in Note 13 of the City’s basic financial statements in APPENDIX C to this Official Statement.

***Other Postemployment Benefits (“OPEB”).*** In addition to providing pension benefits, the City, acting in a single-employer capacity, provides medical benefits to eligible retirees and their qualifying dependents who elect to participate through one of the five fully insured medical plans offered through Kaiser Permanente. Once retirees reach Medicare eligibility, they are required to switch their coverage to a fully insured Medicare supplemental plan. As of the December 31, 2019 actuarial valuation (OPEB actuarial valuations are done every odd numbered year and the liability is measured one year in arrears), there were 3,085 active employees eligible to be covered under the City’s health insurance plan and, of these, 623 were fully eligible for the plan. In addition, there were 688 retired employees who received medical coverage under this program. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 as the plan is funded on a pay-as-you-go basis. Further information related to OPEB is included in Note 14 to the City’s basic financial statements in APPENDIX C to this Official Statement.

GASB adopted Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”) to revise and establish new accounting and financial reporting standards for governments that provide their employees postemployment benefits other than pensions. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. The City’s OPEB plan meets the GASB 75 criteria. No assets are accumulated in a trust that meets the criteria of GASB 75 as the plan is funded on a pay-as-you-go basis. To fund OPEB, retirees pay 100% of the blended premium cost of their participation for health care coverage. Since current and retired employees participate in the same group plan, the City, in effect, is providing an “implicit subsidy” for the retirees covered by the plan. As of December 31, 2021, the City reported a liability of \$21,037,880 for the plan of which \$1,095,897 is considered current. The total OPEB liability was measured as of December 31, 2020 and was determined by an actuarial valuation as of December 31, 2019 rolled forward using standard actuarial methods.

### **Major Sources of Development and Economic Activity in the City and Surrounding Metropolitan Area**

The City has benefited from several major infrastructure, transportation and development projects in recent years.

Transportation, Infrastructure and Light Rail. The City’s proximity to Denver International Airport (“DIA”) along with major infrastructure construction activity along the City’s I-70, I-225 and E 470

corridors during the 1990s as well as more recent large-scale transportation projects provide the City with a strong transportation and mobility base, facilitating population growth along with residential and commercial construction activity. These infrastructure assets maintain their importance as a source of development and economic activity in the City as the build out in these areas continues following the post 2008 national economic downturn. As an example, the City, along with the Colorado Department of Transportation (“CDOT”) and other regional and national entities, made wholesale improvements to the I 225/Colfax interchange and constructed an additional exit/interchange off I-225 north of Colfax Avenue, enabling direct access into the Anschutz Medical Campus. More recently, the Regional Transportation District’s (“RTD”) \$7.4 billion FasTracks program included the East Rail Line, a 22.8-mile commuter transit line known as the University of Colorado A Line (the “A Line”) between Denver Union Station and DIA, and a 10.5-mile light rail line running virtually the length of I-225 with ten stops in the City, including the Peoria Station junction with the A Line to the north, and connecting with existing RTD lines through Nine Mile Station to the south (the “R Line”). The A Line opened in April, 2016 and the R Line began operating in February, 2017. The addition of light rail stations and two City-owned parking garages prompted the need to create a new City-managed Parking and Mobility System. The purpose of this system is to manage parking efficiently to provide a safe and positive parking experience for customers, while supporting and strengthening the transit-oriented development areas, the City’s urban center and a City goal to make the City a great place to locate or expand a business. The City manages the Hyatt Regency Aurora Conference Center’s 506-space public parking garage and the 600-space Iliff Station parking garage.

The City was recently awarded a \$25 million U.S. Department of Transportation BUILD grant to kick-start the I-70/Picadilly Interchange Project. The estimated \$70.6 million project, including funding from the City, the Aerotropolis Regional Transportation Authority (ARTA) and private developers, will provide additional infrastructure needed to support the planned population and employment growth in the area, improve safety on Tower Road, replace deficient roadways and connect Picadilly Road between Colfax Avenue and Smith Road to further improve mobility in the area. The National Environmental Policy Act process has been approved for this project and design and right-of-way acquisition are under way. Construction could begin in 2023.

***Anschutz Medical Campus.*** Located on the 579-acre site of the former Fitzsimons Army Medical Center, the Anschutz Medical Campus and the Fitzsimons Innovation Campus are dedicated to bioscience, biotechnology, healthcare, medical education and advanced research – making it the largest academic health center in the Rocky Mountain region and one of the largest in the country. The \$5.4 billion redevelopment project will eventually employ more than 41,000 people and attract more than two million visitors annually. The Anschutz Medical Campus includes education facilities for physicians and other health professionals, the University of Colorado Hospital (ranked No. 1 hospital in Colorado in the 2021-22 U. S. News and World Report’s Best Hospitals list), Children’s Hospital Colorado (ranked No. 6 on Best Children’s Hospital Honor Roll and ranked nationally in 10 pediatric specialties by the 2021-22 U.S. News and World Report’s Best Children’s Hospital list) and the Rocky Mountain Regional Veteran’s Administration Medical Center. Fitzsimons Innovation Campus, including the Bioscience 3 building completed in early 2020, is recognized internationally for its medical research and offers opportunities to research and development companies from small start-ups to established industry leaders; the Campus is currently at capacity with companies waiting to gain access to upcoming incubator space.

While the Anschutz Medical Campus is not expected to directly provide major new revenue to the City budget due to its tax exempt and incentivized development, it is a major economic engine for the City and the surrounding area. The impact on the State’s economy is currently over \$7 billion annually. As an example, the City and Corporex Colorado, LLC constructed a 249-room Hyatt Regency Hotel, the 30,000 square foot Hyatt Aurora-Denver Conference Center and a 506-space parking structure directly across the street from the Anschutz Medical Campus. The hotel is privately owned and the City owns the conference center and parking structure. Additionally, the Forum - Fitzsimons, the City’s first transit-oriented upscale

midrise residential/commercial mixed-use development, opened in 2018. It includes 397 apartment homes with first floor retail/commercial space at the corner of East Colfax Avenue and Potomac Street. The Forum is across from the Anschutz Medical Campus, in close proximity to a R Line light rail station.

***The Legacy.*** The Legacy at Fitzsimons Village opened in 2021, and is a 363-unit, five-story rental project constructed within Fitzsimons Village. The project includes studios, one and two-bedroom units, three-story rental townhomes, clubhouse, fitness center, swimming pool and community rooftop common space. The Legacy is located adjacent to and just east of the Hyatt Regency Hotel and Conference Center.

***Military Facilities.*** Buckley Space Force Base (in this paragraph, the “Base”), the City’s largest employer and home to the Buckley Garrison (formerly the 460th Air Base Wing and now a garrison command in the U.S. Space Force) provides support functions for resident air operations, space-based missile warning capabilities, space surveillance operations and space communication missions. The Base, which supports 12,000 personnel and contributes nearly \$1 billion annually to the City’s economy, operates a satellite system that supplies global surveillance and provides missile warning, missile defense and technical intelligence, tracking and targeting. The Base hosts major base partners including the Colorado Air National Guard, Aerospace Data Facility-Colorado, Navy Operational Support Center, Army Aviation Support Facility and Air Reserve Personnel Center and supports another 84 base partners located on the Base and in the community. This includes such companies as Raytheon, Boeing, Northrop Grumman and Lockheed Martin making Colorado the second largest aerospace presence in the United States.

***Aurora Highlands.*** The Aurora Highlands is a 5,000-acre master planned community just south and west of DIA. This major, on-going project is expected to include homes, shops and restaurants, parks and recreational amenities, office space, commercial/industrial employment centers and medical campuses. This project is expected to be home to more than 23,000 families at complete build out. A regional transportation authority has been formed to construct the regional infrastructure supporting the project.

***Gaylord Rockies Resort and Convention Center.*** Opening in late 2018, the \$824 million Gaylord Rockies Resort and Convention Center continues to enhance the economic vitality of the City by adding an estimated \$273.3 million to Colorado’s economy and an estimated 450,000 new visitors to the metro area annually. The hotel and convention center near DIA covers 1.9 million square feet, has over 1,500 hotel rooms and more than 485,000 square feet of meeting and convention space on 85 acres. The resort includes a year-round indoor/outdoor Rocky Mountain waterpark experience for hotel guests. The project brought in over 10,000 construction jobs and 2,500 permanent jobs to the City. An \$80 million, 317-room expansion to the resort has been announced and is anticipated to begin post pandemic. The Gaylord continues to be a catalyst for continued development around DIA.

***Other Development.*** With its business-friendly environment, available land and strong infrastructure, the City continues to attract housing and retail development and development activity remains strong. Major commercial and residential projects, including several transit-oriented developments, were completed in 2021 with others under construction. Current projects include Metro Center, Citadel on Colfax, 2nd and Abilene Station, Argenta, Parkside at City Centre, Spur at Iliff Station and The Point at Nine Mile. Master plans continue to identify development for the areas surrounding the Gaylord Rockies Resort and Convention Center and along the E-470 corridor. Painted Prairie, Highpoint, Green Valley Ranch East, Windler Homestead, Aurora One and Horizon Uptown are among the activity projects in this area. These projects encompass a range of development including single-family homes, townhomes, retail, rentals, hotels, senior living facilities as well as parks and open space. Several large commercial/industrial development plans were approved and under construction in 2021 including Majestic Commerce Center, Porteos, Stafford Logistics Center and JAG Logistics Center. Notable commercial/industrial users include Shamrock Foods, Amazon, Subaru and Kroger. The City foresees steady growth of the commercial/industrial sector in 2022.

**Recreational Facilities.** The City’s residents are active (the City has been rated one of the fittest cities in America) and can embrace the Colorado lifestyle through the City’s extensive parks, recreation and open space options. The City is committed to providing its citizens high quality parks and recreation options by continuing to make investments in those areas. The City offers two reservoirs, five award-winning golf courses, 97 developed parks, six recreation centers, three nature centers, six outdoor pools, four indoor pools, the Aurora Sports Park 27-field sports complex as well as over 5,000 acres of trails and open space to explore. In 2019, the City opened its first new recreation center in 40 years, the Aurora Central Recreation Center at Tower Road and East Vassar Place. Located on 20-acres of land, the 61,000-square foot two-story facility features state of the art amenities including an aquatic area, gym, elevated walking/jogging track and fitness area along with a teaching kitchen, party rooms, and multi-purpose rooms.

The City is currently constructing its newest recreation center, the Southeast Recreation Center, located in the southeastern area of the City. With an expected completion in early 2023, the 72,000 square foot project is expected to include a fieldhouse, gymnasium and indoor sports spaces; walking/running track; fitness center; group exercise studio areas and a natatorium that features a current channel, zero depth entry water play area, lap lanes/teaching area, hot tub and a large water slide.

**Metropolitan Area.** Denver ranked fourth among U.S. metropolitan areas in Forbes’ 2019 ranking of the best places for business and careers. Located on the eastern slope of the Rocky Mountains, the Denver-Aurora Combined Statistical Area (comprising the 10-county Denver-Aurora-Lakewood Metropolitan Statistical Area, the Boulder Metropolitan Statistical Area and the Greeley Metropolitan Statistical Area) (collectively, the “Metropolitan Area”) is a major business center, both in Colorado and the larger Rocky Mountain Region. Its central location, moderate climate and proximity to natural resources make the Metropolitan Area an attractive option for a wide variety of businesses and individuals.

According to the Metro Denver Economic Development Corporation’s 2019 Economic Profile, the Metropolitan Area ranks first nationally in aerospace employment, second in beverage production employment concentration, fifth in broadcasting and telecommunications employment concentration, fifth in energy employment, eighth in information technology/software employment concentration and 13th in aviation employment concentration.

The Metropolitan Area is considered the largest financial center between Los Angeles and Chicago. Due to its unique location, the Metropolitan Area is the largest metropolitan area in the nation to offer one bounce satellite uplinks. The Metropolitan Area is also home to 10 of the 2019 Fortune 500 Companies. U.S. News and World Report recently ranked Colorado as the number one state in the nation for economy.

The following table summarizes the population growth of the City and the Metropolitan Area.

**Population**

<b>Year</b>	<b>City of Aurora</b>	<b>Denver/Aurora Metropolitan Area</b>	<b>Aurora as % of Regional Population</b>
1980	158,588	1,465,282	10.82%
1990	222,103	1,666,883	13.32
2000	276,393	2,179,240	12.68
2010	325,078	2,543,482	12.78
2020	381,057	2,967,239	12.84

Sources: U.S. Department of Commerce, Bureau of the Census, and Colorado Division of Local Government, Demography Section

The City has received inquiries concerning potential annexations which could expand the City eastward by as much as approximately 20,000 acres of property, potentially increasing the City’s population by 128,000 residents over a period of 20 to 50 years. According to a study conducted by Mark A. Nuszer Consultants (the “Annexation Study”), the expansion could cost a minimum of \$15,000,000 per year to provide services to the area for the next 20 to 50 years, due to a large portion of the expansion being residential in nature. Annexations in 2020 of 54.86 acres (0.08 square miles) were added to the City boundary. Development and capital impact fees offset the capital costs related to any new development and capital impact fees were updated in 2019 to reflect current capital costs.

Before any annexation or development is considered, landowners must agree to build or arrange construction of the required infrastructure. These up-front commitments routinely include the construction of water and sewer lines, roads, bridges and drainage improvements. In many new developments, infrastructure is funded and constructed by special districts, which are local quasi-governmental units with taxing powers. The formation of special districts within the City is subject to the approval of the City. However, the City does not guarantee the financial obligations of special districts. Developers also must dedicate to the City any groundwater rights they own, donate parcels for fire stations and schools, and preserve land for parks and open space.

**Retail Development.** The Westerly Creek Village Urban Renewal Area was a recipient of an Environmental Protection Agency Brownfields Area-Wide Planning Pilot Program grant. The project features Central Park (formerly Stapleton) Aurora, a master planned residential community, and the Stanley Marketplace, a food-centric, community-inspired 100,000 square foot marketplace planned to include over 50 independently owned retail tenants at build out. The Marketplace opened in 2016 in the former 22-acre Stanley Aviation campus. Zagat named the Stanley Marketplace one of the nation’s 15 most anticipated restaurant openings of 2016 and *Bon Appetit* named Annette, one of the restaurants within the Marketplace, one of the 50 finalists for American’s Best New Restaurants 2017 and co-owner Caroline Glover won a James Beard Foundation award in 2022.

The retail trade sector employs a large portion of the City’s work force and is important to the area’s economy. The following table sets forth recent retail sales figures for the City and the State.

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**Retail Sales**  
(in thousands) <sup>1</sup>

<b>Year <sup>1</sup></b>	<b>City of Aurora</b>	<b>Colorado</b>
2017	\$10,678,846	\$194,641,958
2018	11,397,189	206,121,045
2019	11,914,044	224,618,938
2020	13,288,641	233,586,882
2021 <sup>2</sup>	14,125,428	268,328,759
2022	8,597,671	165,533,507

<sup>1</sup> The retail trade sector employs a large portion of the City and State’s work force and is important to the area’s economy.

<sup>2</sup> Sales through July 31, 2022. *[to be updated closer to posting]*

Source: State of Colorado, Department of Revenue, Retail Sales Reports 2017-2021

**Median Household Effective Buying Income <sup>1</sup>**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Adams County <sup>2</sup>	\$49,918	\$52,915	\$58,065	\$60,370	\$66,400
Arapahoe County <sup>3</sup>	53,589	57,549	60,256	64,082	67,348
Colorado	52,345	48,043	57,732	59,227	62,340
United States	46,738	54,718	50,620	52,468	54,686

<sup>1</sup> As calculated on January 1 of each year.

<sup>2</sup> Approximately 14% of the City’s population resides in Adams County.

<sup>3</sup> Approximately 86% of the City’s population resides in Arapahoe County.

Source: The Nielsen Company, *Site Reports*, 2016-2017; Environics Analytics, *Spotlight Claritas Reports* 2018-2020 (the most recent information available)

**Percent of Households by Effective Buying Income Groups—2020 <sup>1</sup>**

	<b>Less Than \$25,000</b>	<b>\$25,000- \$49,999</b>	<b>\$50,000- \$99,999</b>	<b>\$100,000- \$149,999</b>	<b>\$150,000 and more</b>
Adams County <sup>2</sup>	13.50%	23.03%	37.27%	14.95%	11.25%
Arapahoe County <sup>3</sup>	11.47	23.66	38.55	15.19	11.15
Colorado	15.57	24.20	36.17	14.08	9.98
United States	20.24	25.61	34.10	11.57	8.47

<sup>1</sup> Calculated as of January 1. Totals may not equal 100% due to rounding.

<sup>2</sup> Approximately 14% of the City’s population resides in Adams County.

<sup>3</sup> Approximately 86% of the City’s population resides in Arapahoe County.

Source: The Nielsen Company, *Site Reports*, 2020 (the most recent information available)

The following table sets forth historical information with respect to the Consumer Price Index for the past five years for the Denver-Boulder-Greeley MSA, which includes Adams, Arapahoe, Boulder, Denver, Douglas, Jefferson and Weld Counties (the “Denver MSA”) and the United States. Such information is not available separately for the City.

**Consumer Price Index <sup>1</sup>**

	2016		2017		2018		2019		2020		2021	
	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	1 <sup>st</sup> Half	2 <sup>nd</sup> Half
Denver MSA	2.98%	2.56%	3.09%	3.68%	3.18%	2.29%	1.29%	2.56%	2.69%	1.22%	1.85%	5.22%
United States	1.06	1.46	2.22	2.04	2.46	2.42	1.73	1.90	1.24	1.23	3.37	6.01

<sup>1</sup> Reflects the percent change from half to half (e.g. 1<sup>st</sup> half 2015 to 1<sup>st</sup> half 2016). *[To be updated prior to posting]*  
 Source: State of Colorado, Division of Local Government, Demographic Section and United States Bureau of Labor Statistics

**Construction Activity.** The following table sets forth building activity in the City for the period indicated.

**Recent History of Building Permits Issued in the City**

Year	Single Family	Multi-Family		Commercial/Industrial
	Permits	Permits	Units	Permits
2017	1,655	18	341	67
2018	1,411	44	1,114	62
2019	1,516	32	1,153	57
2020	2,055	31	733	63
2021	2,066	46	2,138	69
2022 <sup>1</sup>	1,171	24	1,856	48

<sup>1</sup> Permits issued through September 30, 2022.  
 Source: The City Building Division *[to be updated prior to posting]*

**Foreclosures.** Foreclosure actions are commenced when a default on a deed of trust has occurred, usually when buyers fail to make timely payments in accordance with a promissory note. Set forth below is a history of the number of foreclosure actions filed by the Public Trustee’s Offices of the Counties over the past five years.

**History of Foreclosures Filed <sup>1</sup>**

<b>Year</b>	<b>Adams County</b>	<b>Percent Change</b>	<b>Arapahoe County</b>	<b>Percent Change</b>	<b>Douglas County</b>	<b>Percent Change</b>
2018	637	--	646	--	264	--
2019	658	3.30%	645	(0.15)%	276	4.55)%
2020 <sup>2</sup>	207	(68.54)	223	(65.43)	238	(13.77)
2021 <sup>2</sup>	102	(50.72)	105	(52.91)	46	(80.67)
2022 <sup>3</sup>	585	--	545	--	161	--

<sup>1</sup> Excludes foreclosures that were restarted in a given year.

<sup>2</sup> The decrease in the number of foreclosures filed in 2020 and 2021 was the result of the State imposed restrictions in place regarding foreclosures. See “COVID-19.”

<sup>3</sup> Foreclosures through October 24, 2022. *[to be updated prior to posting]*

Sources: Adams, Arapahoe and Douglas County Public Trustee’s Offices

**Insurance**

The City enjoys a limited form of governmental immunity for specified types of claims, pursuant to a State statute which establishes dollar limits for such claims. The statutory limits generally do not apply to federal claims. The City retains insurable risk up to the amounts where it has determined that commercial insurance is more cost beneficial. The City maintains a self-insured Risk Management Fund with total assets of \$22,922,313 and total liabilities of \$19,386,697 as of December 31, 2021. ***[Please update with 2022 figures if available]***

**Employment**

It is estimated that, in 2021, the City’s total labor force averaged 208,743 and that, on average, in the same period 197,680 City residents were employed. Major employers in the City include the Anschutz Medical Campus (with approximately 27,000 combined public, private and not for profit sector workers); Buckley Space Force Base (with approximately 14,000 Air Force, Marine, Navy, Department of Defense, Colorado National Guard, Army National Guard and Air Force Reserve employees); the City itself, with 4,450 full, part–time and temporary employees; and two public school districts with more than 10,000 total employees. The following table summarizes the City’s major employers. The two tables immediately following thereafter provide historical employment trends for the City as well as current unemployment data for the region and State. For 2021, the average annual local unemployment rate for Denver-Aurora-Lakewood was 5.7%. This rate compares to the state’s average unemployment rate of 5.6% and is below the national unemployment rate of 6.7%. The deterioration in the labor market in 2020 and 2021 reflected the impact of the coronavirus (COVID-19) pandemic and efforts to contain it. ***[Please update with 2022 figures if available]***



### Major Employers—2021

Employer	Employees	Rank	Percentage of Total City Employment <sup>1</sup>
Retail Trade	31,333	1	20.30%
Health Care and Social Assistance	22,241	2	14.41
Professional, Scientific, and Technical Services	17,419	3	11.28
Administrative and Support and Waste Management and Remediation Services	17,267	4	11.19
Educational Services	11,672	5	7.56
Accommodation and Food Services	11,660	6	7.55
Construction	6,676	7	4.32
Wholesale Trade	6,485	8	4.20
Manufacturing Total	5,675	9	3.68
Information	4,608	10	2.99

<sup>1</sup> Presentation of the top ten principal employers changed in 2020 due to the determination that this is protected information. The 2021 information is based on industry classification, per the North American Industry Classification System (NAICS). Source: The City's 2021 audited financial statements

### City Historical Employment Trends

Year	Aurora Labor Force	Aurora Residents Employed	Annual Change in Resident Employment	Aurora Residents Unemployed	Unemployment Rate
2017	190,579	168,912	--	21,667	--
2018	196,620	193,307	14.4%	3,313	4.2%
2019	200,678	195,661	1.2	5,018	2.5
2020	204,416	187,599	(4.1)	16,817	8.2
2021	208,743	197,680	5.4	11,063	5.3
2022 <sup>1</sup>					

<sup>1</sup> Historical employment trends through \_\_\_\_\_, 2022

Sources: The City's 2021 audited financial statements and United States Bureau of Labor Statistics

### State and Metro Employment—2022 <sup>1</sup>

	Denver/Aurora/Lakewood Metropolitan Area	Colorado
Total Labor Force	1,724,872	3,227,796
Total Employed	1,665,212	3,116,215
Total Unemployed	59,660	111,581
Unemployment Rate	3.5%	3.4%

<sup>1</sup> Represents annual "not seasonally adjusted" Labor Force, Employment and Unemployment data through August 31, 2022. *[to be updated prior to posting]*  
Source: State of Colorado, Division of Employment and Training

## Capital Improvement Plan

The City’s Capital Improvement Plan (the “CIP”) is a five-year capital-spending plan updated annually and includes appropriations to support required spending for approved capital projects. Unlike the operating budget, which authorizes expenditures for only one fiscal year, capital budget plans are multi-year and continue until the project is completed or changed by City Council.

There are multiple funds associated with the citywide CIP. The 2022 to 2026 five-year spending plan in support of CIP projects totals \$1.3 billion, including Water and Wastewater (\$880.5 million) and Golf (\$2.6 million) enterprise funds as well as the non-enterprise activities as noted in the table below.

The projects/programs described below primarily constitute capital maintenance for major city infrastructure, including roads and buildings as part of a continuing effort to maintain City assets. The five-year capital spending plans for these programs are generally level or slightly increasing annual expenditures.

### Summary of Significant Capital Projects 2022-2026

Project	Total Estimated Project Cost <sup>1</sup>	Percent of Total
Projects and Programs (by category):		
Street/Street Light Maintenance, Repair and General Improvements	\$218.6	56.9%
TIP Projects, Major Traffic and TOD	16.0	4.2
Parks and Open Space	73.9	19.2
IT, Telephony and Other Projects	29.3	7.6
Public Safety Construction and Remodel	24.8	6.5
Building Maintenance, Repair and Improvements	<u>21.5</u>	<u>5.6</u>
<b>Total</b>	<b><u>\$276.5</u></b>	<b><u>100.0%</u></b>

<sup>1</sup> Amounts expressed in millions. Amounts shown reflect total estimated project cost for these projects and not necessarily financed amounts. Costs exclude Golf, Water and Wastewater capital projects.

Source: The City’s 2022 Budget **[Please update]**

The City Code of the City requires that 100% of all building materials and equipment use taxes (excluding any amounts attributable to TIF areas) plus 4% of all other General Fund revenues (excluding revenues from the 0.25% sales and use tax dedicated to Public Safety) be transferred into the Capital Projects Fund annually as the primary source of funding for capital projects, unless reduced by a two-thirds vote of the City Council. For further information regarding the Capital Projects Fund and revenue sources, please see “GENERAL FINANCIAL INFORMATION CONCERNING THE CITY—Management’s Discussion and Analysis of Trends in Operations of the General Fund.”

Total Sales and Use Taxes in the years indicated were as follows.

**General Fund Sales and Use Tax Revenues  
(GAAP Basis)**

<b>Year</b>	<b>Sales and Use Tax Receipts</b>
2017	\$223,036,313
2018	235,950,491
2019	254,451,747
2020	269,233,800
2021	311,573,035
2022 <sup>1</sup>	[ ]

<sup>1</sup> Collections through December 31, 2022 (unaudited).  
Source: The City

**Assessed and Estimated Actual Value of Property**

<b>Tax Levy Year</b>	<b>Assessed Valuation <sup>1</sup></b>	<b>Estimated Actual Value</b>
2017	\$4,312,984,354	\$38,919,638,135
2018	4,394,274,636	40,229,042,344
2019	5,329,349,735	49,350,707,399
2020	5,541,918,846	50,459,961,020
2021	6,029,470,069	54,783,614,286
2022	[ ]	[ ]

<sup>1</sup> Assessed valuation of property used as basis for taxes actually paid in subsequent year (excludes TIF areas; includes personal property).  
Source: The City's 2021 audited financial statements and the Adams, Arapahoe and Douglas County Assessors' offices *[2022 to be provided when the final certifications are issued in December]*

Additional information concerning the City's historical property tax levies and collection, major property tax payers, direct and overlapping general obligation debt and mill levies of overlapping governments is set forth in the statistical section of the City's 2021 Comprehensive Annual Financial Report.

## APPENDIX E

### PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Undertaking (the “Continuing Disclosure Undertaking” or the “Undertaking”) is executed and delivered by the City of Aurora, Colorado, acting by and through its Utility Enterprise (the “City”) in connection with the issuance by the City, acting by and through its Utility Enterprise, of \$\_\_\_\_\_ aggregate principal amount of First-Lien Sewer Revenue Bonds (SEAM Facility & Other System Improvements Project), Series 2023 (the “Series 2023 Bonds”). The Series 2023 Bonds are being issued under a Sewer System General Revenue Bond Ordinance No. 2003-18 (the “General Ordinance”) adopted by the City Council (the “Council”), a Series 2023 Sewer Refunding Revenue Bond Series Ordinance No. 2023-[\_\_] (the “Series Ordinance”) adopted by the Council acting as such and as the governing body of its Utility Enterprise supplemented, as to certain final terms of the Series 2023 Bonds, by a Final Terms Certificate executed by the City’s Director of Finance (the “Final Terms Certificate” and, collectively with the General Ordinance and the Series Ordinance, the “Bond Ordinance”). The City covenants and agrees as follows:

**Section 1. Purpose of this Undertaking.** This Undertaking is being executed and delivered by the City for the benefit of the owners, both registered and beneficial, of the Series 2023 Bonds, in consideration of the purchase of the Series 2023 Bonds by the original purchasers thereof.

**Section 2. Definitions.** The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

“*Agreement*” means the obligations of the City pursuant to Sections 4, 5 and 6.

“*Annual Financial Information*” means the financial information and operating data described in Exhibit I.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4 hereof.

“*Audited Financial Statements*” means the audited consolidated financial statements of the City, prepared pursuant to the standards and as described in Exhibit I.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means, initially the City, or any successor agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Material Event*” means the occurrence of any of the events with respect to the Series 2023 Bonds set forth in Exhibit II.

“*Material Events Disclosure*” means dissemination of a notice of a Material Event as set forth in Section 6.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series 2023 Bonds.

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org) (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of Colorado.

**Section 3. Final Official Statement.** The final Official Statement relating to the Series 2023 Bonds is dated February \_\_, 2023 (the “Final Official Statement”).

**Section 4. Annual Financial Information Disclosure.** Subject to Section 9 of this Undertaking, the City hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I) by the City’s delivery of such Annual Financial Information and Audited Financial Statements to the MSRB within 210 days of the completion date of the City’s fiscal year.

The City is required to deliver such information in Prescribed Form and by such time so that the MSRB receives the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

**Section 5. Material Events Disclosure.** Subject to Section 9 of this Undertaking, the City hereby covenants that it will disseminate in a timely manner, not in excess of 10 Business Days after the occurrence of the event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series 2023 Bonds or defeasance of any Series 2023 Bonds need not be given under this Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Series 2023 Bonds pursuant to the Bond Ordinance.

**Section 6. Duty To Update EMMA/MSRB.** The City shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB’s e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

**Section 7. Consequences of Failure of the City to Provide Information.** The City shall give notice in a timely manner, not in excess of 10 Business Days after the occurrence of the event, to the MSRB

in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Undertaking, the owner of any Series 2023 Bond may seek specific performance by court order to cause the City to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an Event of Default under the Bond Ordinance or any other agreement, and the sole remedy under this Undertaking in the event of any failure of the City to comply with this Undertaking shall be an action to compel performance.

**Section 8. Amendments; Waiver.** Notwithstanding any other provision of this Undertaking, the City may amend this Undertaking, and any provision of this Undertaking may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City or type of business conducted;

(ii) This Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the owners of the Series 2023 Bonds, as determined either by parties unaffiliated with the City (such as the Paying Agent) or by an approving vote of the owners of the Series 2023 Bonds holding a majority of the aggregate principal amount of the Series 2023 Bonds (excluding Series 2023 Bonds held by or on behalf of the City or its affiliates) at the time of the amendment, pursuant to the terms of the Bond Ordinance; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

**Section 9. Termination of Undertaking.** The Undertaking of the City shall be terminated hereunder when the City shall no longer have any legal liability under the terms of the Bond Ordinance pursuant to the terms of the Bond Ordinance for any obligation on or relating to the repayment of the Series 2023 Bonds. The City shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

**Section 10. Dissemination Agent.** The Dissemination Agent shall transmit all information delivered to it by the City hereunder to the MSRB as provided in this Undertaking. The City may, from time to time, appoint or engage a substitute Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

**Section 11. Additional Information.** Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Undertaking. If the City chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Undertaking, the City shall not have any obligation under this Undertaking to update such information or include it in any future disclosure or notice of the occurrence of a Material Event.

**Section 12. Beneficiaries.** This Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the owners of the Series 2023 Bonds, and shall create no rights in any other person or entity.

**Section 13. Recordkeeping.** The City shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

**Section 14. Assignment.** The City shall not transfer its obligations under the Bond Ordinance unless the transferee agrees to assume all obligations of the City under this Undertaking or to execute a continuing disclosure agreement under the Rule.

**Section 15. Governing Law.** This Undertaking shall be governed by the laws of the State.

Date: February , 2023

CITY OF AURORA, COLORADO

By \_\_\_\_\_  
Director of Finance

## EXHIBIT I

### ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means statistical and tabular material of the type contained in the Final Official Statement pertaining to the Series 2023 Bonds under the captions “FINANCIAL INFORMATION CONCERNING THE SYSTEM—Operating History” and Tables **III, IV, V, VI, VII, VIII, X, XII, XIII, XIV, XV, XVI and XVII.** [*CONFIRM TABLES*]

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission, and such information need not be provided in the exact format as shown in the Final Official Statement. The City shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 210 days after the last day of the City’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 Business Days after availability to the City.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Undertaking, including for this purpose a change made to the fiscal year-end of the City, the City will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.



## **EXHIBIT II**

### **EVENTS WITH RESPECT TO THE SERIES 2023 BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED**

1. Principal and interest payment delinquencies
2. Nonpayment-related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the City <sup>1</sup>
13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional Trustee or the change of name of a Trustee, if material
15. Incurrence of a financial obligation <sup>2</sup> of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation <sup>2</sup> of the City or obligated person, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation <sup>2</sup> of the City, any of which reflect financial difficulties.

<sup>1</sup> This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

<sup>2</sup> As used here, "financial obligation" generally means a: (i) debt obligation; (ii) derivative instrument entered into, in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

## APPENDIX F

### BOOK-ENTRY-ONLY SYSTEM

*The information in this section concerning The Depository Trust Company (“DTC”) New York, NY and DTC’s book-entry-only system has been obtained from DTC, and the City and the Underwriter take no responsibility for the accuracy thereof.*

DTC will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Series 2023 Bonds, as set forth on the cover page hereof, in the aggregate principal amount of each maturity of the Series 2023 Bonds and deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation & Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2023 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2023 Bonds, except in the event that use of the book entry-system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2023 Bonds with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2023 Bond documents. For example, Beneficial Owners of the Series 2023 Bonds may wish to ascertain that the nominee holding the Series 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2023 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2023 Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2023 Bonds purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Series 2023 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2023 Bonds, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Series 2023 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2023 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Series 2023 Bonds to Tender or Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2023 Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.



# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> Results of the 2022 Citywide Culture Survey
<b>Item Initiator:</b> Wayne C. Sommer, Internal Audit Manager
<b>Staff Source/Legal Source:</b> Wayne C. Sommer, Internal Audit Manager/Hanosky Hernandez Sr. Assistant City Attorney
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** N/A

**Regular Meeting:** N/A

### ITEM DETAILS:

- Agenda long title
- Waiver of reconsideration requested, and if so, why
- Sponsor name
- Staff source name and title / Legal source name and title
- Outside speaker name and organization
- Estimated Presentation/discussion time

#### RESULTS OF THE 2022 CITYWIDE CULTURE SURVEY

No waiver of reconsideration requested

Sponsor: CM Gardner

Staff Source: Wayne C. Sommer, Internal Audit Manager

No outside speaker

20 minutes

### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input type="checkbox"/> Approve Item and Move Forward to Study Session   | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input checked="" type="checkbox"/> Information Only  |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

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**PREVIOUS ACTIONS OR REVIEWS:**

**Policy Committee Name:** N/A

**Policy Committee Date:** N/A

**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

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**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

N/A

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**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

Internal Audit conducted the first citywide survey to assess the culture of the city's departments. This was a major engagement which results we are presenting to the Audit Committee.

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**QUESTIONS FOR COUNCIL**

N/A

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**LEGAL COMMENTS**

The City Manager shall be responsible to the City Council for the proper administration of all affairs of the City placed in his charge and, upon the request of the City Council, make written or verbal reports to the City Council concerning the affairs of the City. City Charter Art. 7-4 (e). (Hernandez)

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**PUBLIC FINANCIAL IMPACT**

- YES       NO

**If yes, explain:**

---

**PRIVATE FISCAL IMPACT**

- Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** N/A



# Internal Audit Report: 2022 Citywide Culture Survey



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# Citywide Culture Survey Report

## ENGAGEMENT OBJECTIVE

Assess the current state of the culture across the City.

## BACKGROUND

Culture has a significant impact on the performance of an organization and its ability to achieve its strategic vision. Culture has more to do with “how” an organization does what it does and less with “what” it does. Internal Audit frequently conducts culture assessments as part of its regular audit engagements. In our 2022 audit plan, we decided to conduct a citywide culture survey to establish a baseline for the City’s culture with the intention of repeating the exercise annually to gauge the extent of culture changes over time. The survey was issued in combination with an employee engagement survey developed by Human Resources. This survey was the first time that citywide culture and employee engagement assessments were performed. Human Resources will issue its engagement survey report separately.) [For more on the importance of culture to an organization, see [What is Culture and Why Is It Important?](#)]

The survey instrument assesses culture in relation to the following characteristics.

- Leadership
- Motivation
- Teamwork
- Communication
- Decision Making
- Goals
- Control

We added three questions related to a culture of Safety at management’s request.

Many well-run organizations develop a set of corporate values. These values become the foundation upon which the organization will execute its mission to achieve its ultimate vision. For example, the City of Aurora has the Core 4 Values: Integrity, Respect, Professionalism, and Customer Service. Organizations should not confuse values as being the culture. Culture is a much larger, all-encompassing concept. There is a connection between culture and values; the values should be evident in the behaviors exhibited in an organization’s culture, helping to shape it. A culture without a shared set of values struggles for performance consistency.

Internal Audit adapted a culture assessment tool based upon the work of Rensis Likert as developed by the Commonwealth Centers for High-Performance Organizations.<sup>i</sup>

Internal Audit surveyed 2,957 full-time staff across the city (all full-time staff employed when the instrument was released.) We received 1,386 responses, a response rate of 46.87%. The survey instrument was open for three weeks, from Friday, March 4, 2022, through the close of business on Friday, March 25, 2022. We provided the survey link via email and sent weekly reminders during the three weeks. In addition, the survey was accessible via the link on a computer, laptop, or any portable device 24/7.

The citywide survey results provided a 95% confidence level with a margin of error of +/-2%. We consider this to be a representative sample. The table below shows the response rates and margin of error by each department.

We received heavy anecdotal feedback from across the organization while the survey instrument was open that may provide a partial explanation for the low response rate. It aligned on three specific themes:

- Lack of Time
- Didn't Trust Anonymity Promise
- Nothing Will Happen Anyway

The report is divided into two parts:

Part One provides our observations on the culture survey results and our recommendations.

Part Two provides research supported leading practices for how to better understand the concept of culture, its facets, and how to make improvements.

<b>Department of Office</b>	<b>Participation Percentage</b>	<b>Margin of Error (95% Confidence Level)</b>
Public Works	80.60%	3%
Aurora Water	58.92%	4%
Aurora Police Department	24.79%	6%
PROS	62.07%	5%
Aurora Fire Rescue	20.73%	9%
Information Technology	98.28%	2%
Housing and Community Services	80.88%	6%
Finance	72.00%	7%
Library and Cultural Services	65.75%	8%
Court Administration	41.38%	13%
Communications	89.66%	6%
City Attorney's Office	48.08%	14%
Human Resources	67.65%	11%
Aurora911	29.03%	20%
Planning and Development Assistance	60.98%	12%
Judicial	41.67%	24%
City Manager's Office	100.00%	0%
City Clerk's Office	87.50%	14%
Office of the Public Defender	35.29%	33%
Office of Development Assistance	85.71%	16%
Office of the Internal Auditor	75.00%	33%
Mayor and City Council	66.67%	49%
Office of Diversity, Equity, and Inclusion	100.00%	0%
Office of Oil and Gas	66.67%	49%
Office of International and Immigrant Affairs	100.00%	0%
<b>Totals</b>	<b>46.87%</b>	<b>2%</b>

## AUDITORS' CONCLUSION

We learned many lessons in undertaking this survey. In hindsight, we lacked adequate resources to dedicate to analyzing the data and drafting this report expediently. We plan to address this by evaluating the use of a third-party service for future surveys.

Despite identifying numerous areas of concern during our data analysis, we also identified positive aspects of the culture to celebrate and replicate. We have summarized our observations on the results from each question in Part One below. Then in Part Two, we offer research on leading practices to inform future actions.

We conclude that there are many opportunities to improve the culture within the city. We found aspects of the culture that were functioning well and others needing attention. Culture change is a massive undertaking. Now is not the time for a wholesale culture change. We are recommending gradual steps, addressed department by department in an iterative approach. We believe that Management should employ a way forward that begins with the most important issues and continues steadily to avoid losing critical momentum. There is a portion of staff who does not expect much to change because of this engagement. We strongly recommend that Management demonstrates to staff that the issues identified in this report are important and that there is a willingness and thoughtful approach to address the problems collaboratively. We also conclude that only in this manner does the culture have any chance of improving. A sense of urgency broadly communicated to employees and with follow-up communications could prevent further weakening of the culture.



Wayne C. Sommer, CPA, CGMA

Internal Audit Manager

## MANAGEMENT’S RESPONSE

Building and maintaining strong organizational culture is essential in achieving desired goals. The Culture Survey has presented the City with a unique opportunity to reinforce our values as an organization with a focus on the City’s greatest asset, our employees. City Management agrees that intentional and incremental steps are needed to engage employees, build leadership capacity in the organization, provide opportunities for recognition, and reinforce our city values.

In July 2022, City Management presented a multi-pronged approach for employee retention, engagement and recruitment. The approach balances short-term and on-going strategies to retain and attract talent while enhancing overall employee engagement and city culture. The approach focuses on three areas: business processes, culture and engagement, and monetary items. Each area has specific strategies identified which have been informed by the Culture and Employee Engagement Survey results as well as other employee engagement forums. Many strategies have been implemented and/or are currently underway.

City Management is developing a more detailed plan for 2023 incorporating the recommendations in the Citywide Culture Survey Report. The plan will include:

- Continued efforts to enhance connections and communication between staff and leadership
- Implementation of a comprehensive employee performance management program
- Enhanced employee training, development, engagement and empowerment at all levels
- Focus on employee recognition and appreciation to cultivate a sense of organizational pride

City Management and Department Directors will be engaging their staff in discussing the results of the survey. Staff will also be engaged in collaborative goal setting for their departments to enhance connection within their teams. Progress will be evaluated through annual culture and engagement surveys.

## Part One: Observations on the Culture Survey Results

### EXECUTIVE SUMMARY

*“We cannot become what we need to be by remaining what we are.”*

—Max De Pree

We have reviewed the results of a baseline survey to assess the current state of the City’s culture and included our observations and recommendations below. In summary, we believe:

- The work environment has changed, and the City’s culture needs to adjust accordingly. The City would benefit from developing a 21st-century mindset toward organization, operation, and culture. A playbook already exists for a modern-day hybrid organization.<sup>ii</sup>
- Managers and Supervisors need to be better trained in the core competencies necessary for success in their roles. The City would benefit from Managers actively spending more time engaging with and directly managing their staff and less time in meetings, their offices, micro-managing their direct reports, and less time “in the weeds” by delegating more responsibility and authority to their staff.

- The City would benefit from instituting a practice of regular and continual discussion to establish relationships between Managers and Supervisors and Staff to build trust and establish psychological safety. These are critical components for productivity, staff retention, and effective teams.
- While toxic culture may not be widespread across the City, it does exist in pockets. These pockets need to be identified and addressed to prevent them from metastasizing.
- Providing positive, encouraging feedback—even in cases where performance improvement is needed—should become a City habit. Feedback should be clear, specific, actionable, personalized, regular, timely, and delivered to build up the individual.
- Employee engagement in operations and decision-making will improve overall employee satisfaction, retention, and performance.
- With more responsibility should also come greater accountability. Effectual accountability is lacking in the City.

### **Covid, Generational Change, and the Culture Survey Results**

The global workplace is just beginning to emerge from a cataclysmic shift in perspective. The COVID-initiated events of the last three years, experienced worldwide, were unprecedented—national lockdowns; intense economic uncertainty; supply chain interruptions; mandatory remote work for office workers; physical distancing for field workers; massive employee turnover; personal and familial isolation; extreme mental health stress. A loss of a sense of control, and an ever-present degree of uncertainty marks our lives. We continue to experience grief worldwide, with 6.5 million deaths at this writing, with 1 million of those in the United States alone. Apart from those who lived through World War II, most people alive today have never experienced such organizational and community stressors to this degree.

Employees responded to these events in unpredictable ways. For example, workers reprioritized their career values on a massive scale resulting in a search for greater meaning and work/life balance via flexible work arrangements. Workers were willing to change jobs and even relocate geographically to reduce living costs and improve their quality of life or just to be near family. Some ditched the traditional office-based employee careers to strike out on their own. They aimed to recapture some degree of perceived control over their economic and personal lives and to engage in work more closely related to their values.

It is tempting to dismiss any negative survey results as purely due to Covid, considering the stressors employees endured (and continue to endure.) Covid has altered corporate cultures because it altered the perspectives of the workers who experienced the pandemic’s distress. (Consider the resulting Great Resignation and the current phenomena of “quiet quitting.”) We do not dismiss the notion that there may be a “Covid effect” in the responses to some questions. The shared worldwide trauma of the Covid-19 pandemic impacted the workplace in profound ways that remain unsettled. For example, we have not taken the opportunity for corporate or community grieving and catharsis from the pandemic or the social upheavals that coincided in our country and community.

We believe that the behaviors exhibited in the survey results existed in the culture before the pandemic and that the last three years’ experience illuminated and possibly magnified them. For this report, our starting point is that the state of the culture expressed in the survey results is our current reality; this reality is what the city must address.

One thing is sure—the work world has changed, and many voices (“experts” we would call them) are claiming we are never going back to the way things were before, no matter how long we wait or how much we might desire a

return to “normal.” The reason? More has been going on in the workplace during the last three years than the pandemic effects. Generational shifts in the workplace are bringing demands for change to which leaders would be wise to pay attention. Millennials are now the largest generational percentage in the U.S. workforce. The pandemic is likely to be their defining generational moment (hopefully, it is the worst they will face.) The Bureau of Labor and Statistics projects that between 2019 and 2029, Millennials in the workforce will increase by 4.5 million, the largest gain for a single age group<sup>iii</sup>. Following on their heels is Gen Z, who is just now beginning to infiltrate the workforce. Their expectations for a work culture (see bullets below<sup>iv</sup>), differ from predecessors and are strengthened by recent events.

- Generation Y, also known as Millennials, are described as ambitious, philanthropic, open-minded, and data driven, who value responsibility, quality managers, and opportunities to explore all facets of their role. Millennials prefer digital communications, such as instant messaging, text, and email. They seek challenges that push them to grow and a fun work-life balance. As an employer, they thrive on building relationships, data-driven results, and flexible work arrangements. By 2025, millennials will comprise 75% of the global workforce. [emphasis added]
- Generation Z is the newest addition to the workforce and are described as universal, innovative, and open-minded, who value diversity, individuality, creativity, and personalization. Like Millennials, they favor digital communications with an emphasis on social media. Gen Zers are addicted to technology, new-age concepts, and innovation, so employers should offer multiple projects to increase collaboration and innovation, work-life balance, and opportunities to develop independence. However, 84% of Gen Z expect their employer to provide formal training.

## THE SURVEY INSTRUMENT

Internal Audit adapted the culture assessment tool based upon the work of Rensis Likert as developed by the Commonwealth Centers for High-Performance Organizations.<sup>v</sup>

Likert documented his philosophies of management in his work *The Human Organization*. In the preface, he stated, “This volume is intended for all those who are interested in applying the results of quantitative research to improve the management of the human resources in an enterprise.”<sup>vi</sup> He describes four philosophies or systems of management. The accompanying characteristics for each are in the table below.

We developed the survey questions and responses to assess the cultural characteristics listed in the Background section above to the characteristics of the four systems shown in the table below.

*How do Likert's management systems relate to culture?*

Likert uses the terms "leaders" and "leadership" for managers and their responsibilities, regardless of level. For the City, this group includes all Directors, Managers, and Supervisors. In the survey, *Manager/Supervisor* meant anyone formally responsible for overseeing one or more person’s work, regardless of their organizational level. A *Direct Supervisor* meant the person to whom any individual reported directly. *Staff* was anyone who did not meet the definition of *Manager/Supervisor* above.

The work of "management" includes the following skills, abilities, and behaviors.<sup>vii</sup> These could be considered the minimum core competencies for any manager.

- The ability to model and analyze systems and processes for effectiveness and efficiency.



- Performance planning, implementation, monitoring, and analysis, including objectives, action steps, targets, benchmarks, measurement, and analysis capabilities (commensurate with their levels within the organization)
- Project management and execution
- Staff development and coaching of those under their oversight to achieve peak performance
- Understanding outcomes and the ability to conduct variance analyses between expected and actual outcomes
- Open communication skills upward, laterally, and downward

Additionally, in a post-Covid hybrid work environment, we would consider the following skillsets as necessary for leaders to succeed<sup>viii</sup>:

- Facilitate virtual coordination to sustain connection and manage staff performance without devolving to micromanagement
- Facilitate face-to-face collaboration to develop a shared understanding, relationships, and trust
- Facilitate innovative thinking and shared learning
- Acculturation that reinforces norms and builds shared identity
- Dedication to a shared sense of purpose and community
- As is sometimes said, “Leaders do the right things; managers do the right things right.” How these management skills are executed affects the culture, since corporate culture is “how we get things done, together.”

#### *How do we interpret the survey results?*

Likert found that organizations that leaned more toward a System 4 management philosophy tended to perform better than under the other systems. Additionally, his research demonstrated that applying System 4 principles produces a culture of higher performance and higher employee satisfaction. Ideally, an organization wants to move toward higher System 4 results. Therefore, our recommendations are intended to help the city move toward a System 4-dominated management style to improve the culture and enhance performance.

The heat map results tables below highlight where the survey results’ highest, lowest, and middle ranges lie for each row of responses. Green represents the highest percentages in the row, red represents the lowest, and the shaded yellows or combinations of red-yellow or green-yellow represent the midranges. The gradations between the systems reflect that organizations do not tend to fit under one system, but aspects of their culture may float across systems. Accordingly, the percentages should not be construed as absolute measures. A single percentage needs evaluation against other percentages for that question and the specifics of what the question seeks to understand. Just because the highest percentage for a question is under a System 4 response does not mean there is no need for additional work. The City must also remember that these results are from a baseline year survey.

They should be a starting point for citywide dialogue. [For more information on Likert’s work, see [Rensis Likert’s Management Systems](#) in Part Two.]

	<b>System 1 (Exploitative Autocratic)</b>	<b>System 2 (Benevolent Autocrat)</b>	<b>System 3 (Consultative)</b>	<b>System 4 (Participative)</b>
<b>EMPLOYEE MOTIVATION</b>	Security Money	Status	Growth Recognition	Identity Achievement Influence
<b>TEAMWORK</b>	None	Little	Some	Much
<b>COMMUNICATION</b>	Down Only	Mostly Down	Up and Down	Up, Down, Sideways
<b>DECISION MAKING</b>	Boss Alone	Boss Mostly, some technical at lowest level	Boss Focused: Asks, Decides, Explains	Team Based
<b>GOAL SETTING</b>	Top Down	Top Down	At Top, with Consultation	Group Participation
<b>EMPLOYEE ATTITUDES</b>	Hostile	Mixed (toward negative)	Mixed (toward positive)	Favorable
<b>OUTPUT</b>	Mediocre	Fair to Good	Good to Excellent	Excellent

The results in the tables below include four data cuts:

- Manager/Supervisor responses for all Council appointee operations
- Staff responses for all Council appointee operations
- Aurora Police Department (APD), and
- Aurora Fire Rescue (AFR).

We are aware of specific interest in these two public safety operations and chose to separate their results. We also know their cultures are uniquely different and characterized as paramilitary operations with a strong command and control structure. We anticipated that we might see significant differences in responses because of this distinction; however, as seen below, APD and AFR responses generally mirrored the responses of the rest of the city. We also note that these public safety agencies are currently undergoing leadership changes. The survey results reflected the staff's perceptions when the previous chiefs occupied their respective leadership positions.

## **SURVEY RESULTS AND OBSERVATIONS**

We offer the following observations regarding the survey responses by cultural characteristics.

## Leadership

*The leadership and other processes of the organization must be such as to ensure a maximum probability that in all interactions and in all relationships within the organization, each member, in light of their background, values, desires, and expectations, will view the experience as supportive and one which builds and maintains their sense of personal worth and importance. This is the principle of supportive relationships.*<sup>ix</sup>

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
How much confidence and trust does your direct supervisor show in you?	No confidence or trust	Low confidence and low trust	A moderate amount of confidence and trust	A great deal of confidence and trust
Manager/Supervisor	0.34%	2.76%	16.21%	80.69%
Staff	2.41%	4.69%	19.90%	73.00%
Aurora Police Department	3.35%	6.70%	13.88%	76.08%
Aurora Fire Rescue	1.04%	6.25%	20.83%	71.88%

Respondents report a moderate to a high degree of perceived trust by their direct supervisors. If true, this is excellent. According to Paul Santagata, Head of Industry at Google, “There’s no team without trust.”<sup>x</sup> [To understand the importance of *Trust* in an organization, see [The Importance of Trust](#) in Part Two.]

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
How free do you feel to talk to your direct supervisor about your job?	I don’t feel free at all	Somewhat free	Moderately free	Very free
Manager/Supervisor	4.14%	9.31%	16.55%	70.00%
Staff	6.34%	12.93%	15.72%	65.02%
Aurora Police Department	8.61%	12.92%	11.48%	66.99%
Aurora Fire Rescue	8.33%	11.46%	18.75%	61.46%

Here is an example of where the high percentages in the “Very free” column could be written off as an acceptable rating with no more attention necessary. But if there were a question where one would expect much higher percentages in the “best” response category, it would be this one. We would have expected the results to have been higher given the previously referenced perceived trust responses and the nature of the Manager/Supervisor-Staff relationship. If anyone should be discussing issues regarding the job, it should be Managers and Supervisors with Staff and on a regular basis! Where are the meaningful contacts by the Managers and Supervisors with their Staff? *We believe this is evidence of a possible trust issue.* In the open-ended comments, some staff recognized their departments for making them feel supported and included. However, there was a perception in other areas that management either did not know, understand or care what staff thought (these related to management at all levels.) Words and phrases such as “ignored,” “criticized,” “disrespect,” “no recognition at all,” “mistreated,” and “no positive feedback” were sprinkled throughout the comments.

“Cultures that don’t value and nurture openness and connection become dysfunctional and eventually toxic.”<sup>xi</sup> In his book *The Culture Code*, author Daniel Coyle examines how being connected contributes to an environment of *psychological safety*<sup>xii</sup>, which is “the foundation on which strong culture is built.”<sup>xiii</sup> “In a now famous study by Google, psychological safety was identified as the single most important factor in differentiating great performing teams from the merely good ones.”<sup>xiv</sup> [emphasis added]

“Getting to know your team members personally ... will give [Managers/Supervisors] insight into what motivates and drives them—just the information [they] need to achieve new levels of employee engagement. [Managers/Supervisors] will be able to provide meaningful recognition and feedback, and employees will feel the authenticity.”<sup>xv</sup> [See [Connection and Psychological Safety](#) in Part Two.]

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
How often do managers/supervisors seek out and constructively use your ideas and those of your peers?	Never	Sometimes	Often	Very frequently
Manager/Supervisor	3.79%	28.28%	30.69%	37.24%
Staff	9.76%	40.30%	26.36%	23.57%
Aurora Police Department	13.88%	43.54%	22.49%	20.10%
Aurora Fire Rescue	14.58%	46.88%	23.96%	14.58%

These results show the most prevalent responses cross Systems 2, 3, and 4. For Staff, the highest concentration is in System 2. The split is almost 50/50 between combined Systems 1 and 2 and combined Systems 3 and 4 for Staff responses. Managers and Supervisors perceived higher System 3 and 4 behaviors, yet still, almost one-third perceived System 2 and below. The open-comment responses support these results. Commenters reported feeling undervalued, having their input ignored even when solicited, their ideas not taken seriously, and that their opinions were not wanted or welcomed. Given the high perception percentage under System 2 by Staff, they may perceive that leadership does not believe they have the competence to be creative or solve problems effectively.

For APD and AFR, the highest concentration is in System 2. Over half of the responses exist in the combined Systems 1 and 2.

When an organization does not actively seek out and use the ideas of its staff, opportunities are lost. Organizations lose the opportunity to enhance staff’s connection to their work and deprive them of the chance to contribute to operations in a personally meaningful way. Consequently, an organization may miss out on its best information sources while eroding trust and degrading performance. Likert emphasizes in his *principle of supportive relationships* the importance of creating an environment that reinforces the concepts of personal worth, sense of significance, and human dignity. Actively pursuing and using staff ideas is a way to apply that principle. [See [Rensis Likert’s Systems of Management](#) in Part Two.]

Actively seeking out and employing staff’s ideas provides the following benefits:

- Increased staff well-being and retention
- Increased staff ownership of ideas

- Access to innovation and better information
- Improved productivity

## Motivation

*Workplace recognition motivates, provides a sense of accomplishment, and makes employees feel valued for their work. Recognition not only boosts individual employee engagement, but it also has been found to increase productivity and loyalty to the [organization], leading to higher retention.<sup>xvi</sup> A substantial body of research findings demonstrates that the greater the loyalty of members of a group towards the group, the greater is the motivation among the members to achieve the goals of the group, and the greater is the probability that the group will achieve its goals.<sup>xvii</sup>*

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
Which of the following manners most closely resembles how managers/supervisors in your work group motivate staff to do their work?	Fear, threats, punishment, and occasional rewards	Rewards and some actual or potential punishment	Rewards, occasional punishment, and some involvement in guiding the operations	Rewards and involvement in guiding the operations
Manager/Supervisor	8.28%	4.83%	25.17%	61.72%
Staff	13.69%	7.86%	18.50%	59.95%
Aurora Police Department	23.44%	9.57%	25.84%	41.15%
Aurora Fire Rescue	32.29%	9.38%	14.58%	43.75%

Results for APD and AFR show that only 40% perceive managers/supervisors motivate by using rewards and involvement to guide operations. Also, the Public Safety groups had higher responses for managers/supervisors using fear, threats, and punishments to motivate.

The best managers promote a recognition-rich environment, with praise from every direction and everyone aware of how others like to receive appreciation. The best methods of recognition are not “one size fits all.” Recognition and gratitude are best received and most effective personalized. The ability to personalize appreciation and recognition requires that Managers and Supervisors build meaningful relationships with their Staff.

How a Manager or Supervisor chooses to motivate their staff directly results from what they believe about their staff and the nature of work. If they believe that staff is lazy, selfish, dishonest, or inept, they are likely to believe they are best motivated by fear, intimidation, or punishment. They may also use money or job security to motivate staff. If they believe that staff is motivated by the work itself, by being good at it, and knowing what needs to be done and how, they will often allow staff the freedom to work independently and reap the rewards of a job well done. They will recognize good work (which can include but does not require monetary rewards), provide more challenging opportunities for growth, and show the staff member how what they do contributes to the larger picture giving them a sense of contribution and connection. [For more information on this topic, see [Motivating Staff](#) in Part Two.]

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
At work, are you given the opportunity to do what you do best every day?	No, not really	Some days, but not most	Most days, but not all	Every day
Manager/Supervisor	5.52%	11.03%	46.55%	36.90%
Staff	7.10%	11.53%	39.54%	41.83%
Aurora Police Department	15.79%	17.70%	37.32%	29.19%
Aurora Fire Rescue	9.38%	13.54%	36.46%	40.63%

Most respondents perceive that they have the opportunity to do what they do best every day. But, as we will see in subsequent question responses, there's a desire for even greater staff involvement.

Has someone at work talked to you about your progress or performance in the last six months?	Yes	No
Manager/Supervisor	81.03%	18.97%
Staff	83.65%	16.35%
Aurora Police Department	67.94%	32.06%
Aurora Fire Rescue	68.75%	31.25%

Performance feedback—clear, specific, personal, regular, and timely—is critical to improving employee performance. Managers and Supervisors should regularly engage their staff regarding their performance throughout the year, not just during the semi-annual performance cycle, and not just to provide criticism. Additionally, Managers and Supervisors should look for ways to positively encourage their staff and recognize them for work well done. Positive words often generate positive responses.

The City maintains a semi-annual performance cycle. Based on the final annual performance evaluation data for 2021, we learned that 23% of eligible employees did not receive an evaluation. However, according to Section 2.3 Performance Evaluation Policy, *City of Aurora Employee Manual*, it is required for Career Service employees. The evaluation is the basis upon which pay adjustments and performance bonuses are determined. We know some staff within the 23% received pay increases without a formal evaluation. (Different criteria apply to APD and AFR.)

## Teamwork

*Team building is key to the success of your employees. When there is tension or rifts between the members of your department, it can slow down processes, severely hamper creativity and decrease overall employee satisfaction—things that you definitely want to avoid.<sup>xviii</sup> The capacity to achieve cooperative teamwork improves an organization’s productive capability.<sup>xix</sup>*

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
How well do you and the members of your work group work together as a team?	Extremely not well	Somewhat not well	Somewhat well	Extremely well
Manager/Supervisor	0.72%	3.61%	39.35%	56.32%
Staff	2.53%	6.74%	32.87%	57.87%
Aurora Police Department	2.58%	7.73%	34.54%	55.15%
Aurora Fire Rescue	1.11%	2.22%	25.56%	71.11%

The current perception regarding Teamwork is respectable with most of the responses perceiving Systems 3 and 4.

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
My teammates _____ contribute high quality work effort.	Rarely	Sometimes	Often	Always
Manager/Supervisor	1.03%	10.34%	43.45%	45.17%
Staff	2.66%	14.20%	36.63%	46.51%
Aurora Police Department	3.83%	12.92%	44.02%	39.23%
Aurora Fire Rescue	2.08%	9.38%	41.67%	46.88%

Respondents’ perceptions regarding the quality of their teammates’ work are respectable. [See also [Cultivating Teamwork, Responsibility, and Accountability](#) in Part Two.]

## Communication

*Different communication styles and ineffective use of communication tools are contributing to the lack of clarity about responsibilities...and certainly adding to workplace stress levels.<sup>xx</sup>*

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
In this question, “information” includes directions, work results, notices about various important topics, alerts, etc. How does this information in your work group usually flow?	It only comes down from managers or supervisors	It mostly comes down from managers or supervisors	It comes from managers or supervisors above me and, if I am a manager or supervisor, from staff below me	Information comes from all directions
Manager/Supervisor	8.62%	25.52%	18.62%	47.24%
Staff	17.36%	39.29%	3.04%	40.30%
Aurora Police Department	13.40%	25.84%	5.26%	55.50%
Aurora Fire Rescue	25.00%	38.54%	7.29%	29.17%

AFR results show more than 60% of responses in System 1 and System 2.

The best flow of information is when it flows up, down, and across an organization, department, division, or work group. As a result, management and staff are better informed and are (hopefully) carrying on helpful dialogue and sharing critical information. Conversely, if there is no information sharing across the organization, this reinforces silos and robs others outside—and sometimes inside—of a department, division, or work group of needed information.

Multi-directional communication leads to improved cooperation within and between teams. It can also improve teamwork as groups share practices and information; it makes collaboration more productive.

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
How is information (e.g., directions, work results, notices about various important topics, alerts, etc.) from any manager/supervisor received in your work group?	It isn't trusted; it is never questioned	It may or may not be trusted, rarely questioned	It isn't trusted, but it is openly and candidly questioned	It is generally trusted and can be openly and candidly questioned
Manager/Supervisor	1.72%	22.41%	6.55%	69.31%
Staff	3.42%	26.49%	6.34%	63.75%
Aurora Police Department	7.66%	36.36%	10.53%	45.45%
Aurora Fire Rescue	6.25%	39.58%	15.63%	38.54%



Results for APD and AFR show skepticism around how information is received, with less than half of respondents viewing information as trusted.

Trust is a critical component of communication. Information perceived as incomplete, intentionally vague, deceptive, insincere, contradictory, or that doesn't make sense to the intended audience will be looked upon with skepticism. The ability to question information and openly discuss it without fear of embarrassment or rejection contributes to psychological safety in the workplace. [See also [The Importance of Communication](#) in Part Two.]

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
How accurate is information that you and your coworkers share with managers/supervisors above you?	They are not given the truth	They are told what they want to hear and nothing more	They are told what they want to hear, but sometimes given more information	They are given all the facts, whether the news is positive or negative
Manager/Supervisor	0.34%	1.72%	8.28%	89.66%
Staff	1.01%	4.44%	13.05%	81.50%
Aurora Police Department	4.31%	9.09%	14.35%	72.25%
Aurora Fire Rescue	4.17%	14.58%	12.50%	68.75%

The perceived ratings are very high and clustered under System 4. We question whether this rating is entirely accurate. It may be, but staff may also be reluctant to respond, given their expressed fear of retribution if identified with a specific comment. We learned, anecdotally, that some staff were purposefully going to respond to the survey in ways they thought would give management what they wanted to hear. We cannot identify where or whether this happened; however, response rates this high for this question in the context of the responses to other questions give us pause.

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
To what extent are managers/supervisors above you aware of the problems you and your peers face in your jobs?	Often unaware	Moderately aware of problems	Aware of some problems; unaware of others	Generally, quite well aware of problems
Manager/Supervisor	11.38%	20.34%	23.10%	45.17%
Staff	11.28%	25.22%	17.11%	46.39%
Aurora Police Department	14.35%	20.57%	23.44%	41.63%
Aurora Fire Rescue	30.21%	13.54%	31.25%	25.00%

We see in these results an insufficient awareness by Leadership of the problems their staff face. Additionally, the AFR results are significantly lower than all other respondents, indicating a need for more intentional interaction by AFR leadership with staff.

A Manager's or Supervisor's lack of awareness could result in critical problems going unaddressed, especially in situations where sharing bad news with those above the employee sparks fear of retribution. As we noted in

question two under Leadership, if anyone should discuss issues regarding the job, it should be Managers and Supervisors with Staff and regularly!

It is a failure to execute their leadership responsibilities properly if Leaders are unaware of the problems their staff face on the job. A failure to effectively manage staff is a contributing factor to higher turnover. As often quoted, “Employees don’t leave companies; they leave bad bosses.” Poor management practices by managers and supervisors are often due to inadequate training for their roles. According to a 2018 study by WestMonroe, 34% of managers receive no manager-specific training. In a survey of 3,000 American workers conducted by GoodHire, an overwhelming majority (82%) of all respondents said yes, they would consider quitting because of a bad manager.<sup>xxi</sup>

Human Resources exit survey data for 2021 and 2022 shows that of the 126 survey respondents (all operations except APD) in 2021, 24% cited their supervisor as a reason for leaving. For 2022, of the 86 survey respondents (all operations except APD) through August 2022, 28% cited their supervisor as a reason for leaving.

The City’s Human Resources leadership recognizes a training gap for managers and supervisors; they are actively working on the issue.

### Decision Making

*As the pace of change increases, the ability of leaders to make high-quality decisions quickly and accurately is a critical leadership capability. Bad decisions can put organizations in jeopardy for obvious reasons.<sup>xxii</sup>*

*We are coming to recognize with increasing clarity that the capacity of an organization to function well depends both upon the quality of its decision-making processes and upon the adequacy and accuracy of the information used.<sup>xxiii</sup>*

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
At what level in your Department or Office are decisions normally made?	All decisions are made by the top manager	Most decisions are made by the managers or supervisors	In general, decisions are made by the managers or supervisors with some input from staff	Decision-making, regardless of the issue, is made collaboratively with input from across the Department or Office
Manager/Supervisor	11.72%	21.03%	51.72%	15.52%
Staff	17.36%	29.91%	42.71%	10.01%
Aurora Police Department	32.06%	26.32%	33.49%	8.13%
Aurora Fire Rescue	27.08%	35.42%	30.21%	7.29%

Collaborative decision making is not perceived as a pervasive practice despite evidence showing that it often leads to better decisions. [See also [Decision Making, Employee Engagement, and Performance Improvement](#) in Part 2.]

The Public Safety decision-making hierarchy differs from normal city operations, as reflected in the results. Therefore, APD and AFR leadership should identify appropriate methods to expand decision-making to all levels.

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
Are you involved in decisions related to your work?	I am never asked for my input	Occasionally I am asked for my input	Regularly I am asked for my input	I am always asked for my input
Manager/Supervisor	1.38%	20.69%	59.31%	18.62%
Staff	12.93%	43.85%	34.35%	8.87%
Aurora Police Department	20.10%	44.02%	29.67%	6.22%
Aurora Fire Rescue	17.71%	52.08%	21.88%	8.33%

Participative decision making leads to higher performance. Managers and Supervisors perceive that they are asked more frequently for their input on decisions related to their work than Staff.

Staff and Public Safety perceptions that they are only occasionally asked for input on decisions related to their work, along with the perceived low level of awareness by Leadership of the problems their staff face on their job leads us to believe that Leadership may be making important decisions in unnecessary ignorance.

The benefits of including staff in decision making include<sup>xxiv</sup>:

- Improved morale. Involvement gives employees a sense of power and connection.
- More inputs. By broadening participation, the decision maker takes advantages of the strengths of the staff which may offset weaknesses they may have.
- Participatory decision making is a way to improve teamwork as well as build better relationships and trust.
- When everyone has some involvement in a decision, it leads to greater commitment to make the result a success.
- The more decisions a leader can delegate, the less time they need to spend on them, freeing them up to attend to other matters.

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
Does it matter to you how decisions are made in your work group?	Doesn't matter to me at all	It matters a little but not much	It matters most of the time, but not always	It matters to me very much
Manager/Supervisor	1.03%	4.83%	40.34%	53.79%
Staff	3.04%	13.18%	37.64%	46.13%
Aurora Police Department	1.44%	16.75%	36.84%	44.98%
Aurora Fire Rescue	3.13%	5.21%	38.54%	53.13%

It matters to all employees how decisions are made, which may also impact how well those decisions are carried out. See the question below.

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
Does the decision-making process change how you feel about carrying out any decisions made?	Not at all	Some	More often than not	Very much
Manager/Supervisor	27.93%	41.72%	8.97%	21.38%
Staff	23.57%	40.43%	12.17%	23.83%
Aurora Police Department	17.70%	41.63%	12.44%	28.23%
Aurora Fire Rescue	14.58%	43.75%	17.71%	23.96%

Nearly one-third of respondents report that the decision-making process, more often than not, can impact how they feel about carrying out the decisions made. Approximately one-quarter of Managers/Supervisors and Staff report that does not affect them.

### Goals

*Individuals are unlikely to set high performance goals for themselves and organize their work well if their supervisors and managers do not have such aspirations for each individual and for the entire department.<sup>xxv</sup>*

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
How are work group tasks developed and assigned?	Managers supervisors develop and assign the tasks	Usually, managers supervisors develop and assign the tasks, but sometimes staff is asked for input	Staff provide input, but the managers supervisors ultimately design and assign the tasks	Staff and managers/supervisors discuss and agree on needed tasks and their assignment as a group, except in times of crisis
Manager/Supervisor	13.10%	31.38%	36.21%	19.31%
Staff	31.56%	27.25%	20.79%	20.41%
Aurora Police Department	30.14%	26.79%	23.44%	19.62%
Aurora Fire Rescue	39.58%	30.21%	17.71%	12.50%

When staff are involved in setting their tasks and designing their approaches to their work, Managers and Supervisors can take advantage of their expertise and experience, train them to think for themselves and increase their connection to their work. These result in a more committed worker and improved performance. It also builds trust. Ultimately, this helps staff grow and become more valuable to the organization.

This opportunity for growth provides a path for career progression as well. Concern over the absence of career progressions was a common theme in the responses to the open-ended questions. The lack of growth opportunities

was also cited as a reason for staff turnover in Human Resource exit survey responses for 2021 (28 of 126 respondents; 22%) and 2022 (25 of 86 respondents through August 2022; 29%).

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
Who do you believe is responsible for accomplishing Department or Office goals? [Your Department or Office may not set goals for itself or you may be unaware of them. If either is the case, answer as if they did.]	The top-level manager	All managers or supervisors	Most staff, regardless of level	Everyone, regardless of whether they are management or staff, should feel personally responsible
Manager/Supervisor	9.31%	9.31%	8.28%	73.10%
Staff	8.49%	14.20%	14.07%	63.24%
Aurora Police Department	18.18%	7.18%	12.44%	62.20%
Aurora Fire Rescue	18.75%	7.29%	13.54%	60.42%

Many respondents believe everyone should feel responsible for achieving department or office goals. The best way to accomplish this is to give them a stake in setting the goals. A sense of responsibility for achieving departmental or work group goals is evidence of commitment to the group. “A substantial body of research findings demonstrates that the greater the loyalty of members of a group toward the group, the greater is the motivation among the members to achieve the goals of the group, and the greater is the probability that the group will achieve its goals.”<sup>xxvi</sup> Loyalty is created through more significant involvement developing goals and work assignments. [See also [Increase Responsibility and Accountability](#) and [Decision-Making, Employee Engagement, and Performance Improvement](#).]

## Control

*How does the organization go about achieving its goals? A highly effective, highly motivated human organization can accomplish with great success almost anything it sets out to do. Results achieved by such an organization are a manifestation of the effectiveness of the interaction-influence system of its human staff. A focus on procedure and outcome places the emphasis of performance on adhering to standard operating procedures and achieving designated objectives. A manager's job becomes making staff productive. Productivity and staff morale become two separate objectives. When these two objectives become at odds, the tendency is to lean toward productivity over staff.<sup>xxvii</sup> Are staff active participants or merely parts to be manipulated, a means to an end? How does the approach affect staff morale and performance?*

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
Do staff secretly resist or ignore supervisor's/manager's direction (what, how, or when to do something) in your work group?	There is strong resistance to supervisor's manager's direction, and the direction is frequently ignored	There is partial resistance to supervisor's manager's direction, and the direction is sometimes ignored	There is occasional resistance to supervisor's manager's direction, but the direction is rarely ignored	Everyone works together to implement supervisor's manager's direction
Manager/Supervisor	1.03%	17.24%	46.55%	35.17%
Staff	3.04%	13.43%	33.21%	50.32%
Aurora Police Department	3.35%	19.14%	40.67%	36.84%
Aurora Fire Rescue	8.33%	21.88%	37.50%	32.29%

Thirty percent of AFR respondents noted strong to partial resistance to supervisor/manager direction, including ignoring it. Resistance is a form of disengagement. According to the Gallup organization that has been tracking employee engagement trends for more than 20 years, the number of engaged employees in the U.S. dropped in 2021. Gallup reports engaged workers at 34%, disengaged workers at 50%, and *actively* disengaged workers at 16%, the latter up from 14% in 2020. “Actively disengaged employees are disgruntled and disloyal because most of their workplace needs are unmet.”<sup>xxviii</sup> “Disengagement is often defined by its symptoms, which include slow working tempo, lack of interest in work, easily and prolongingly distracted, and minimal output (Pech & Slade, 2006.) Disengaged employees often possess negative attitudes toward their work and organization. These negative attitudes have been shown to have detrimental effects on organizational productivity and success.”<sup>xxix</sup>

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
Work product is usually reviewed by someone; the decisions of how, when, and where work is done is usually controlled by someone as well. These actions are called review and control functions. In your Department or Office, who is responsible for review and control functions?	All review and control occur at the highest levels of management	Most of the review and control occurs at the highest levels of management with some control delegated downward to other managers supervisors	Much of the review and control is delegated down to managers/supervisors	Review and control responsibilities are shared between staff and managers supervisors up, down, and across the Department or Office
Manager/Supervisor	6.90%	17.93%	38.62%	36.55%
Staff	12.67%	21.42%	34.47%	31.43%
Aurora Police Department	14.35%	20.10%	43.54%	22.01%
Aurora Fire Rescue	29.17%	33.33%	20.83%	16.67%

AFR respondents perceive responsibility for review and control at the highest levels, with some delegation to managers. These responses are typical for a traditional industrial, command and control hierarchical pyramid structure.

In our opinion, the City may want to consider experimenting with self-directed or self-managed work teams. A move toward greater autonomy in directing tasks is an attribute of agile organizations. The agile work approach was first developed in the software industry, but applying agile principles is being broadened across many industries today. It has less to do with the industry and more about the approach to how work is planned and executed. It empowers staff to take greater control and accountability for their work results. Rensis Likert developed his management philosophies in the 1960s; however, he was ahead of his time. His System 4 principles are essentially the same found in modern-day agile organizations.

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
Sometimes staff can join together in cliques, factions, in-groups, or informal groups that can influence how staff respond to management's decisions. These groups are not part of the formal management structure but form on their own. This is called an informal organization. To what extent is there an informal organization in your work group?	There is a strong informal organization	There is an informal group present, but it is not large or widespread	There may be an informal organization present; it depends on what is happening in our work group	There is no informal organization present
Manager/Supervisor	11.38%	18.28%	35.52%	34.83%
Staff	11.41%	13.43%	25.60%	49.56%
Aurora Police Department	26.79%	9.57%	33.01%	30.62%
Aurora Fire Rescue	38.54%	11.46%	33.33%	16.67%

Public Safety has higher levels of informal organizations present. Informal organizations tend to form where there is high workplace dissatisfaction or toxicity. These informal organizations can be large or small, fill departments or only appear in work groups. They can hold significant sway over staff responses to management directions or may be benign, cathartic groups for releasing disappointment. It is important for leaders to identify where they appear and find out the reasons for their existence. Leaders should not ignore them as they can be petri dishes for toxicity on a larger scale, spreading beyond the boundaries of their location and infecting vast swathes of the organization.

	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
If you responded that there is an informal organization present in your work group, what is the impact of that informal organization?	It exercises significant influence over staff's response to management's decisions	It exercises some influence over staff's response to management's decisions	It exercises moderate influence over staff's response to management's decisions	It has no impact whatsoever on how staff respond to management's decisions
Manager/Supervisor	12.70%	43.92%	20.63%	22.75%
Staff	12.81%	38.19%	17.34%	31.66%
Aurora Police Department	16.55%	37.93%	22.76%	22.76%
Aurora Fire Rescue	22.50%	42.50%	15.00%	20.00%

The perception of those who believe that informal organizations exist in the city is that they have varying degrees of impact, but an impact, nonetheless.



	System 1 Exploitative Autocratic	System 2 Benevolent Autocratic	System 3 Consultative	System 4 Participative
How is performance data used in your work group?	Policing behavior and punishment	Rewarding and punishing behavior	Rewarding behavior and for some self-guidance	For self-guidance and problem solving
Manager/Supervisor	7.00%	9.05%	25.93%	58.02%
Staff	15.87%	7.69%	23.56%	52.88%
Aurora Police Department	27.20%	9.60%	16.00%	47.20%
Aurora Fire Rescue	35.48%	8.06%	16.13%	40.32%

Over one-third of Public Safety respondents perceive performance data is used for punishment. Ideally, performance data is best used to help staff perform more efficiently and effectively. It is invaluable in helping management identify and solve problems rapidly. Performance data is also helpful for recognizing and rewarding outstanding performance.

Performance data can be collected and used within every unit of the organization, from the smallest unit (the individual employee) to the organization. It can be collected for processes and projects as well.

When performance data is weaponized, it is disheartening to staff and erodes trust and performance. If the sole use of the data is for policing and punishing behavior, management can lose an opportunity to sow performance improvement instead of resentment. Performance data can be a valuable tool in helping employees grow and preparing them for advancement and greater responsibility by measuring proficiency and highlighting areas for further training.

Too often, capturing and using performance data is avoided because leaders are unaware of its value, unsure how to implement the practice, or the capture and analysis processes are highly manual. In addition, the “cost” of the effort is often seen as being less than the value. The solution is not to abandon an effort to implement performance management but to solve the problems that lead to resistance.

Performance data is data gathered to measure progress against individual or unit goals or to measure the results of work processes. Does your work group gather performance data of this kind?	I don't know	No	Yes
Manager/Supervisor	16.21%	16.21%	67.59%
Staff	47.28%	10.65%	42.08%
Aurora Police Department	40.19%	20.10%	39.71%
Aurora Fire Rescue	35.42%	9.38%	55.21%

If performance data is genuinely being collected in parts of the City, too many people are unaware of the practice. This is a failure of engagement and communication. If it is being collected, all staff should be aware of what is

being collected and why. If it is not being collected, the question should be, “why not?” [See also [The Practice and Pitfalls of Performance Management](#) in Part Two.]

## Safety

*This area is not a part of Internal Audit’s usual culture survey instrument. We added these three questions at Management’s request since safety is considered essential to our culture.*

“A *safety culture* can be defined as an organizational commitment to safety throughout all levels of the organization. Safety cultures can be difficult to describe and quantify but when one is established, it is perceptible and obvious (Ayres et al., 2009).”<sup>xxx</sup>

What best defines the collective safety mindset in your work group?	Safety is not a high priority for my teammates or my direct supervisor	Safety is a high priority for my teammates, but not my direct supervisor	Safety is a high priority for my direct supervisor and my teammates
Manager/Supervisor	5.96%	1.70%	92.34%
Staff	7.89%	5.16%	86.95%
Aurora Police Department	4.96%	3.55%	91.49%
Aurora Fire Rescue	1.52%	1.52%	96.97%

The perception is that safety is a high priority in the City. The City maintains a safety committee with representatives from across the various departments. This committee is responsible for assessing the safety environment, reviewing safety statistics, and recommending safety improvements.

I believe that sufficient resources (time, money) are invested in safety in my work group.	Yes	No
Manager/Supervisor	80.00%	20.00%
Staff	79.06%	20.94%
Aurora Police Department	63.12%	36.88%
Aurora Fire Rescue	54.55%	45.45%

One-fifth of city respondents, 37% of APD respondents, and 45% of AFR respondents perceive that more could be done to improve staff safety. Deciding how much to invest in safety measures is a difficult task. We encourage all Leadership to work with their employees to identify what level of resources are needed. It is challenging to measure the effectiveness of a strategy designed to deter a particular event. We encourage continued investment in the efforts of the Safety Committee to identify areas where safety investment needs to be increased and to include staff from all levels in those discussions.

I believe my personal health and safety on the job is a priority to my direct supervisor.	Not at all	Sometimes	Most of the time	All the time
Manager/Supervisor	4.26%	6.38%	18.30%	71.06%
Staff	5.46%	11.38%	18.36%	64.80%
Aurora Police Department	2.84%	9.93%	26.24%	60.99%
Aurora Fire Rescue	4.55%	6.06%	18.18%	71.21%

If staff perceive that safety is not a high priority for their direct supervisors, it can impact trust and performance. Further, if it is not a priority, the result can be an injury or worse.

## Recommendations

Through the survey responses and the many comments we have received from staff, we believe the issues identified in this report are real and require a sense of urgency in understanding and addressing them. We recognize that the task can seem daunting. We are not recommending that all the recommendations be addressed simultaneously. We believe that Management should take calculated, incremental steps to implement them. It will take time and a concerted effort to begin to move the needle of change, but we believe that change is necessary to prove to our staff that their health and well-being matter, that our core values are real, and that we are willing to do the hard work necessary to fulfill the organization's potential and our City's vision. Internal Audit recommends that Management begin the work as soon as possible and that regular, annual follow-up surveys be conducted to chart their effort's progress.

- **Conduct a review of city project priorities and service levels in the context of available resources.** Current service levels are not resource realistic. There are too many "priorities." We believe that staff are approaching burnout if they are not there already. We recommend that Management reconsider the list of current city projects with staff and resource realistic implementation plans. Some projects may need to be deferred; others may need to be removed completely.

Management should also consider service levels in light of staff capacity. We recommend that Management engage staff in determining what service levels can be realistically achieved with current resources and then develop contingency plans to modify service levels as resource levels change. These plans should be discussed with City Council and realistic expectations communicated to the public. A human organization can only work at maximum capacity for so long before burnout sets in. This would not only be detrimental to the physical and mental well-being of city staff, but it could also establish an undesirable reputation that could negatively impact future recruitment and retention efforts, thereby compounding problems. Taking the time to step back and reassess the situation could be just what is needed to allow staff to "take a breath" and work prospectively from a position of strength. [For more on priorities and burnout, see, [An Obstacle to Changing the Culture: Burnout.](#)]

- **Engage in citywide dialogue with staff to better understand the survey results.** In the frenzy to keep work moving forward, the city is losing the capacity for meaningful dialogue between management and staff. Emails, videos, and other impersonal communications cannot take the place of face-to-face interactions on such a sensitive topic as culture. We recommend that management schedule a set of small in-person conversations within their departments with their staff to begin a dialogue on the survey results and the findings and recommendations in this report. These dialogue events will set the stage for future conversations and actions. City Management and Department Directors should take visible leading roles in these conversations.
- **Facilitate better relationship building between Managers, Supervisors, and Staff.** Relationships between Managers, Supervisors, and their Staff are critical building blocks for developing trust, establishing psychological safety, and recognizing performance personally.

- **Create psychological safety within the organization.**  
Without the ability for condemnation free dialogue, innovation declines, problems go undetected, and meaningful conversations are stifled. A psychologically safe environment is a prerequisite for diversity, equity, and inclusion efforts. Without psychological safety, necessary crucial conversations cannot occur.
- **Develop required core competency training for all Managers and Supervisors.**  
Being a manager or supervisor is not a natural skillset for everyone. However, being an effective manager or supervisor is critical to having a high performing team and organization. We recommend that HR develop and implement a training program on the core competencies required for a successful Manager or Supervisor and that hiring and promotional candidates demonstrate minimal proficiency in these core competencies before being hired or promoted.
- **Increase staff responsibility and enforce accountability citywide.**  
Much inefficiency results from a failure to expand staff responsibilities and allow them greater autonomy in decision-making and process improvement. A failure to provide clear expectations and enforce standards of accountability results in poor customer service (internally and externally) and frustration on the part of the staff who must carry a greater burden as a result.
- **Create a recognition-rich environment.**  
Personal, meaningful recognition will improve staff overall performance and organizational loyalty.
- **Improve multi-directional communication and information flow.**  
We recommend including staff in discussions regarding the best methods for improving communications and information flow. We also recommend developing standards using the city's many communication channels to improve efficiencies and reduce communication breakdowns. We also recommend that departments review meeting norms to save staff from unnecessary, time-wasting meetings.
- **Institute participatory decision making practices.**  
Involving staff to a greater degree in decision making will improve decisions and staff morale while providing staff an opportunity for greater contribution to organizational success.
- **Provide opportunities for staff growth and restore career progressions.**  
These are important opportunities for the future generations of this city. Moreover, they are critical to employee retention and succession capacity.
- **Institute self-managed, self-directed, or agile work teams where possible.**  
This is an initial step in becoming a 21<sup>st</sup> century organization.
- **Reconstitute the performance management practice including training and proper application.**  
Revising the employee evaluation within the Workday ERP is an excellent way to begin. Developing an organizational wide approach to performance management, training staff on its use and application, and then developing the data management capabilities for its successful implementation will prove invaluable to improving city operations and outcomes. Much can be done right now without excessive investments in systems. It will be required to manage the strategic plan (using the ClearPoint platform) and implement priority-based budgeting.

- **Conduct a citywide refresher on the Core 4 values.**  
The Core 4 values had a significant initial impact on staff satisfaction and performance. Refresher training for existing staff is long overdue.
- **Continue the annual culture and engagement surveys.**  
Polco, the organization currently performing the city’s resident satisfaction survey, offers an instrument that assesses culture and employee engagement and benchmarks it against other local governments. Having them or another survey company with experience in local government perform the annual survey could enhance future participation and improve the results. Since responses would be collected by an independent third-party, adequately staffed and experienced in handling such surveys, it could speed up the analysis and time to report.

## Part Two: Observations on Improving the Culture

### EXECUTIVE SUMMARY

- Corporate culture is listed among the most important reasons employees stay with their current employer — or start looking for another job.
- Employees want to feel respected, included, and involved.
- What leaders believe about the nature of people and their attitudes toward work determines how they respond to their employees.
- The degree to which trust is present in an organization—between leaders and staff and between teammates—will impact culture and performance the most.
- When staff believes they can take risks or speak up on issues without feeling insecure, being punished, embarrassed, or ostracized, they will be more innovative, creative, and productive. This is psychological safety, the greatest determinant of successful teams. It cannot exist without trust, and its absence leads to toxicity. Toxicity, even in small pockets, can erode culture and performance.
- Trust and psychological safety require personal relationships and connections between leaders and staff.
- Effective teamwork and communication are highly dependent upon these personal connections.
- Relationship building with staff is one of the primary requirements of effective leadership.
- Active participation in planning, execution, and decision making can improve decisions and overall performance.
- The absence of clear responsibility and consistent accountability can destroy a culture and organizational performance.
- Performance management is a valuable management tool if properly and rigorously applied.
- Effective multi-directional communication can have a profound impact on culture and performance.

### WHAT IS CULTURE, AND WHY IS IT IMPORTANT?

#### What is Culture?

**CULTURE** Etymology: having a unique identity; to maintain in an environment suitable for growth; related to cultivation (Latin *cultura*); a term which encompasses the social behavior, institutions, and norms found in societies as well as the knowledge, beliefs, arts, laws, customs, capabilities, and habits of the individuals in these groups; a cultural norm codifies acceptable conduct in society; it serves as a guideline for behavior and demeanor in a situation, which serves as a template for expectations in a social group<sup>xxx</sup>

A basic definition of *corporate* culture is “how we get things done...together.” It includes the values, standards, norms, and practices (whether spoken or unspoken, written, or unwritten) of how leaders and staff accomplish their work as a group. While organizations may have an overall culture based upon their corporate values, sub- or

mini-cultures can abound. Subcultures can be benign in the grand corporate scheme, or they may be hotbeds of toxicity and counterproductivity that undermine organizational success.

Culture is a human construct, a complex issue that needs to be managed; it is not a “problem” that can be solved and then ignored. We can make informed guesses about how humans will respond to various situations, but we can’t always be sure. Consequently, cultural dynamics are ever evolving and need regular tending.

To the legacy leader, everything still looks like a factory. And all our problems can be fixed if we work long and hard enough. But our bureaucracies are no match for the complexity of human-based systems. If we continue to treat the complex like it is complicated, we’ll spend our careers frustrated that control is always just beyond our grasp.<sup>xxxii</sup>

### Why is Culture important?

**In a recent study, nearly two-thirds of employees listed corporate culture among the most important reasons they stay with their current employer — or start looking for another job.**<sup>xxxiii</sup> [emphasis added] This is especially true for Millennials.<sup>xxxiv</sup> The generational importance is significant as organizations worldwide undergo a massive generational shift with boomers retiring and the younger generations (X-ers, Millennials, and Z-ers) moving into positions of influence.

For an organization to maintain the desired culture, they need to understand its current state. Culture never remains static. As turnover alters the demographic makeup of organizations, it also brings variations to culture. [See HR-provided City turnover statistics below. These are through August 31, 2022.] These can be subtle over time, but they can steer a culture wildly off course if not monitored. It is understood within organizational dynamics that when new people are added to an established group, it becomes a new group. Training new staff and regularly reaffirming cultural values to existing staff are necessary to preserve the desired culture. Culture should be regularly evaluated to ensure that what is in place will help an organization function so it can achieve its desired goals.

Full-time	2020	2021	2022 projected	2022 Jan - Aug
Avg. Filled FTEs	3,005	2,970	2,920	2,920
<b>Total Terms</b>	<b>345</b>	<b>464</b>	<b>518</b>	<b>345</b>
<b>Turnover %</b>	<b>11.5%</b>	<b>15.6%</b>	<b>17.7%</b>	<b>11.8%</b>
Projected	--	--		<b>17.7%</b>

*[In 2017, Internal Audit issued a report on the impact of the Core 4 values on the culture. It was our opinion at that time that the values, in place for five years at the time of our report, significantly impacted city operations. We recommended that the City take steps to reinforce the values through continuous training and refreshing, consistent and frequent messaging on their importance, and meaningful and regular recognition of the desired behaviors. The recommendations are even more important in 2022 due to staff turnover in the last three years (see graphic above.) Reinforcement is necessary before the values lose their impact.]*

### What Elements of Culture are Most Important?

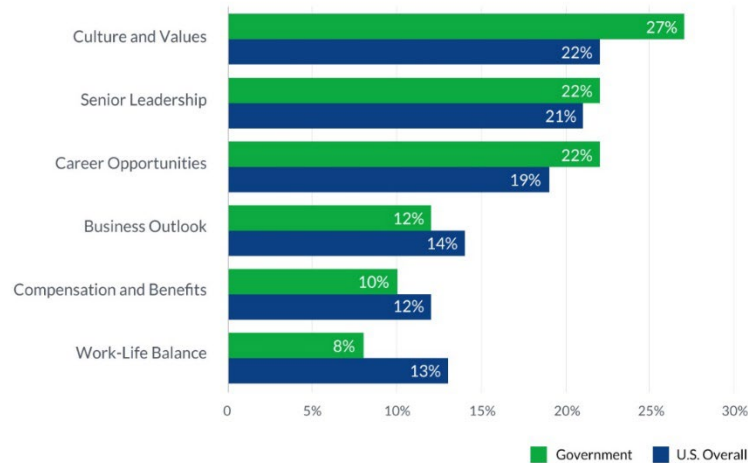
A multi-year study on 1.4 million employee reviews using data from Glassdoor identified the following top 10 culture elements that mattered most to employees.<sup>xxxv</sup>

1. **Employees feel respected.** Employees are treated with consideration, courtesy, and dignity, and their perspectives are taken seriously.
2. **Supportive leaders.** Leaders help employees do their work, respond to requests, accommodate employees' individual needs, offer encouragement, and have their backs.
3. **Leaders live core values.** Leaders' actions are consistent with the organization's values. Employees don't expect leaders to live the core values, but they appreciate it when they do.
4. **Toxic managers.** Leaders create a poisonous work environment and are described in extremely negative terms. Identifying toxic leaders, digging deeper to understand the context of their behavior, coaching them, or removing them from leadership positions are tangible actions organizations can take to root out people who are undermining corporate culture and potentially exposing the company to reputational or legal risk.
5. **Unethical behavior.** Managers and employees lack integrity and act in an unethical manner.
6. **Benefits.** Employees' assessment of all employer-provided benefits. When predicting a company's culture score, benefits are more than twice as important as compensation. [emphasis added] Benefits are important for all employees, but which benefits matter most depends on an employee's job. For example, for front-line workers health insurance and benefits are better predictors of culture rating. In contrast, for white-collar employees, retirement benefits such as 401(k) plans and pensions matter more. Recent research shows that compensation is at least as important as culture in retaining employees, particularly among younger workers. Compensation matters, but it won't fix a broken culture. [emphasis added]
7. **Perks.** Employees' assessment of workplace amenities and perks. Among perks, company-organized social events are a particularly strong predictor of a high culture score. [emphasis added] Even when you control for how employees talk about perks in general, social events like team-building exercises, happy hours, and picnics emerge as a reliable predictor of a high culture score.
8. **Learning and development.** Employees' assessment of opportunities for formal and informal learning. Nearly one-third of all employees mention opportunities for education or personal development in their reviews, making this the third most frequently discussed topic (after management and compensation). [emphasis added]
9. **Job security.** Perceived job security, including fear of layoffs, offshoring, and automation.
10. **Reorganizations.** How employees view reorganizations, including frequency and quality. When employees mention reorgs, they are much more likely to also discuss the pace of organizational change as too fast, inconsistency in strategy over time, and a lack of clarity about the company's evolving strategy.



**Government** employees are less likely to prioritize work-life balance among the factors studied (perhaps because they already enjoy greater work-life balance than most sectors), and more likely to prioritize the culture and values of their organization. [emphasis added.]<sup>xxxvi</sup>

### The Workplace Factors that Matter Most to Employee Satisfaction for Government Employees



Source: Glassdoor Economic Research (Glassdoor.com/research).



## The Impact of a Toxic Culture

The previously referenced Glassdoor data study also reviews the top five toxic culture attributes.<sup>xxxvii</sup> These include the following:

**Noninclusive:** How well organizations encourage the representation of diverse groups of employees and whether they are treated fairly, made to feel welcome, and included in key decisions. Being noninclusive includes gender, race, sexual identity and orientation, disability, and age as well as cronyism (nepotism and playing favorites) and general noninclusive culture (cliques, clubby, in crowd.)

**Disrespectful:** Feeling disrespected at work has the largest negative impact on an employee’s overall rating of their corporate culture of any single topic. Surprisingly, mentioning disrespect has a slightly stronger negative impact on the culture rating than when an employee comes right out and describes their culture as toxic (or uses other extremely negative terms, like “dystopian,” “dumpster fire,” or “soul-crushing”).

**Unethical:** The most common terms in reviews classified under this topic include “ethics,” “integrity,” “unethical,” “shady,” and “cheat.” Under a related topic — dishonesty — employees described dishonest behavior in dozens of ways, including “lie,” “mislead,” “deceive,” and “make false promises,” as well as adjacent terms that suggest shading the truth, such as “smoke and mirrors” and “sugarcoating.”

**Cutthroat:** When employees talked about colleagues actively undermining one another, their comments strongly predicted a negative culture score. The 1% of employees who cited a cutthroat culture employed a vivid lexicon to describe their workplace, including “dog-eat-dog” and “Darwinian” and talked about coworkers who “throw one another under the bus,” “stab each other in the back,” or “sabotage one another.”

Abusive: We define abusive management as sustained hostile behavior toward employees, as opposed to a boss who has a bad day and takes it out on team members. The most frequently mentioned hostile behaviors in Culture X's sample are bullying, yelling, or shouting at employees, belittling or demeaning subordinates, verbally abusing people, and condescending or talking down to employees.

## RENSIS LIKERT'S MANAGEMENT SYSTEMS

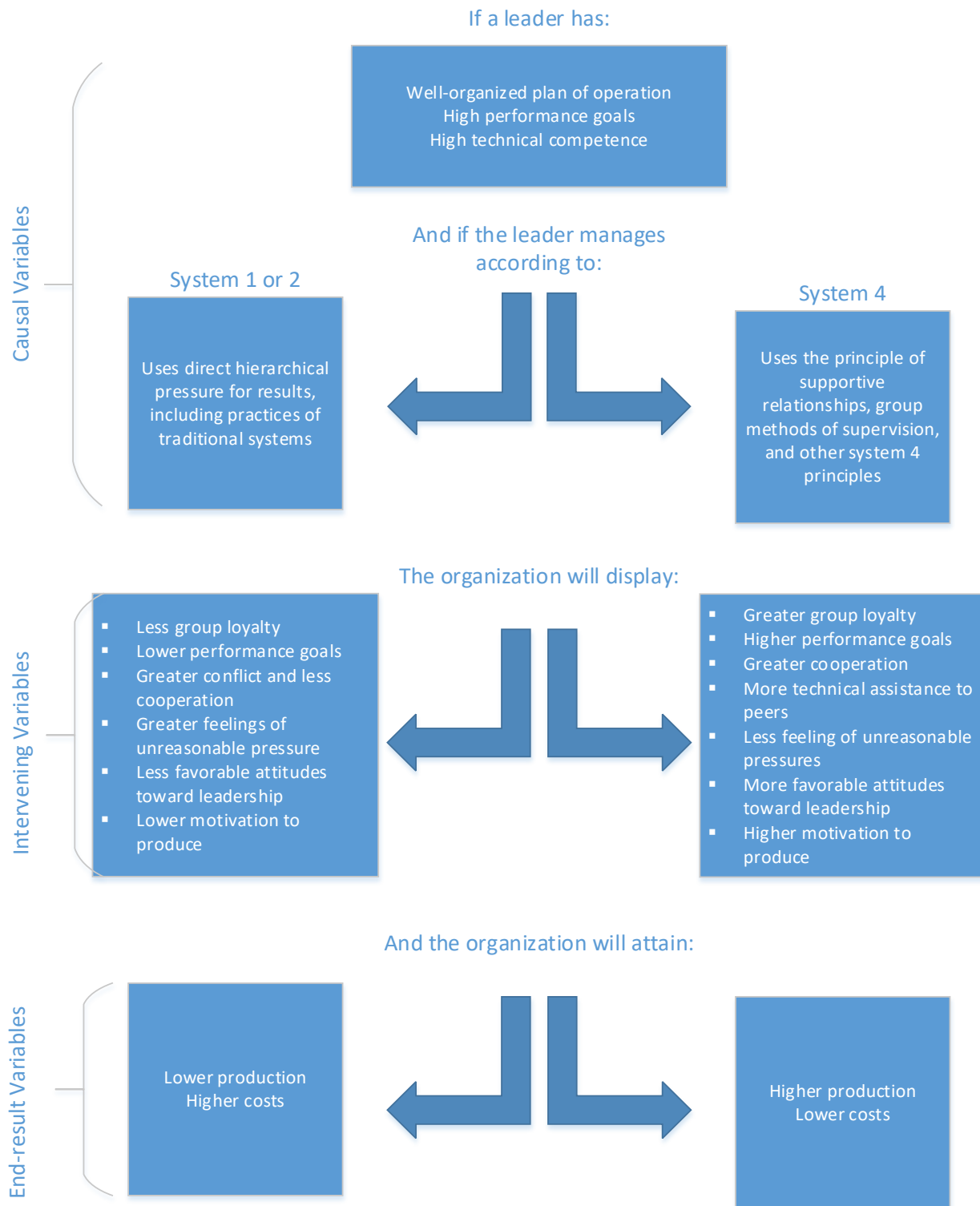
Likert's research focused on how improvements in the management of human resources could improve organizational performance. Likert equated *Leadership* with *Management*.

Our view of Likert's work is very high level, focusing on the key fundamental concepts he identified. These include:

- The principle of supportive relationships
- Group decision-making
- Group supervision
- High performance goals for the organization

These concepts Likert referred to as *causal variables*. The application of these concepts elicited specific responses, which he called *intervening variables*. The results of these responses were called *end-result variables*.

Whether and how the principles were applied determined whether the results would be positive or negative for the organization. Likert found that organizations that leaned more toward a System 4 management philosophy tended to perform better than under the other systems. In his research, he demonstrated that applying System 4 principles produces a culture of higher performance. Consider the example in the graphic below.<sup>xxxviii</sup>



Principle of Supportive Relationships

This is a general principle that the members of an organization can use to guide their relationships with each other. Application across the organization results in improving worker motivation and more collaborative teamwork. It is stated as follows:

*The leadership and other processes of the organization must be such as to ensure a maximum probability that in all interactions and in all relationships within the organization, each member, in the light of their background, values, desires, and expectations, will view the experience as supportive and one which builds and maintains their sense of personal worth and importance.*

When applying the principle of supportive relationships, the relationship between the manager/supervisor and the staff is crucial. This relationship, as the principle specifies, should be one which is supportive and bent toward encouragement. The more often an encouraging approach is taken, as opposed to ignoring or being excessively critical of staff, the better the effect on performance. It is essential to keep in mind that the leader and staff relationship needs to be viewed from the staff's perspective, their background, values, and expectations. It is the staff's perspective that determines whether an interaction is supportive or not. Both the behavior of the leader and the staff's perception of the situation must be such that the staff person, in light of their perspective, sees the relationship and experience as one that contributes to their sense of self-worth and importance, one which increases and maintains their sense of significance and human dignity.<sup>xxxix</sup>

The individual is the smallest unit of any organization. Therefore, the more individuals feel the positive effects of applying this principle, the greater the impact on the overall organization.

### Group Decision Making

According to Likert, the traditional hierarchical organization pyramid carries a fixed set of reporting relationships and employs the concept of delegated authority. System 4 management uses an overlapping organizational group, sometimes referred to as a "networked talent model." The interactions and processes rely heavily on group processes. In group decision making, the focus is on the decision to be made. Communications are open and clear. Important issues are identified and handled. Decisions are reached promptly, clear cut responsibilities are established, tasks are performed timely and productively. The group's capacity for effective problem solving is maintained by examining group processes and adjusting them as necessary.<sup>xi</sup>

### Group Supervision

In group supervision, managers or supervisors act as coaches and facilitators. The team conducts process discussions, outcome analysis, and problem solving. The manager or supervisor guides the group discussion to keep it focused and on track, but they do not seek to control it. The manager or supervisor uses the group setting as an opportunity to recognize performance, identify areas for individual and group development, and encourage the setting of high-performance goals. This process allows for the group to grow as a team, develop new skills, and problem solve more creatively. The result is greater loyalty to the team, an increased personal stake in outcomes, and a dedication to achieving the desired results.<sup>xli</sup> This is true empowerment. Too often, "empowerment means responsibility and blame without any real authority or autonomy. And when the overriding culture of the organization is one of command and control, the result is massive distrust and cynicism."<sup>xlii</sup>

### High Performance Goals

Applying the previous three concepts as a group establishes an environment where setting high performance goals is welcomed. The group becomes self-monitoring and uses positive peer pressure within itself to push toward goal accomplishment. This allows the manager or supervisor to actually manage or supervise instead of micro control. The ability to employ these concepts requires trust, psychological safety, and a commitment to System 4 principles.

The table below provides descriptors that help management understand their leadership philosophy<sup>xliii</sup> in the context of Likert's systems. Column one asks questions related to the critical components of leadership philosophy. The descriptors allow management to understand where in Likert's systems their beliefs fit. Beliefs manifest in actual behaviors. Individuals are quick to notice when rhetoric does not match behavior. The result is distrust. Note: Beliefs tend not to fit precisely within a particular System but may spread across a range on the spectrum. The greater the spread, the less likelihood that there is any kind of clearly defined management philosophy that dominates.

<b>What do we believe about:</b>	<b>System 1 (Exploitative Autocratic)</b>	<b>System 2 (Benevolent Autocrat)</b>	<b>System 3 (Consultative)</b>	<b>System 4 (Participative)</b>
<b>THE NATURE OF PEOPLE AND THEIR ATTITUDES TOWARD WORK</b>	People are seen as basically lazy, selfish, dishonest, and inept; they will not work unless constantly threatened and closely supervised; workers are exploited and have little recourse.	Not much shift from S1; people are still seen as self-centered and in need of close supervision; because management wants to prevent costly turnover, however, policies are more benevolent.	A major shift from S1/S2; people are seen as wanting--even needing-- to do a good job; if they know what needs doing and have the skills, they will do a good job without very much external control or direction.	Very similar to S3; people are seen as wanting--even needing-- to do a good job; if they know what needs doing and have the skills, they will do a good job without very much external control or direction.
<b>PRIMARY SOURCE OF MOTIVATION</b>	People are motivated by the fear of the loss of job, pay, or dignity; they will be terminated or punished if they do not comply with management's directions; "it's my way (the bosses) or the highway."	In addition to fear/punishment, status is added as a motivator; if workers are mindlessly loyal and compliant, they are rewarded with the illusion of advancement; S2 organizations usually have many status layers with each layer having many pay "steps."	Once the basic "hygiene" factors (pay, benefits, working conditions, safety, etc.) are taken care of in a "fair" way, then motivation is seen as coming from within the work; it must provide challenge, growth, recognition, and a sense of contribution.	Once the basic "hygiene" factors (pay, benefits, working conditions, safety, etc.) are taken care of in a "fair" way, then motivation is seen as coming from within the work; it must provide challenge, growth, recognition, and a sense of contribution.
<b>DISTRIBUTION OF KNOWLEDGE AND CREATIVITY AND HOW DECISIONS ARE MADE</b>	Knowledge, ability, and creativity are seen as concentrated in management; workers are seen as largely incompetent; as a result, there is no need for management to consult, because labor has nothing useful to say.	Knowledge, ability, and creativity are still seen as concentrated in management; some confidence is shown in the technical ability of workers; but organizational decisions are still made without consultation.	Knowledge, ability, and creativity are seen as widely distributed; management does not know all the answers (or even all the questions); it needs help if the best decisions for the customer and the organization are to be found; consultation is the norm; less hierarchy is needed.	People are seen as being so capable that many responsibilities seen in the past as being solely the work of managers can be transferred to self-directed work teams who perform these leadership /management functions as a natural part of getting the technical/task work done.

<b>What do we believe about:</b>	<b>System 1 (Exploitative Autocratic)</b>	<b>System 2 (Benevolent Autocrat)</b>	<b>System 3 (Consultative)</b>	<b>System 4 (Participative)</b>
<b>WHAT IS ASSUMED ABOUT THE “NATURE OF WORK”?</b>	To best control labor, work is divided into small (“dumber and dumber”) pieces; there is a supervisor for every 6-8 workers, a manager for each 6-8 supervisors to tightly control, direct, and punish; results in a steep, high hierarchy.	Work is still broken into pieces with management responsible for the integration of work; “critical parent-child” relationship between management and labor (and between each layer in the steep hierarchy).	Work is seen as complex processes involving networks or employees working together to reach goals; management’s responsibility is to create a culture (values, strategies, structures, and systems) that allow for maximum consultation.	Work is seen as complex processes involving collectives of employees working together to reach goals; teams are responsible for task/technical, managerial, and leadership functions.
<b>SUMMARY</b>	This is a “master-servant” style; it is clear that the worker is not important to the organization; “if you don’t like this deal, there’s a bus leaving every 5 minutes;” its only positive aspect is that it is honest about not caring about the worker; fear and mistrust characterize relationships.	This style, while more benevolent, is manipulative; “masters” treat the “servants” better because “good help is hard to get,” but there is still no say for the servants on “management” issues; mistrust often characterizes the relationships.	This style is “adult-adult” in relationship; management is still accountable, but it recognizes that it must consult widely if good decisions are to be made.	This style is “adult-adult” in relationship; management (and team leaders with delegated responsibility) is still accountable but recognizes it must play a stewardship role in creating empowered work teams.

## THE IMPORTANCE OF TRUST

Trust is defined as “choosing to risk making something you value vulnerable to another person’s actions.”<sup>xliv</sup> Building a culture of trust requires effort and intentionality at all levels of the organization, from the governing board down to the lowest level of an employee position. Everyone in the organization needs to understand the importance of trust and how their actions impact its existence. Trust is the foundational element of high performing organizations.<sup>xlv</sup> No one involved in an organization is exempt from contributing to a positive culture. When the importance of trust is ignored or downplayed, the seeds are sown for cultural decline.

Charles Feltman in *The Thin Book of Trust* observes that there are four domains or characteristics of trust:

1. Care is the assessment that you have the other person’s interest in mind as well as your own when you make decisions and take actions.
2. Sincerity is the assessment that you are honest, that you say what you mean and mean what you say.
3. Reliability is the assessment that you meet the commitments you make, that you keep your promises.
4. Competence is the assessment that you have the ability to do what you are doing or propose to do.

“Knowing that trust can be assessed in four distinct domains is an antidote to the tendency to engage in confirmation bias. We can more easily step back and ask ourselves whether the other person might be trustworthy in some ways and not others.”<sup>xlvi</sup> For example, suppose a person is assessed as not being caring or sincere, in that case, it does not mean they cannot be completely trustworthy, as they may be reliable and competent. These assessments are based on an individual’s perception of behavior.

Trust involves risk. Expectations may not be met. Failure may occur. Public sector work is notoriously risk averse. “The public-sector barriers that are set up, such as silo-based approaches to policy and the difficulty in working across agencies and sectors [*in the City of Aurora’s case, we would add departments and divisions*] is matched by a deep risk-aversion created within the public sector.”<sup>xlvii</sup>

Failure is a necessary part of learning. Organizations that are not learning are not improving. Fear of failure can stifle attempts to innovate. The potential threat of consequences [*or punishment*] can become a breeding ground for distrust.

In their book *Building Trust in Business, Politics, Relationships, and Life*, Bert Solomon and Fernando Flores share an illustrative story<sup>xlviii</sup>:

One of our colleagues, who also consults for major corporations, reported that following a lecture to several hundred executives of one of America’s largest corporations on the importance of trusting employees, the first question he got was “But how do we control them?” It is a telling question, one that indicates that the questioner (and perhaps most of the executives in the room) did not understand either the thesis of the lecture or the nature of trust. And that, perhaps, is the hardest point to get across—that trust and control must not be confused. Rather, by easing the reins of control, it improves efficiency, effectiveness, cooperation, team spirit, employee morale, and chances for success in an increasingly competitive world.

The disaster of distrust in the workplace is that the strategies people use to protect themselves inevitably get in the way of their ability to effectively work with others.<sup>xlix</sup> Employees practice “CYA” or try to remain below the radar. The result is inefficiency and ineffectiveness. The importance of trust cannot be overstated. Trust is a bedrock for successful teams and successful organizations.

*Trust and Teams: The Thin Book of Trust; Charles Feltman*

<b>Common Signs of High-Trust Teams</b>	<b>Common Signs of Low-Trust Teams</b>
<ul style="list-style-type: none"> <li>• Uses conflict productively</li> <li>• Highly engaged with each other and the team’s work</li> <li>• Committed to each other and the team’s success</li> <li>• Accountable to each other and outside stakeholders</li> <li>• Develops innovative ideas and approaches</li> <li>• Collaborates effectively</li> <li>• Open, honest, and transparent</li> <li>• Gets results – delights customers</li> <li>• True camaraderie</li> </ul>	<ul style="list-style-type: none"> <li>• Avoids conflict or engages in destructive conflict</li> <li>• Disengaged team members</li> <li>• Low commitment to the team goals</li> <li>• Individuals avoid accountability</li> <li>• Lack of innovation</li> <li>• Poor collaboration, duplication of efforts</li> <li>• Withholds information, hidden agendas</li> <li>• Missed deadlines and poor output</li> <li>• False camaraderie, disinterest, disrespect</li> </ul>

These are three keys to building and sustaining trust<sup>l</sup>:

Declaring intent. Declaring the intent to build and sustain trust in the organizations puts the organization on the record. It requires them to keep their word or risk the consequences.

Demonstrating respect. It's not enough to say you respect people's feedback or contributions. You've got to show it. Regularly. Repeatedly. Consistently. [emphasis added]

Delivering results. Delivering results in a way that builds trust is more than just accomplishing tasks—it's doing the right thing, in the right way, for the right reasons, in the way that you said you would.

It has been observed that most organizational performance issues are trust issues in disguise. Building and sustaining trust should be the core competency and central focus of leadership work.<sup>li</sup> But what makes most [organizations] falter...is the lack of trust. Employees don't trust their supervisors or managers. They may not even trust one another. Managers practice cordial hypocrisy as a matter of course. Consequently, even if they *like* one another, they do not *trust* one another (but often confuse the two.) Cordial hypocrisy is the strong tendency of people in organizations, because of loyalty or fear, to pretend that there is trust when there is none, being polite in the name of harmony when cynicism and distrust are active poisons, eating away at the very existence of the organization. The price of cordial hypocrisy in an organization, where feigned politeness and "team spirit" may mask resentments and inefficiencies, can be the destruction of the organization."<sup>lii</sup>

To summarize:

- Although trust often seems invisible ("transparent"), it results from continuous attentiveness and activity. Trust, once established, quickly recedes into the background, into a familiar and, therefore, barely conscious set of habits and practices. But trust should not be confused with its background status. Trust often becomes visible (in retrospect) only when it has been challenged or violated.
- Trust should not be confused with the poisonous practice of cordial hypocrisy, the defensive pretense of trust and agreement that hides fear and resentment and makes honest communication impossible.
- Trust is a matter of making and keeping commitments. The problem of trust is not loss of confidence but the failure to cultivate commitment.
- The worst enemies of trust are cynicism, selfishness, and a naïve conception of life in which one expects more than one is willing to give. Resentment, distrust, and inauthenticity are the result.
- Authentic trust can never be taken for granted but must be continuously cultivated through commitments and truthfulness.
- True leadership, whatever else it must be, can be based on nothing less.

## CONNECTION AND PSYCHOLOGICAL SAFETY

Psychological safety is the sense that staff can take risks or speak up on issues without feeling insecure or being punished, embarrassed, or ostracized. Google's *Project Aristotle* set out to determine what makes a Google<sup>liii</sup> team effective. After two years, 200+ interviews and looking at more than 250 attributes of 180+ active Google teams, they determined five key dynamics that set successful teams apart from other teams at Google of which psychological safety topped the list.<sup>liv</sup> [emphasis added]



According to the Center for Creative Leadership (CCL) there are four stages of psychological safety<sup>lv</sup>:

**Stage 1 — Inclusion Safety:** Inclusion safety satisfies the basic human need to connect and belong. In this stage, you feel safe to be yourself and are accepted for who you are, including your unique attributes and defining characteristics.

**Stage 2 — Learner Safety:** Learner safety satisfies the need to learn and grow. In this stage, you feel safe to exchange in the learning process by asking questions, giving and receiving feedback, experimenting, and making mistakes.

**Stage 3 — Contributor Safety:** Contributor safety satisfies the need to make a difference. You feel safe to use your skills and abilities to make a meaningful contribution.

**Stage 4 — Challenger Safety:** Challenger safety satisfies the need to make things better. You feel safe to speak up and challenge the status quo when you think there's an opportunity to change or improve.

Some of the signs of low psychological safety include:<sup>lvi</sup>

- Team morale is persistently low.
- Turnover is persistently high.
- Feedback received from direct communication is different from the one gathered through anonymous polling.
- Team members, including leaders, rarely, if ever, admit weaknesses or mistakes.
- You feel overwhelmed by your workload yet don't feel comfortable asking for adjustments or support.
- Feedback isn't periodically shared or requested.
- Concerns, requests for help, ideas, or disappointment are listened to, but nothing's done.
- Not all team members are included in important conversations, so the gap is filled with assumptions.
- You don't feel your manager has your back, and you don't know where you stand with them.

The absence of psychological safety feeds a toxic culture. [*An entire organization's culture does not need to be toxic for toxicity to exist. Toxicity and an absence of psychological safety can exist at the cellular level in organizations.*] Whether one analyzes culture at the level of the individual employee or aggregates to the organization as a whole, respect toward employees rises to the top of the list of cultural elements that matter most.<sup>lvii</sup> The most frequently mentioned hostile behaviors were bullying, yelling, or shouting at employees, belittling or demeaning subordinates, verbally abusing people, and condescending or talking down to employees. [emphasis added]

When trust and psychological safety are present, the organization will experience improvements in staff job satisfaction, performance, and employee retention. [emphasis added] Its presence will likely reduce informal organizations within the City as staff feels free to express themselves in their normal duties instead of in covert groups. Psychological safety can also provide an environment for reducing the incidence of cordial hypocrisy.

Here are five ways to help create psychological safety<sup>lviii</sup>:

1. Make psychological safety an explicit priority.
2. Facilitate everyone speaking up.
3. Establish norms for how failure is handled.
4. Create space for new ideas (even wild ones).
5. Embrace productive conflict. With your team, discuss the following questions:
  - a. *How will team members communicate their concerns about a process that isn't working?*
  - b. *How can reservations be shared with colleagues in a respectful manner?*
  - c. *What are our norms for managing conflicting perspectives?*

Psychological safety must be built on a foundation of trust. Building trust requires establishing personal relationships.

## **Building Relationships**

“Cultures that don't value and nurture openness and connection become dysfunctional and eventually toxic.”<sup>lxix</sup>

“Often people equate being a manager with micromanaging people, and I don't think that's the best way to manage,” says GoodHire CEO Mike Grossman. “People do their best work when they're not micromanaged, and in many cases, they don't need to have that much oversight.”

“People are sort of self-taught when it comes to being a manager in many cases, so it's not surprising that they would replicate behaviors that have been modeled for them in other organizations, and often those aren't the best practices,” he says.<sup>lxx</sup>

Managing people seems easy from afar. It's actually a difficult skill. It is especially rough when you don't possess any prior management experience and got promoted to this position because you were good at your last job. Excelling at your profession does not necessarily mean that your skills seamlessly transfer over. It's like when an all-star baseball player becomes the team manager after he retires from playing on the field. Sometimes, it works out well. Often times, it does not. The former ballplayer may not have the right temperament, talent, patience, and leadership abilities for this new role.<sup>lxxi</sup>

According to a recent Ken Blanchard white paper<sup>lxxii</sup>, an initial challenge most managers face is learning to shift their perspective from:

- Going it alone to collaborating with others
- Getting their work done to getting their work done through others
- Being one of the team to being the manager of the team

## CULTIVATING TEAMWORK, RESPONSIBILITY, AND ACCOUNTABILITY

### Teamwork

Teamwork begins with leaders that have established good personal relationships with their team members. These leaders engage their team members in dialogue to establish clear, shared goals. Including the team members in developing the goals gives them a stake in the outcomes. A discussion of shared goals is often followed by discussing shared norms. Team members are given the opportunity to establish, through consensus, their preferred work environment. Leaders facilitate these discussions; they do not direct their ends. They provide guidance and advice to ensure that decisions made by the team fall within their assigned decision-making authority. Still, the final decisions are the team's to make. Delegating this responsibility to the team builds team loyalty and establishes the basis for team accountability. It produces a collaborative environment that improves the chances for high performance. However, it does not relieve the leader from responsibility for team performance.

Leaders help create the conditions for teams to be successful. They establish an environment of psychological safety. They recognize good performance, identify areas for improvement, provide guidance, articulate the importance of the team's work to the organization's overall mission, and help team members see their contributions. When employees know their work matters, they take greater pride in it and, ultimately the success of the team itself.

To build great teams, leaders:

Through strong working relationships, get to know their team members' strengths, skills, and capabilities, so that they can be deployed appropriately.

Effectively and purposefully train staff in the skills they need to succeed and grow. [Training is a strong desire of Millennials and GenZ.]

Ensure that the team clearly understands what is expected of them. They help their team develop realistic performance targets by which performance and progress can be evaluated.

Provide employees with a path for growth and mobility within their departments or the organization. This fosters connection to their work group, leading to satisfaction, loyalty, and improved performance. We noted many comments by staff dissatisfied with the loss of career progressions in the City.

Hold themselves and their team members accountable for their actions. Leaders are the first to admit when they are wrong or have made a mistake.

Use mistakes or failures not as weapons for punishment but as improvement opportunities. This does not mean that staff is never disciplined. Accountability can result in individual consequences when negligence and willful dereliction are clearly in play.

Jim Collins, author of the bestseller **Good to Great**, and the accompanying monograph **Good to Great and the Social Sectors** states that

Greatness is not a function of circumstance. Greatness, it turns out, is largely a matter of conscious choice, and discipline.<sup>lxiii</sup> A great organization is one that delivers superior performance and makes a distinctive impact over a long period of time. Most social sector leaders must rely on people underpaid relative to the private sector. The key variable is not how (or how much) you pay, but who you have *on the bus* [in your organization]. The organizations that failed

to become great placed greater emphasis on using incentives to ‘motivate’ otherwise unmotivated or undisciplined people.<sup>lxiv</sup> In other words, great organizations start with the right people doing the right things. Leaders get the right people “on the bus” and the wrong people “off the bus”, then figure out where *they* [the organization] need to go. In determining the “right people,” great organizations placed greater weight on character attributes than on specific educational background, practical skills, specialized knowledge, or work experience. Not that specific knowledge or skills are unimportant, but they viewed these traits as more teachable (or at least learnable), whereas they believe dimensions like character, work ethic, basic intelligence, dedication to fulfilling commitments, and values are more ingrained.”<sup>lxv</sup>

All companies have a culture, some companies have discipline, but few companies have a *culture of discipline*. When you have disciplined people, you don’t need hierarchy. When you have disciplined thought, you don’t need bureaucracy. When you have disciplined action, you don’t need excessive controls. When you combine a culture of discipline with an ethic of entrepreneurship, you get the magical alchemy of great performance.<sup>lxvi</sup> [*emphasis added*] When you have the right people *in the right seats on the bus* [in the most appropriate roles], you can begin to build effective, disciplined teams. Disciplined people who engage in disciplined thought and who take disciplined action—operating with freedom within a framework of responsibilities—this is the cornerstone of a culture that creates greatness. In a culture of discipline, people do not have jobs; they have responsibilities.<sup>lxvii</sup> Great cultures are rigorous, not ruthless.<sup>lxviii</sup>

In the social sectors, where getting the wrong people off the bus can be more difficult than in a business, early assessment mechanisms turn out to be more important than hiring mechanisms. There is no perfect interviewing technique, no ideal hiring method; even the best executives make hiring mistakes. You can only know for certain about a person by working with that person.<sup>lxix</sup>

Developing effective teams must be a high-level priority for leaders (Managers and Supervisors.) Managers and Supervisors first need to know what an effective team looks and feels like, then demonstrate having the appropriate skills to build one.

## **Increase Responsibility and Accountability**

Where there is trust and psychological safety, staff are more inclined to take responsibility for their actions. An environment of trust is a jumping off point to allowing staff the freedom to assume more responsibility<sup>lxx</sup>.

Accountability is not about laying blame. It is about ensuring that an organization is achieving its desired outcomes. It is a cornerstone of workplace collaboration. When all staff are pulling their weight in the same direction, it can positively impact results in a massive way. Done properly, accountability engenders respect, allays fear, builds trust and cooperation, and improves performance. Conversely, when accountability is absent, morale is negatively impacted, performance and innovation decline, and employees may become disengaged.

“If projects don’t get finished on time or are not finished at all; are handled in a slipshod, unsatisfactory manner; or lead to a lot of finger-pointing among employees, there’s often one root cause: a lack of accountability. The responsibility for accountability falls squarely on the shoulders of managers if they want to keep on top of project development.”<sup>lxxi</sup>

Several staff comments noted an absence of accountability across the City. They found it discouraging and non-motivating.

Accountability starts with responsibility and empowerment. For staff to be accountable for results, they must have the wherewithal to achieve them. When speaking of "empowerment"--an apparent offer to negotiate sharing power in return for trust--employees quite prudently respond with suspicion. Empowerment too often means responsibility and blame without any real authority or autonomy. And where the overriding culture of the company is one of command and control, the result is massive distrust and cynicism.<sup>lxxii</sup>

Here are five ways to create a culture of responsibility<sup>lxxiii</sup>:

- Let your employees decide the method of action. Having employees determine what their desired approach is also allows them to take responsibility for a potentially failed outcome if it doesn't work out. Make your expectations and standards clear, but don't tell your employees the step-by-step approach to solving the problem. They may surprise you with a new approach you hadn't thought of.
- Expect employee autonomy when it comes to decisions. Pushing decision making down to the lowest level of an organization allows leaders to take a great deal of responsibility off of their own shoulders, leaving most of it in the hands of the people actually doing the work. When people are pushed to make their own decisions, they're more likely to be held accountable for their work. So, if there's an expectation that employees—at every level—are expected to make decisions, overall responsibility will surely rise.
- Instill pride in the organization. Encouraging team members to be proud of the mission behind your organization, and the way your organization goes about executing that mission, creates an opportunity for employees to be proud of the work they're doing every day. When people take pride in their work, they also take more responsibility for it.
- Encourage a sense of ownership. When people are more involved in a singular project or department, they'll feel more ownership over their work—and, subsequently, more responsibility for a certain project. Smart leaders let go of their own ownership and spread it around to the whole organization. This will encourage people to work much more strongly than if they felt otherwise.
- Reward those who take responsibility. When employees do step up, it's important to reward those setting a good example for others. People will feel noticed, encouraged, and better equipped to continue producing good work—and those who are not taking as much responsibility might even be encouraged to.

Key to responsibility is articulating clear expectations and setting clear standards. When expectations are not articulated, not articulated clearly, or are assumed to have been articulated clearly, staff are left to decide what actions to take on their own. This produces inconsistent results. When combined with unrealistic workloads, staff actions can appear as if they are opting out of activities that others may have thought were not optional. When there are no corrections to this behavior, staff may decide that this is standard practice and therefore acceptable. Taken to an extreme, the absence of clear expectations combined with no accountability can produce undesirable results.

For example:

- During the Recovery Summit, field staff complained that during the pandemic lockdown, it was difficult to make contact with staff. They either could not be found in their offices, did not answer phones, or did not respond to voicemails or emails. They claimed that this impacted their abilities to carry out their responsibilities.
- The City's Continuing Operations Plans continue to be dated, despite the efforts of the Office of Emergency Management staff, an outstanding audit recommendation from 2016, and the requests of two

City Managers. Though efforts continue, the plans remain out of date which heightens the risk of a poor response in case of a disaster.

- Recently the IT department launched a new security measure called Okta. The measure required people to sign up by September 16. The IT department informed all staff of the process. The City Manager announced the initiative in an all-staff email and dedicated a Take Ten with Twombly video to the topic. IT recently informed the City Manager that as of the target sign up date, 1,200 city employees had not registered, approximately one-third of all staff. Because of this failure to sign up on time, projects being conducted by an already overburdened IT staff will be impacted in order to get the remaining staff signed up.
- Strategic Plan Champions are department representatives between their department and the strategic planning effort. Senior staff were requested to confirm the names of their department Strategic Plan Champions so they could be trained on the plan management application in preparation for implementing the strategic plan. The strategic plan team had to individually reach out to some senior staff, sometimes repeatedly, to obtain their confirmations. This type of behavior is a time waster.

Assigning responsibility is useless as a tool to improve culture and performance without clearly articulated expectations followed by accountability. Where there is no accountability, there is underperformance and mediocrity.

## **DECISION MAKING, EMPLOYEE ENGAGEMENT, AND PERFORMANCE IMPROVEMENT**

The traditional organizational pyramid was established over 100 years ago to better serve the industrial revolution. To deal with the factory complexity, industrialists turned to the command-and-control structure of the then most successful organization—the US military.

Since the inception of the industrial revolution, businesses and governments have seen a rise in knowledge-based workers. Technology brought new capabilities to work and “undid the traditional concepts of the individual and their workplace. Teams gained prominence against the individual, while collaborative brainstorming drove innovation and growth.”<sup>lxxiv</sup> Despite these momentous changes, the archaic pyramid remained unchanged and in place. It is ill-suited to a modern organization.

Agility. Flexibility. Sustainability. Resiliency. Adaptability. These are requirements for the modern organization as technology continues to drive the speed of life, and work and stakeholders raise their expectations. Achieving high performance standards cannot be accomplished efficiently under the archaic pyramid. The times require dynamic changes to the traditional working model. Those organizations that adapt will be better able to keep pace with change and their stakeholders’ demands.

Top-down structures are slower to adapt to change. They are less flexible and less resilient since a management or supervisory position can become a single point of failure. They encourage silo-building and can facilitate power fiefdoms. The chain of communication is also extended, resulting in some information not making its way down the chain.

With top-down management came top-down decision making, also known as centralized authority. It assumes that decision-making competence rises with a person’s level in the hierarchy. The result is usually frustration as it requires the bureaucracy and associated time delay of review and approval. Additionally, the distance between the ultimate “decider” and the problem often contributes to poor, uninformed decisions.

Distributed and participatory decision-making are the hallmarks of successful modern organizations. Distributed decision-making is a multi-person approach to solving complex issues. The US Military applies an iterative planning methodology that facilitates collaborative planning in their distributed military decision making process (MDMP.) Participatory decision-making assumes that front-line employees have the best understanding of stakeholder desires, processes, and outputs. The key is to delegate decision-making to those closest to an issue.

Top-down decision making can lead to these results:

1. **Stifled participation.** More often than not, the decision maker monopolizes the discussion. Humans tend to naturally submit to rank, therefore contrary opinions are not always heard.
2. **Decision makers do not always hear from the most qualified voices.** Those closer to an issue often have a better perspective on it than those higher up the chain. The person closer to an issue may also be more knowledgeable about a given situation. If they are not among the leadership, they often are left out of the discussions.
3. **Conflict is often avoided, yet good discussion and constructive debate can make for better decisions.** It is healthy for teams to learn to debate and disagree without destroying team unity. Leaders must be willing to relinquish some apparent power to allow such discussions to occur. When making a decision the least asked question is usually the most powerful: *why?* Asking why, even multiple times, can help teams get to better decisions by helping them better understand the core problems at issue.<sup>lxxv</sup>

When the group process of decision making and supervision is used properly, the discussion is focused on the decisions to be made. There is a minimum of idle talk. Communication is clear and adequately understood. Important issues are recognized and dealt with. The atmosphere is one of ‘no nonsense’ with emphasis on high productivity, high quality, and low costs. Decisions are reached promptly, clear-cut responsibilities are established, and tasks are performed rapidly and productively. The group’s capacity for effective problem solving is maintained by examining and dealing with group processes when necessary.<sup>lxxvi</sup> Management plays a critical role in facilitating the decision-making process and assumes equal responsibility for the outcomes.

In a traditionally structured and managed organization, “the default assumption is that you don’t have the right to do anything unless you are given permission.”<sup>lxxvii</sup>

In the modern, evolutionary organization, the default assumption is that you can do anything, unless a specific policy or agreement prohibits it. It starts from a position of trust. [emphasis added] Rather than centralizing power in a few senior positions, the aim is to distribute authority *as much as possible* to teams and individuals at the edge, where the action and the information are. This is made possible by new forms of decision making that leverage purpose, principles, consent, and advice to ensure that the choices being made are informed and sound. That means taking the time to define the decision rights held by each member, role, and team. *Who* can make a decision and *how* it should be made are critical components [that] can’t be left to chance.<sup>lxxviii</sup>

“Maximizing freedom means minimizing policy.”<sup>lxxix</sup> What is the smallest amount of policy required to protect the organization while preserving flexibility to learn and act with judgment?<sup>lxxx</sup>

When David Marquet took over the USS *Santa Fe*—a nuclear submarine and the worst-performing ship in its fleet—he vowed never to give another order, only to share his vision for the ship. Every request for orders from the sailors under his command was met with “Well, what do *you* intend to do?” And at first, they were unsure. No one had ever asked. But in time, they came prepared. “Captain, I intend to submerge the ship.” Marquet would simply reply, “Very well.” He

primed his people to think for themselves and claim the freedom and responsibility to run the ship. In the years that followed, the USS *Santa Fe* went from worst to first, setting the bar for retention, operations, and promotions.<sup>lxxxii</sup>

“Put the authority where the information is.” In doing so you create a thinking environment where the employee believes they matter. By giving control you create leaders.<sup>lxxxiii</sup> [*Readers are encouraged to watch the 9-minute video “What is leadership?” at this link: ; <https://youtu.be/pYKH2uSax8U>.*]

Involving employees more deeply in the decision-making process is not about giving them all decisions to make on their own. In the previous example of the USS *Santa Fe*, the captain retained all decision-making authority for the launch of missiles and torpedoes. He believed that the responsibility and accountability for any decisions that could result in the loss of life needed to remain on his shoulders.

How decisions are made matters to the culture and to performance as well. Participatory decision making increases employee motivation. Increasing their involvement in organizational operations improves the culture and employee performance, especially when employees believe they have a stake in a shared outcome. Greater involvement allows employees to grow, resulting in a deeper bench from which to promote. Motivated employees are also likely to be more innovative if they have some decision-making authority over their work processes.

Involved staff are more motivated. Motivated staff are more loyal, perform higher, and are happier. Loyal staff are easier to retain.

## **Employee Engagement and Motivation**

Studies conducted by research psychologists Edward Deci and Richard Ryan resulted in what is called the *self-determination theory*. They proposed that humans have three innate psychological needs: autonomy, competence, and relatedness. Autonomy, the ability to make choices and direct our own lives, free from the control of others, may be the most important of the three. They theorized that we are born naturally curious and ready to explore; *intrinsic* (innate) motivation to learn and grow is built-in. This can be enhanced or undermined. If autonomy is increased, motivation thrives; if autonomy is decreased motivation erodes.<sup>lxxxiii</sup>

Motivation under Systems 3 and 4, according to Likert, take advantage of these characteristics by recommending a motivational focus that provides challenging work that leads to personal growth. Likert warns that relying solely on economic needs and direct pressure as motivators are likely to produce disappointing results. Recognizing the results in a way that is meaningful to the individual increases their sense of self-worth, gives them pride in their contribution, and knits them more tightly to the organization and their work group.<sup>lxxxiv</sup>

Money as a motivator needs to be put into proper perspective. Hygiene factors<sup>lxxxv</sup> keep people from becoming unhappy at work, but they do not motivate people to produce higher-level performance. [*emphasis added*] They are necessary and essential to an employee's professional well-being but don't motivate them to go the extra mile. Instead, money, punishment and a host of other external factors may increase or decrease enjoyment of an activity but can also lead to decreased intrinsic motivation and reduced performance.

“If people begin an activity with expectations of being paid, they are likely to be more extrinsically motivated for the activity than intrinsically motivated. The addition of payments is likely to further decrease their intrinsic motivation (although they may be satisfied by the payments), whereas no payment, if payment is expected, is likely to result in anger, and dissatisfaction as well as a low level of intrinsic



motivation.” Hygiene factors are things that, if not handled properly, will generate dissatisfaction. They include compensation, job security, status, work environment, management practices, and company policies. Companies have to address these factors or people will be dissatisfied. Improving hygiene factors removes dissatisfaction, but it doesn’t make people happier or more satisfied. Dissatisfaction and satisfaction are separate measures, rather than existing on a continuum from unhappy to happy.

Providing rewards and involvement in guiding the operations is a highly desired motivation practice. Knowing what motivates staff and using those motivators increases productivity, job satisfaction, and retention.

## THE PRACTICE AND PITFALLS OF PERFORMANCE MANAGEMENT

Performance management is a tool that can be very effective if done well and a grand waste of time if done poorly.

In their landmark article, *Measurement Standards in City Administration: Technique of Appraising Standards*, Clarence E. Ridley and future Nobel Prize winner Herbert A. Simon wrote that old standards of measurement were inadequate guides to government administration. They proposed new standards of measurement, writing “It cannot be emphasized too strongly that these standards are not theoretical concepts devised by academicians. Nor are they intended as playthings for statisticians. They are practical tools by means of which practical legislators and administrators can meet the practical need of choosing between alternative courses of action.” These measures are useful in appraising the effectiveness and efficiency of city services. Measurement occurs against a set of objectives or values and the extent to which those have been achieved.<sup>lxxxvi</sup>

Whether applied to the individual, the work group, the division, the department, the process, or the organization as a whole, the critical question is how effectively does an organization deliver on its mission and make a distinctive impact, relative to its resources? The basic idea for the organization is to separate inputs from outputs and hold itself accountable for progress in outputs, *even if those outputs defy measurement*. “It doesn’t really matter whether you can quantify your results. What matters is that you rigorously assemble evidence—quantitative or qualitative—to track your progress. If the evidence is primarily qualitative, think like a trial lawyer assembling the combined body of evidence. If the evidence is primarily quantitative, then think of yourself as a laboratory scientist assembling and assessing the data. What matters is not finding the perfect indicator but settling upon a consistent and intelligent method of assessing your output results, and then tracking your trajectory with rigor.”<sup>lxxxvii</sup>

Consider a specific internal process. The process is intended to accomplish some output or produce some outcome at a known cost and within some acceptable time period. All those items can be measured. When the standards are established and progress is measured against those standards, a determination of success can be made. Where results fall short of expectations, reasons can be investigated, and adjustments made. This tool, if rigorously applied, can identify weaknesses and shortfalls in processes before they become problems. It does an organization no good to have problems hide that can be identified and corrected by applying the right tools in a disciplined manner.

“If there’s one quote that’s particularly popular in management circles, it’s ‘what gets measured gets managed’—often misattributed to famous management consultant Peter Drucker. First, Drucker never said this; second, he actually didn’t believe such a thing; third, the idea is flawed.”<sup>lxxxviii</sup> In his paper, *Dysfunctional Consequences of Performance Measurements*, V.F. Ridgway stated that “Quantitative measures of performance are tools and are undoubtedly useful. But research indicates that indiscriminate use and undue confidence and reliance in them result from insufficient knowledge of the full effects and consequences. Judicious use of a tool requires awareness

of possible side effects and reactions. Otherwise, indiscriminate use may result in side effects and reactions outweighing the benefits...The cure is sometimes worse than the disease.”<sup>lxxxix</sup>

Three potential pitfalls to measurement include<sup>xc</sup>:

**The wrong metrics can lead to unintended consequences.** Consider this example from the study of Soviet-era management: “The output of an entire plant may be allowed to fall off in order to create conditions under which one worker can make a production record, when the importance of such a record is considered greater than over-all plant production.”

**People are more than numbers.** Not everything people do can be captured in a metric.

**When a measure becomes a target, it ceases to be a good measure.** Gaming the system to meet a target can make the measure useless.

How does an organization execute mindful measurement? Measurement for measurement’s sake is busy work. Start by deciding what is important to measure. Then consider these rules of thumb.

**People-first management.** This echoes previous statements in this report about the importance of relationships in management (refer to Likert’s principle of supportive relationships.) Peter Drucker said this about the role of a manager: “Your first role is the personal one. It is the relationship with people, the development of mutual confidence, the identification of people, the creation of a community. This is something only you can do. It cannot be measured or easily defined. But it is not only a key function. It is one only you can perform.”<sup>xcii</sup> Dignan refers to this as being “people positive.”

**Metacognition.** Reflect on the way current measurement practices affect the way staff think and work. Is the system being gamed? Are there unintended consequences?

**Non-measurable performance indicators.** There are not always perfect indicators. Accept this reality.

The City once attempted the practice of performance measurement. It was unsuccessful and subsequently ended.

The right tool, properly applied, can make a difference.

## THE IMPORTANCE OF COMMUNICATION

Information that flows up, down, and across an organization, department, division, or work group is a preferred flow in that management and staff are better informed and are (hopefully) carrying on useful dialogue and sharing critical information as a result. Vertical-only communication flow can reinforce silos and rob others outside—and even inside—of a department, division, or work group of needed information. It can also cripple cross-departmental collaboration.

These are some of the most impacting aspects affecting communication:

- **Communication Methods:** There are many communication platforms in play in the City (email, Teams, text messaging, the City Intranet, SharePoint, video presentations, and meetings (both in person and virtual), yet there are no guidelines on how and when to best use them. For example, for decades, email was the channel of choice to the point where keeping up with an individual’s inbox became almost a career. Microsoft Teams was rolled out during the pandemic when office staff was sent home. Teams provided a platform for instant communication via its Chat function in addition to virtual meetings and real-time file collaboration functionality. Some staff adapted to the new platform and sought to maximize its effectiveness. Others eschewed it and stuck with emails. There were no standard guidelines for staff to

follow regarding when it was appropriate to use which platform, although there was potential for increasing efficiency with proper guidelines. The result was communications breakdowns and frustration that some staff were moving forward with new technology and others were not.

- **Communication Volume:** At times, it seems like there is an endless stream of inbound information. It used to be that office communication was often handled via meetings (some formal and some informal), printed materials, and phone calls. Digital platforms made it possible to easily share information, whether necessary or not, without interacting personally with an intended audience, and without considering their workload or the time or day of the week the email was sent. Expectations regarding handling emails were not always clear if they existed. Email overload resulted in some staff being preoccupied with ensuring each email was properly handled, which often required significant time beyond normal work hours. Others gave up and handled their inboxes when they felt like it. In the former case, staff spent an inordinate amount of potentially productive time responding to things that may not have been important or time sensitive. In the latter case, the communications chain was disrupted, and staff work was impacted. With MS Teams, virtual meetings overload became as bad as email overload. [Forget the technical challenges that accompany the new virtual meeting technology; the ease of scheduling a meeting created overloaded schedules at the cost of other work.] While some forms of meetings will always be necessary, there are many unnecessary meetings that occur, at great cost when preparation time, attendance time, and opportunity cost lost are factored in. Some of these meetings occur because “it’s how we have always done it.” Inertia does not lead to improvement. The most important question about meetings that is rarely, if ever, asked is: “Do we really need this meeting or is there another way?” Meetings tend to be the default instead of alternative methods that might be more efficient. Again, there need to be guidelines.
- **Communication Clarity:** Because of the volume of communication, clarity and concision are paramount requirements. The city’s Communications department invests significant time and effort to make communications easily consumable by staff, yet their efforts alone are insufficient to ensure the success of city communications (and to be clear, we are discussing internal communications.) Leadership has an active responsibility to make sure the right information gets to the right people in a timely and clear manner. It is a common refrain from staff that not all information gets down into the various organizational layers.
- **Communication Trustworthiness:** Or, perhaps more appropriately, communicator trustworthiness. Positive relationships that build trust enhance the trustworthiness of communications. The information also needs to be perceived as valuable and useful, otherwise, staff stop paying attention. The information included in communications needs to prove to be trustworthy. That can only be determined after the fact. If something was communicated to happen, it should happen. Information perceived as incomplete, intentionally vague, deceptive, insincere, contradictory, or that doesn’t make sense to the intended audience will be looked upon with skepticism.
- **Communication Timing:** Information should be provided well enough in advance to allow the intended audience to process it effectively, but not too soon that it is forgotten or too late that it affects the audience’s ability to respond appropriately. The more often a message can be communicated, the more likely it is to stick.

The ability to question information and openly discuss it without fear of embarrassment or rejection contributes to psychological safety in the workplace. “Show genuine curiosity, and honor candor and truth-telling. Be open-minded, compassionate, and empathetic when someone is brave enough to say something challenging the status quo.”<sup>xcii</sup>

According to Root Management, there are eight fears that drive employees to guard their words<sup>xciii</sup>:

1. The fear of indictment for past performance
2. The fear of being branded and punished for not being on board
3. The fear of offending a teammate or colleague
4. The fear of not being accepted by the team
5. The fear that speaking the truth will zap valuable time and energy and never be resolved anyway (don't open a can of worms)
6. The fear of not being valued if I say what I really think
7. The fear that it is just not safe to talk about the truth
8. The fear of letting others know you don't have it all figured out

Multi-directional communication leads to improved cooperation within and between teams. It can also improve teamwork as groups share practices and information; it makes collaboration more productive.

## AN OBSTACLE TO CHANGING THE CULTURE: BURNOUT

Burnout is more than just physical exhaustion; it is much more chronic and cannot be cured with occasional time off, according to Jonathan Malesic in his book **The End of Burnout: Why Work Drains Us and How to Build Better Lives**. The *International Classification of Diseases-11*, describes burnout in this way:

Burn-out is a syndrome conceptualized as resulting from chronic workplace stress that has not been successfully managed. It is characterized by three dimensions: 1) feelings of energy depletion or exhaustion; 2) increased mental distance from one's job, or feelings of negativism or cynicism related to one's job; and 3) reduced professional efficacy. Burn-out refers specifically to phenomena in the occupational context and should not be applied to describe experiences in other areas of life.<sup>xciv</sup>

Malesic states that workers experience burnout in different ways. For example, in a study of hospital workers during the pandemic, those in administrative roles were more susceptible to burnout than the doctors and nurses on the frontlines. Burnout is not new; it was not born out of the pandemic. It has existed throughout history under other names such as *melancholia* (dating back to Ancient Greece) and *neurasthenia* (first used as early as 1829) to name two.<sup>xcv</sup> Malesic also states that the cure for burnout is to disconnect oneself from the source of their stress. In other words, staff change jobs for their own emotional well-being.

Contributing to burnout is an excessive workload resulting from insufficient resources to meet expected service level requirements that have not been adjusted; an inordinate number of “priorities” that exceed available time and staffing; and a failure to adequately manage all the above. The expectations are not resource realistic. “Sometimes leaders are unaware of all the initiatives under way and their impact on the organization. In other cases, organizational politics conspire to let initiatives continue long after they should have run their course. Either way, overload can result in costly productivity and quality problems and employee burnout. In many organizations, the alarm bells for initiative overload ring when engagement survey results drop, or turnover levels rise—or both.”<sup>xcvi</sup> [emphasis added]

We recognize that city stakeholders have expectations regarding the services for which they pay taxes. However, it is the responsibility of leadership to consider the organizational cost of existing priorities in the context of changing circumstances and to appropriately manage expectations. The costs of mismanaging priorities amidst resource challenges can include the loss of institutional memory as staff leave for other jobs to escape burnout; the damage to the city’s reputation, making it more difficult to recruit replacements (the Glassdoor rating for Aurora’s Culture and Values is currently at 3.1 out of 5); the costs to replace staff which can be multiples of part

or all of the position's salary; the impact on productivity as fewer people remain to bear the burden; increases in healthcare costs as overworked employees become physically ill in response to burnout. These costs are real and can be debilitating.

These leading practices above informed our recommendations for remedying the issues identified. [See [Recommendations](#)]

## Appendix – All Department Results by Question

### LEADERSHIP

How much confidence and trust does your direct supervisor show in you?	No confidence or trust	Low confidence and low trust	A moderate amount of confidence and trust	A great deal of confidence and trust
Aurora Fire Rescue	1.04%	6.25%	20.83%	71.88%
Aurora Police Department	3.35%	6.70%	13.88%	76.08%
Aurora Water	1.99%	4.38%	18.33%	75.30%
Aurora911	0.00%	5.56%	27.78%	66.67%
City Attorney's Office	8.00%	4.00%	24.00%	64.00%
City Clerk's Office	0.00%	0.00%	14.29%	85.71%
City Manager's Office	0.00%	0.00%	11.11%	88.89%
Communications	3.85%	3.85%	7.69%	84.62%
Court Administration	2.78%	16.67%	33.33%	47.22%
Finance	0.00%	0.00%	11.11%	88.89%
Housing and Community Services	0.00%	9.09%	20.00%	70.91%
Human Resources	0.00%	4.35%	21.74%	73.91%
Information Technology	0.00%	1.75%	12.28%	85.96%
Judicial	0.00%	20.00%	0.00%	80.00%
Library and Cultural Services	4.35%	4.35%	21.74%	69.57%
Mayor and City Council	0.00%	50.00%	50.00%	0.00%
Office of Development Assistance	0.00%	0.00%	0.00%	100.00%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	0.00%	100.00%
Office of International and Immigrant Affairs	0.00%	0.00%	0.00%	100.00%
Office of Oil and Gas	0.00%	0.00%	0.00%	100.00%
Office of the Internal Auditor	0.00%	0.00%	0.00%	100.00%
Office of the Public Defender	0.00%	0.00%	66.67%	33.33%
Planning and Development Assistance	6.67%	0.00%	20.00%	73.33%
Planning and Development Services	0.00%	0.00%	30.00%	70.00%
PROS	0.69%	2.78%	24.31%	72.22%
Public Works	2.59%	3.33%	17.04%	77.04%

## LEADERSHIP

How free do you feel to talk to your direct supervisor about your job?	I don't feel free at all	Somewhat free	Moderately free	Very free
Aurora Fire Rescue	8.33%	11.46%	18.75%	61.46%
Aurora Police Department	8.61%	12.92%	11.48%	66.99%
Aurora Water	5.18%	11.95%	13.55%	69.32%
Aurora911	11.11%	22.22%	27.78%	38.89%
City Attorney's Office	12.00%	12.00%	24.00%	52.00%
City Clerk's Office	0.00%	14.29%	0.00%	85.71%
City Manager's Office	0.00%	22.22%	11.11%	66.67%
Communications	3.85%	15.38%	11.54%	69.23%
Court Administration	16.67%	16.67%	16.67%	50.00%
Finance	0.00%	7.41%	14.81%	77.78%
Housing and Community Services	5.45%	14.55%	23.64%	56.36%
Human Resources	0.00%	26.09%	8.70%	65.22%
Information Technology	3.51%	5.26%	14.04%	77.19%
Judicial	10.00%	10.00%	0.00%	80.00%
Library and Cultural Services	8.33%	12.50%	29.17%	50.00%
Mayor and City Council	0.00%	100.00%	0.00%	0.00%
Office of Development Assistance	0.00%	16.67%	33.33%	50.00%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	0.00%	100.00%
Office of International and Immigrant Affairs	0.00%	0.00%	0.00%	100.00%
Office of Oil and Gas	0.00%	0.00%	50.00%	50.00%
Office of the Internal Auditor	0.00%	0.00%	0.00%	100.00%
Office of the Public Defender	16.67%	33.33%	0.00%	50.00%
Planning and Development Assistance	6.67%	26.67%	26.67%	40.00%
Planning and Development Services	0.00%	20.00%	20.00%	60.00%
PROS	4.86%	11.81%	20.83%	62.50%
Public Works	6.67%	8.89%	12.22%	72.22%

## LEADERSHIP

How often do managers/supervisors seek out and constructively use your ideas and those of your peers?	Never	Sometimes	Often	Very frequently
Aurora Fire Rescue	14.58%	46.88%	23.96%	14.58%
Aurora Police Department	13.88%	43.54%	22.49%	20.10%
Aurora Water	6.37%	33.86%	27.49%	32.27%
Aurora911	11.11%	44.44%	22.22%	22.22%
City Attorney's Office	20.00%	44.00%	16.00%	20.00%
City Clerk's Office	0.00%	14.29%	71.43%	14.29%
City Manager's Office	0.00%	33.33%	11.11%	55.56%
Communications	3.85%	19.23%	34.62%	42.31%
Court Administration	30.56%	30.56%	22.22%	16.67%
Finance	1.85%	22.22%	27.78%	48.15%
Housing and Community Services	18.18%	41.82%	21.82%	18.18%
Human Resources	0.00%	39.13%	34.78%	26.09%
Information Technology	5.26%	42.11%	29.82%	22.81%
Judicial	10.00%	40.00%	20.00%	30.00%
Library and Cultural Services	14.58%	35.42%	27.08%	22.92%
Mayor and City Council	0.00%	100.00%	0.00%	0.00%
Office of Development Assistance	0.00%	16.67%	33.33%	50.00%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	100.00%	0.00%
Office of International and Immigrant Affairs	0.00%	0.00%	0.00%	100.00%
Office of Oil and Gas	0.00%	100.00%	0.00%	0.00%
Office of the Internal Auditor	0.00%	0.00%	33.33%	66.67%
Office of the Public Defender	16.67%	33.33%	33.33%	16.67%
Planning and Development Assistance	6.67%	60.00%	26.67%	6.67%
Planning and Development Services	0.00%	60.00%	20.00%	20.00%
PROS	6.94%	45.14%	27.78%	20.14%
Public Works	7.04%	37.41%	28.89%	26.67%



**MOTIVATION**

Which of the following manners most closely resembles how managers/supervisors in your work group motivate staff to do their work?	Fear, threats, punishment, and occasional rewards	Rewards and some actual or potential punishment	Rewards, occasional punishment, and some involvement in guiding the operations	Rewards and involvement in guiding the operations
Aurora Fire Rescue	32.29%	9.38%	14.58%	43.75%
Aurora Police Department	23.44%	9.57%	25.84%	41.15%
Aurora Water	14.74%	6.37%	19.12%	59.76%
Aurora911	22.22%	22.22%	38.89%	16.67%
City Attorney's Office	40.00%	4.00%	32.00%	24.00%
City Clerk's Office	0.00%	0.00%	28.57%	71.43%
City Manager's Office	11.11%	0.00%	0.00%	88.89%
Communications	19.23%	0.00%	0.00%	80.77%
Court Administration	27.78%	8.33%	19.44%	44.44%
Finance	0.00%	3.70%	7.41%	88.89%
Housing and Community Services	20.00%	7.27%	20.00%	52.73%
Human Resources	0.00%	4.35%	17.39%	78.26%
Information Technology	3.51%	5.26%	10.53%	80.70%
Judicial	10.00%	10.00%	0.00%	80.00%
Library and Cultural Services	10.42%	12.50%	22.92%	54.17%
Mayor and City Council	50.00%	50.00%	0.00%	0.00%
Office of Development Assistance	0.00%	0.00%	0.00%	100.00%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	0.00%	100.00%
Office of International and Immigrant Affairs	0.00%	0.00%	0.00%	100.00%
Office of Oil and Gas	0.00%	0.00%	0.00%	100.00%
Office of the Internal Auditor	0.00%	0.00%	0.00%	100.00%
Office of the Public Defender	33.33%	0.00%	16.67%	50.00%
Planning and Development Assistance	13.33%	6.67%	20.00%	60.00%
Planning and Development Services	0.00%	10.00%	20.00%	70.00%
PROS	9.72%	4.86%	27.78%	57.64%
Public Works	10.00%	9.63%	24.07%	56.30%

## MOTIVATION

At work, are you given the opportunity to do what you do best every day?	No, not really	Some days, but not most	Most days, but not all	Every day
Aurora Fire Rescue	9.38%	13.54%	36.46%	40.63%
Aurora Police Department	15.79%	17.70%	37.32%	29.19%
Aurora Water	3.98%	9.16%	43.03%	43.82%
Aurora911	16.67%	16.67%	50.00%	16.67%
City Attorney's Office	8.00%	20.00%	48.00%	24.00%
City Clerk's Office	0.00%	0.00%	14.29%	85.71%
City Manager's Office	11.11%	11.11%	11.11%	66.67%
Communications	0.00%	7.69%	38.46%	53.85%
Court Administration	27.78%	2.78%	27.78%	41.67%
Finance	1.85%	3.70%	35.19%	59.26%
Housing and Community Services	7.27%	23.64%	40.00%	29.09%
Human Resources	4.35%	26.09%	26.09%	43.48%
Information Technology	3.51%	8.77%	42.11%	45.61%
Judicial	10.00%	0.00%	30.00%	60.00%
Library and Cultural Services	6.25%	14.58%	41.67%	37.50%
Mayor and City Council	0.00%	0.00%	100.00%	0.00%
Office of Development Assistance	0.00%	0.00%	50.00%	50.00%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	100.00%	0.00%
Office of International and Immigrant Affairs	0.00%	0.00%	50.00%	50.00%
Office of Oil and Gas	0.00%	0.00%	50.00%	50.00%
Office of the Internal Auditor	0.00%	0.00%	66.67%	33.33%
Office of the Public Defender	0.00%	16.67%	50.00%	33.33%
Planning and Development Assistance	6.67%	20.00%	66.67%	6.67%
Planning and Development Services	10.00%	30.00%	40.00%	20.00%
PROS	9.72%	14.58%	46.53%	29.17%
Public Works	6.67%	10.00%	40.37%	42.96%

## MOTIVATION

Has someone at work talked to you about your progress or performance in the last six months?	Yes	No
Aurora Fire Rescue	68.75%	31.25%
Aurora Police Department	67.94%	32.06%
Aurora Water	90.84%	9.16%
Aurora911	100.00%	0.00%
City Attorney's Office	80.00%	20.00%
City Clerk's Office	71.43%	28.57%
City Manager's Office	66.67%	33.33%
Communications	84.62%	15.38%
Court Administration	69.44%	30.56%
Finance	85.19%	14.81%
Housing and Community Services	81.82%	18.18%
Human Resources	69.57%	30.43%
Information Technology	77.19%	22.81%
Judicial	30.00%	70.00%
Library and Cultural Services	70.83%	29.17%
Mayor and City Council	100.00%	0.00%
Office of Development Assistance	100.00%	0.00%
Office of Diversity, Equity, and Inclusion	100.00%	0.00%
Office of International and Immigrant Affairs	50.00%	50.00%
Office of Oil and Gas	50.00%	50.00%
Office of the Internal Auditor	33.33%	66.67%
Office of the Public Defender	66.67%	33.33%
Planning and Development Assistance	86.67%	13.33%
Planning and Development Services	90.00%	10.00%
PROS	78.47%	21.53%
Public Works	85.93%	14.07%

## TEAMWORK

How well do you and the members of your work group work together as a team?	Extremely not well	Somewhat not well	Somewhat well	Extremely well
Aurora Fire Rescue	1.11%	2.22%	25.56%	71.11%
Aurora Police Department	2.58%	7.73%	34.54%	55.15%
Aurora Water	1.72%	4.72%	38.20%	55.36%
Aurora911	0.00%	6.25%	37.50%	56.25%
City Attorney's Office	4.17%	0.00%	54.17%	41.67%
City Clerk's Office	0.00%	0.00%	28.57%	71.43%
City Manager's Office	0.00%	0.00%	25.00%	75.00%
Communications	4.35%	0.00%	13.04%	82.61%
Court Administration	9.68%	16.13%	22.58%	51.61%
Finance	2.04%	2.04%	30.61%	65.31%
Housing and Community Services	1.96%	7.84%	33.33%	56.86%
Human Resources	0.00%	14.29%	28.57%	57.14%
Information Technology	0.00%	9.43%	32.08%	58.49%
Judicial	0.00%	0.00%	30.00%	70.00%
Library and Cultural Services	4.55%	4.55%	52.27%	38.64%
Mayor and City Council	0.00%	0.00%	0.00%	100.00%
Office of Development Assistance	0.00%	0.00%	0.00%	100.00%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	100.00%	0.00%
Office of International and Immigrant Affairs	0.00%	0.00%	50.00%	50.00%
Office of Oil and Gas	0.00%	0.00%	0.00%	100.00%
Office of the Internal Auditor	0.00%	0.00%	0.00%	100.00%
Office of the Public Defender	0.00%	16.67%	50.00%	33.33%
Planning and Development Assistance	0.00%	6.67%	66.67%	26.67%
Planning and Development Services	10.00%	0.00%	30.00%	60.00%
PROS	2.92%	8.03%	32.85%	56.20%
Public Works	0.83%	5.42%	32.08%	61.67%

## TEAMWORK

<b>My teammates _____ contribute high quality work effort.</b>	<b>Rarely</b>	<b>Sometimes</b>	<b>Often</b>	<b>Always</b>
Aurora Fire Rescue	2.08%	9.38%	41.67%	46.88%
Aurora Police Department	3.83%	12.92%	44.02%	39.23%
Aurora Water	0.40%	13.94%	36.65%	49.00%
Aurora911	0.00%	5.56%	72.22%	22.22%
City Attorney's Office	4.00%	20.00%	44.00%	32.00%
City Clerk's Office	0.00%	14.29%	28.57%	57.14%
City Manager's Office	0.00%	0.00%	22.22%	77.78%
Communications	3.85%	0.00%	23.08%	73.08%
Court Administration	11.11%	27.78%	36.11%	25.00%
Finance	0.00%	7.41%	29.63%	62.96%
Housing and Community Services	0.00%	14.55%	38.18%	47.27%
Human Resources	0.00%	13.04%	43.48%	43.48%
Information Technology	0.00%	12.28%	36.84%	50.88%
Judicial	0.00%	0.00%	60.00%	40.00%
Library and Cultural Services	10.42%	12.50%	43.75%	33.33%
Mayor and City Council	0.00%	0.00%	50.00%	50.00%
Office of Development Assistance	0.00%	0.00%	16.67%	83.33%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	0.00%	100.00%
Office of International and Immigrant Affairs	0.00%	0.00%	0.00%	100.00%
Office of Oil and Gas	0.00%	0.00%	50.00%	50.00%
Office of the Internal Auditor	0.00%	0.00%	33.33%	66.67%
Office of the Public Defender	0.00%	0.00%	66.67%	33.33%
Planning and Development Assistance	0.00%	20.00%	26.67%	53.33%
Planning and Development Services	0.00%	20.00%	40.00%	40.00%
PROS	2.78%	11.11%	47.22%	38.89%
Public Works	2.96%	15.19%	36.67%	45.19%

**COMMUNICATION**

<p><b>In this question, “information” includes directions, work results, notices about various important topics, alerts, etc. How does this information in your work group usually flow?</b></p>	<p><b>It only comes down from managers or supervisors</b></p>	<p><b>It mostly comes down from managers or supervisors</b></p>	<p><b>It comes from managers or supervisors above me and, if a supervisor, from staff below me</b></p>	<p><b>Information comes from all directions</b></p>
Aurora Fire Rescue	25.00%	38.54%	7.29%	29.17%
Aurora Police Department	13.40%	25.84%	5.26%	55.50%
Aurora Water	13.15%	33.07%	8.37%	45.42%
Aurora911	38.89%	55.56%	0.00%	5.56%
City Attorney's Office	24.00%	32.00%	4.00%	40.00%
City Clerk's Office	28.57%	57.14%	0.00%	14.29%
City Manager's Office	0.00%	11.11%	0.00%	88.89%
Communications	7.69%	26.92%	11.54%	53.85%
Court Administration	30.56%	16.67%	5.56%	47.22%
Finance	11.11%	38.89%	3.70%	46.30%
Housing and Community Services	16.36%	34.55%	9.09%	40.00%
Human Resources	8.70%	30.43%	4.35%	56.52%
Information Technology	8.77%	36.84%	3.51%	50.88%
Judicial	20.00%	40.00%	0.00%	40.00%
Library and Cultural Services	10.42%	35.42%	14.58%	39.58%
Mayor and City Council	0.00%	100.00%	0.00%	0.00%
Office of Development Assistance	0.00%	33.33%	0.00%	66.67%
Office of Diversity, Equity, and Inclusion	0.00%	50.00%	0.00%	50.00%
Office of International and Immigrant Affairs	0.00%	0.00%	0.00%	100.00%
Office of Oil and Gas	0.00%	0.00%	50.00%	50.00%
Office of the Internal Auditor	0.00%	0.00%	0.00%	100.00%
Office of the Public Defender	0.00%	16.67%	16.67%	66.67%
Planning and Development Assistance	40.00%	26.67%	6.67%	26.67%
Planning and Development Services	0.00%	40.00%	20.00%	40.00%
PROS	16.67%	43.06%	9.03%	31.25%
Public Works	15.56%	37.41%	5.93%	41.11%

**COMMUNICATION**

How is information (e.g. directions, work results, notices about various important topics, alerts, etc.) from any manager/supervisor received in your work group?	It isn't trusted; it is never questioned	It may or may not be trusted , rarely questioned	It isn't trusted, but it is openly and candidly questioned	It is generally trusted and can be openly and candidly questioned
Aurora Fire Rescue	6.25%	39.58%	15.63%	38.54%
Aurora Police Department	7.66%	36.36%	10.53%	45.45%
Aurora Water	3.59%	20.72%	8.37%	67.33%
Aurora911	0.00%	61.11%	22.22%	16.67%
City Attorney's Office	12.00%	60.00%	0.00%	28.00%
City Clerk's Office	0.00%	14.29%	0.00%	85.71%
City Manager's Office	11.11%	11.11%	0.00%	77.78%
Communications	0.00%	15.38%	0.00%	84.62%
Court Administration	5.56%	27.78%	11.11%	55.56%
Finance	0.00%	9.26%	1.85%	88.89%
Housing and Community Services	1.82%	43.64%	9.09%	45.45%
Human Resources	4.35%	17.39%	8.70%	69.57%
Information Technology	1.75%	24.56%	0.00%	73.68%
Judicial	0.00%	20.00%	0.00%	80.00%
Library and Cultural Services	4.17%	35.42%	6.25%	54.17%
Mayor and City Council	0.00%	100.00%	0.00%	0.00%
Office of Development Assistance	0.00%	0.00%	0.00%	100.00%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	0.00%	100.00%
Office of International and Immigrant Affairs	0.00%	0.00%	0.00%	100.00%
Office of Oil and Gas	0.00%	50.00%	0.00%	50.00%
Office of the Internal Auditor	0.00%	0.00%	0.00%	100.00%
Office of the Public Defender	0.00%	16.67%	0.00%	83.33%
Planning and Development Assistance	0.00%	46.67%	6.67%	46.67%
Planning and Development Services	0.00%	30.00%	0.00%	70.00%
PROS	2.78%	24.31%	6.94%	65.97%
Public Works	2.96%	24.44%	6.67%	65.93%

## COMMUNICATION

How accurate is information that you and your coworkers share with managers/supervisors above you?	They are not given the truth	They are told what they want to hear and nothing more	They are told what they want to hear, but sometimes given more information	They are given all the facts, whether the news is positive or negative
Aurora Fire Rescue	4.17%	14.58%	12.50%	68.75%
Aurora Police Department	4.31%	9.09%	14.35%	72.25%
Aurora Water	0.80%	3.98%	10.76%	84.46%
Aurora911	0.00%	11.11%	22.22%	66.67%
City Attorney's Office	0.00%	16.00%	20.00%	64.00%
City Clerk's Office	0.00%	0.00%	0.00%	100.00%
City Manager's Office	0.00%	0.00%	22.22%	77.78%
Communications	0.00%	3.85%	19.23%	76.92%
Court Administration	2.78%	11.11%	13.89%	72.22%
Finance	0.00%	0.00%	7.41%	92.59%
Housing and Community Services	1.82%	1.82%	9.09%	87.27%
Human Resources	0.00%	0.00%	0.00%	100.00%
Information Technology	0.00%	0.00%	14.04%	85.96%
Judicial	0.00%	0.00%	0.00%	100.00%
Library and Cultural Services	0.00%	0.00%	22.92%	77.08%
Mayor and City Council	0.00%	50.00%	0.00%	50.00%
Office of Development Assistance	0.00%	0.00%	0.00%	100.00%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	0.00%	100.00%
Office of International and Immigrant Affairs	0.00%	0.00%	0.00%	100.00%
Office of Oil and Gas	0.00%	0.00%	0.00%	100.00%
Office of the Internal Auditor	0.00%	0.00%	0.00%	100.00%
Office of the Public Defender	0.00%	0.00%	16.67%	83.33%
Planning and Development Assistance	0.00%	0.00%	20.00%	80.00%
Planning and Development Services	0.00%	0.00%	10.00%	90.00%
PROS	0.69%	2.78%	13.89%	82.64%
Public Works	1.48%	4.81%	9.63%	84.07%



## COMMUNICATION

To what extent are managers/supervisors above you aware of the problems you and your peers face in your jobs?	Often unaware	Moderately aware of problems	Aware of some problems; unaware of others	Generally, quite well aware of problems
Aurora Fire Rescue	30.21%	13.54%	31.25%	25.00%
Aurora Police Department	14.35%	20.57%	23.44%	41.63%
Aurora Water	10.36%	18.73%	21.91%	49.00%
Aurora911	11.11%	11.11%	55.56%	22.22%
City Attorney's Office	24.00%	8.00%	44.00%	24.00%
City Clerk's Office	0.00%	14.29%	28.57%	57.14%
City Manager's Office	11.11%	11.11%	22.22%	55.56%
Communications	0.00%	11.54%	7.69%	80.77%
Court Administration	13.89%	13.89%	30.56%	41.67%
Finance	3.70%	16.67%	25.93%	53.70%
Housing and Community Services	12.73%	25.45%	25.45%	36.36%
Human Resources	8.70%	26.09%	8.70%	56.52%
Information Technology	5.26%	21.05%	31.58%	42.11%
Judicial	20.00%	10.00%	10.00%	60.00%
Library and Cultural Services	20.83%	12.50%	35.42%	31.25%
Mayor and City Council	0.00%	0.00%	100.00%	0.00%
Office of Development Assistance	0.00%	16.67%	16.67%	66.67%
Office of Diversity, Equity, and Inclusion	0.00%	50.00%	0.00%	50.00%
Office of International and Immigrant Affairs	0.00%	0.00%	0.00%	100.00%
Office of Oil and Gas	0.00%	100.00%	0.00%	0.00%
Office of the Internal Auditor	0.00%	33.33%	33.33%	33.33%
Office of the Public Defender	16.67%	50.00%	16.67%	16.67%
Planning and Development Assistance	6.67%	20.00%	26.67%	46.67%
Planning and Development Services	20.00%	30.00%	0.00%	50.00%
PROS	11.11%	24.31%	26.39%	38.19%
Public Works	13.33%	16.30%	19.63%	50.74%

## DECISION MAKING

At what level in your Department or Office are decisions normally made?	All decisions are made by the top manager	Most decisions are made by the managers or supervisors	In general, decisions are made by the managers or supervisors with some input from staff	Decision-making, regardless of the issue, is made collaboratively with input from across the Department or Office
Aurora Fire Rescue	27.08%	35.42%	30.21%	7.29%
Aurora Police Department	32.06%	26.32%	33.49%	8.13%
Aurora Water	13.15%	24.70%	48.61%	13.55%
Aurora911	22.22%	55.56%	16.67%	5.56%
City Attorney's Office	32.00%	44.00%	20.00%	4.00%
City Clerk's Office	0.00%	28.57%	57.14%	14.29%
City Manager's Office	0.00%	22.22%	22.22%	55.56%
Communications	7.69%	11.54%	46.15%	34.62%
Court Administration	33.33%	22.22%	36.11%	8.33%
Finance	3.70%	22.22%	57.41%	16.67%
Housing and Community Services	30.91%	29.09%	32.73%	7.27%
Human Resources	4.35%	34.78%	30.43%	30.43%
Information Technology	17.54%	17.54%	52.63%	12.28%
Judicial	10.00%	30.00%	50.00%	10.00%
Library and Cultural Services	22.92%	22.92%	47.92%	6.25%
Mayor and City Council	0.00%	100.00%	0.00%	0.00%
Office of Development Assistance	0.00%	16.67%	66.67%	16.67%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	50.00%	50.00%
Office of International and Immigrant Affairs	0.00%	0.00%	50.00%	50.00%
Office of Oil and Gas	0.00%	0.00%	0.00%	100.00%
Office of the Internal Auditor	0.00%	0.00%	33.33%	66.67%
Office of the Public Defender	33.33%	16.67%	50.00%	0.00%
Planning and Development Assistance	13.33%	60.00%	26.67%	0.00%
Planning and Development Services	10.00%	20.00%	60.00%	10.00%
PROS	17.36%	30.56%	49.31%	2.78%
Public Works	14.81%	30.00%	45.19%	10.00%

**DECISION MAKING**

Are you involved in decisions related to your work?	I am never asked for my input	Occasionally I am asked for my input	Regularly I am asked for my input	I am always asked for my input
Aurora Fire Rescue	17.71%	52.08%	21.88%	8.33%
Aurora Police Department	20.10%	44.02%	29.67%	6.22%
Aurora Water	7.97%	33.07%	48.21%	10.76%
Aurora911	22.22%	55.56%	16.67%	5.56%
City Attorney's Office	20.00%	44.00%	20.00%	16.00%
City Clerk's Office	0.00%	42.86%	57.14%	0.00%
City Manager's Office	0.00%	22.22%	44.44%	33.33%
Communications	0.00%	23.08%	61.54%	15.38%
Court Administration	41.67%	19.44%	27.78%	11.11%
Finance	0.00%	31.48%	46.30%	22.22%
Housing and Community Services	12.73%	50.91%	32.73%	3.64%
Human Resources	0.00%	43.48%	34.78%	21.74%
Information Technology	5.26%	36.84%	43.86%	14.04%
Judicial	10.00%	40.00%	40.00%	10.00%
Library and Cultural Services	10.42%	39.58%	43.75%	6.25%
Mayor and City Council	0.00%	100.00%	0.00%	0.00%
Office of Development Assistance	0.00%	16.67%	50.00%	33.33%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	100.00%	0.00%
Office of International and Immigrant Affairs	0.00%	0.00%	50.00%	50.00%
Office of Oil and Gas	0.00%	50.00%	0.00%	50.00%
Office of the Internal Auditor	0.00%	0.00%	33.33%	66.67%
Office of the Public Defender	33.33%	16.67%	33.33%	16.67%
Planning and Development Assistance	6.67%	46.67%	33.33%	13.33%
Planning and Development Services	0.00%	50.00%	50.00%	0.00%
PROS	6.94%	47.92%	36.81%	8.33%
Public Works	12.22%	37.41%	39.63%	10.74%

**DECISION MAKING**

<b>Does it matter to you how decisions are made in your work group?</b>	<b>Doesn't matter to me at all</b>	<b>It matters a little but not much</b>	<b>It matters most of the time, but not always</b>	<b>It matters to me very much</b>
Aurora Fire Rescue	3.13%	5.21%	38.54%	53.13%
Aurora Police Department	1.44%	16.75%	36.84%	44.98%
Aurora Water	1.59%	11.55%	42.63%	44.22%
Aurora911	0.00%	5.56%	61.11%	33.33%
City Attorney's Office	0.00%	12.00%	32.00%	56.00%
City Clerk's Office	14.29%	14.29%	0.00%	71.43%
City Manager's Office	0.00%	22.22%	33.33%	44.44%
Communications	3.85%	0.00%	53.85%	42.31%
Court Administration	8.33%	16.67%	30.56%	44.44%
Finance	3.70%	12.96%	48.15%	35.19%
Housing and Community Services	0.00%	7.27%	21.82%	70.91%
Human Resources	0.00%	4.35%	43.48%	52.17%
Information Technology	0.00%	15.79%	42.11%	42.11%
Judicial	10.00%	20.00%	20.00%	50.00%
Library and Cultural Services	2.08%	2.08%	31.25%	64.58%
Mayor and City Council	0.00%	0.00%	0.00%	100.00%
Office of Development Assistance	0.00%	0.00%	50.00%	50.00%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	100.00%	0.00%
Office of International and Immigrant Affairs	0.00%	0.00%	50.00%	50.00%
Office of Oil and Gas	0.00%	0.00%	50.00%	50.00%
Office of the Internal Auditor	0.00%	0.00%	33.33%	66.67%
Office of the Public Defender	0.00%	16.67%	50.00%	33.33%
Planning and Development Assistance	0.00%	0.00%	40.00%	60.00%
Planning and Development Services	0.00%	0.00%	70.00%	30.00%
PROS	0.69%	9.72%	40.97%	48.61%
Public Works	4.81%	13.70%	32.96%	48.52%

**DECISION MAKING**

<b>Does the decision-making process change how you feel about carrying out any decisions made?</b>	<b>Not at all</b>	<b>Some</b>	<b>More often than not</b>	<b>Very much</b>
Aurora Fire Rescue	14.58%	43.75%	17.71%	23.96%
Aurora Police Department	17.70%	41.63%	12.44%	28.23%
Aurora Water	22.31%	45.82%	12.75%	19.12%
Aurora911	16.67%	38.89%	22.22%	22.22%
City Attorney's Office	16.00%	52.00%	12.00%	20.00%
City Clerk's Office	57.14%	28.57%	14.29%	0.00%
City Manager's Office	66.67%	11.11%	11.11%	11.11%
Communications	26.92%	34.62%	23.08%	15.38%
Court Administration	27.78%	30.56%	8.33%	33.33%
Finance	35.19%	38.89%	11.11%	14.81%
Housing and Community Services	14.55%	38.18%	10.91%	36.36%
Human Resources	26.09%	39.13%	13.04%	21.74%
Information Technology	29.82%	38.60%	8.77%	22.81%
Judicial	60.00%	20.00%	0.00%	20.00%
Library and Cultural Services	12.50%	29.17%	12.50%	45.83%
Mayor and City Council	0.00%	0.00%	0.00%	100.00%
Office of Development Assistance	33.33%	50.00%	16.67%	0.00%
Office of Diversity, Equity, and Inclusion	50.00%	50.00%	0.00%	0.00%
Office of International and Immigrant Affairs	0.00%	50.00%	0.00%	50.00%
Office of Oil and Gas	50.00%	50.00%	0.00%	0.00%
Office of the Internal Auditor	33.33%	66.67%	0.00%	0.00%
Office of the Public Defender	33.33%	0.00%	16.67%	50.00%
Planning and Development Assistance	6.67%	53.33%	13.33%	26.67%
Planning and Development Services	10.00%	20.00%	30.00%	40.00%
PROS	13.89%	50.00%	9.03%	27.08%
Public Works	32.22%	38.15%	9.63%	20.00%

## GOALS

How are work group tasks developed and assigned?	Managers supervisors develop and assign the tasks	Usually managers supervisors develop and assign the tasks, but sometimes staff is asked for input	Staff provide input, but the managers supervisors ultimately design and assign the tasks	Staff and managers/supervisors discuss and agree on needed tasks and their assignment as a group, except in times of crisis
Aurora Fire Rescue	39.58%	30.21%	17.71%	12.50%
Aurora Police Department	30.14%	26.79%	23.44%	19.62%
Aurora Water	20.32%	30.68%	26.29%	22.71%
Aurora911	44.44%	27.78%	16.67%	11.11%
City Attorney's Office	60.00%	20.00%	12.00%	8.00%
City Clerk's Office	14.29%	57.14%	0.00%	28.57%
City Manager's Office	11.11%	22.22%	44.44%	22.22%
Communications	15.38%	11.54%	26.92%	46.15%
Court Administration	63.89%	19.44%	8.33%	8.33%
Finance	5.56%	27.78%	29.63%	37.04%
Housing and Community Services	32.73%	29.09%	25.45%	12.73%
Human Resources	8.70%	26.09%	30.43%	34.78%
Information Technology	14.04%	19.30%	24.56%	42.11%
Judicial	20.00%	50.00%	10.00%	20.00%
Library and Cultural Services	16.67%	25.00%	29.17%	29.17%
Mayor and City Council	100.00%	0.00%	0.00%	0.00%
Office of Development Assistance	0.00%	33.33%	33.33%	33.33%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	50.00%	50.00%
Office of International and Immigrant Affairs	0.00%	50.00%	0.00%	50.00%
Office of Oil and Gas	0.00%	0.00%	0.00%	100.00%
Office of the Internal Auditor	0.00%	0.00%	33.33%	66.67%
Office of the Public Defender	50.00%	0.00%	33.33%	16.67%
Planning and Development Assistance	33.33%	33.33%	26.67%	6.67%
Planning and Development Services	20.00%	50.00%	10.00%	20.00%
PROS	20.14%	31.25%	30.56%	18.06%
Public Works	37.78%	29.63%	23.70%	8.89%

## GOALS

Who do you believe is responsible for accomplishing Department or Office goals? [Your Department or Office may not set goals for itself or you may be unaware of them. If either is the case, answer as if they did.]	The top-level manager	All managers or supervisors	Most staff, regardless of level	Everyone, regardless of whether they are management or staff, should feel personally responsible
Aurora Fire Rescue	18.75%	7.29%	13.54%	60.42%
Aurora Police Department	18.18%	7.18%	12.44%	62.20%
Aurora Water	6.77%	12.35%	12.75%	68.13%
Aurora911	5.56%	22.22%	22.22%	50.00%
City Attorney's Office	20.00%	16.00%	4.00%	60.00%
City Clerk's Office	0.00%	28.57%	0.00%	71.43%
City Manager's Office	0.00%	11.11%	0.00%	88.89%
Communications	7.69%	7.69%	0.00%	84.62%
Court Administration	8.33%	13.89%	13.89%	63.89%
Finance	3.70%	9.26%	12.96%	74.07%
Housing and Community Services	7.27%	14.55%	12.73%	65.45%
Human Resources	8.70%	4.35%	8.70%	78.26%
Information Technology	8.77%	17.54%	15.79%	57.89%
Judicial	0.00%	0.00%	20.00%	80.00%
Library and Cultural Services	16.67%	10.42%	22.92%	50.00%
Mayor and City Council	0.00%	100.00%	0.00%	0.00%
Office of Development Assistance	0.00%	0.00%	0.00%	100.00%
Office of Diversity, Equity, and Inclusion	50.00%	0.00%	0.00%	50.00%
Office of International and Immigrant Affairs	0.00%	0.00%	0.00%	100.00%
Office of Oil and Gas	0.00%	0.00%	0.00%	100.00%
Office of the Internal Auditor	0.00%	0.00%	0.00%	100.00%
Office of the Public Defender	0.00%	0.00%	0.00%	100.00%
Planning and Development Assistance	0.00%	33.33%	26.67%	40.00%
Planning and Development Services	0.00%	20.00%	0.00%	80.00%
PROS	13.19%	10.42%	12.50%	63.89%
Public Works	9.26%	13.70%	12.22%	64.81%

**CONTROL**

Do staff secretly resist or ignore supervisor's/manager's direction (what, how, or when to do something) in your work group?	There is strong resistance to supervisor's manager's direction, and the direction is frequently ignored	There is partial resistance to supervisor's manager's direction, and the direction is sometimes ignored	There is occasional resistance to supervisor's manager's direction, but the direction is rarely ignored	Everyone works together to implement supervisor's manager's direction
Aurora Fire Rescue	8.33%	21.88%	37.50%	32.29%
Aurora Police Department	3.35%	19.14%	40.67%	36.84%
Aurora Water	0.80%	9.56%	41.83%	47.81%
Aurora911	11.11%	33.33%	38.89%	16.67%
City Attorney's Office	4.00%	24.00%	48.00%	24.00%
City Clerk's Office	0.00%	14.29%	14.29%	71.43%
City Manager's Office	0.00%	22.22%	11.11%	66.67%
Communications	0.00%	7.69%	23.08%	69.23%
Court Administration	5.56%	36.11%	36.11%	22.22%
Finance	0.00%	3.70%	20.37%	75.93%
Housing and Community Services	3.64%	12.73%	47.27%	36.36%
Human Resources	0.00%	8.70%	47.83%	43.48%
Information Technology	0.00%	14.04%	35.09%	50.88%
Judicial	0.00%	0.00%	30.00%	70.00%
Library and Cultural Services	8.33%	18.75%	56.25%	16.67%
Mayor and City Council	0.00%	0.00%	100.00%	0.00%
Office of Development Assistance	0.00%	0.00%	0.00%	100.00%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	0.00%	100.00%
Office of International and Immigrant Affairs	0.00%	0.00%	50.00%	50.00%
Office of Oil and Gas	0.00%	0.00%	0.00%	100.00%
Office of the Internal Auditor	0.00%	0.00%	0.00%	100.00%
Office of the Public Defender	16.67%	16.67%	16.67%	50.00%
Planning and Development Assistance	0.00%	20.00%	40.00%	40.00%
Planning and Development Services	0.00%	0.00%	50.00%	50.00%
PROS	2.78%	15.28%	40.97%	40.97%
Public Works	3.33%	17.78%	30.00%	48.89%



## CONTROL

<b>Work product is usually reviewed by someone; the decisions of how, when, and where work is done is usually controlled by someone as well. These actions are called review and control functions. In your Department or Office, who is responsible for review and control functions?</b>	<b>All review and control occur at the highest levels of management</b>	<b>Most of the review and control occurs at the highest levels of management with some control delegated downward to other managers supervisors</b>	<b>Much of the review and control is delegated down to managers/supervisors</b>	<b>Review and control responsibilities are shared between staff and managers supervisors up, down, and across the Department or Office</b>
Aurora Fire Rescue	29.17%	33.33%	20.83%	16.67%
Aurora Police Department	14.35%	20.10%	43.54%	22.01%
Aurora Water	9.16%	20.32%	33.47%	37.05%
Aurora911	5.56%	27.78%	50.00%	16.67%
City Attorney's Office	28.00%	24.00%	36.00%	12.00%
City Clerk's Office	14.29%	42.86%	14.29%	28.57%
City Manager's Office	0.00%	22.22%	11.11%	66.67%
Communications	7.69%	15.38%	26.92%	50.00%
Court Administration	30.56%	22.22%	25.00%	22.22%
Finance	1.85%	7.41%	18.52%	72.22%
Housing and Community Services	18.18%	20.00%	41.82%	20.00%
Human Resources	0.00%	26.09%	26.09%	47.83%
Information Technology	10.53%	19.30%	33.33%	36.84%
Judicial	20.00%	30.00%	30.00%	20.00%
Library and Cultural Services	10.42%	31.25%	41.67%	16.67%
Mayor and City Council	0.00%	50.00%	50.00%	0.00%
Office of Development Assistance	0.00%	16.67%	0.00%	83.33%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	0.00%	100.00%

<b>Work product is usually reviewed by someone; the decisions of how, when, and where work is done is usually controlled by someone as well. These actions are called review and control functions. In your Department or Office, who is responsible for review and control functions?</b>	<b>All review and control occur at the highest levels of management</b>	<b>Most of the review and control occurs at the highest levels of management with some control delegated downward to other managers supervisors</b>	<b>Much of the review and control is delegated down to managers/supervisors</b>	<b>Review and control responsibilities are shared between staff and managers supervisors up, down, and across the Department or Office</b>
Office of International and Immigrant Affairs	0.00%	50.00%	0.00%	50.00%
Office of Oil and Gas	50.00%	0.00%	0.00%	50.00%
Office of the Internal Auditor	0.00%	33.33%	0.00%	66.67%
Office of the Public Defender	33.33%	16.67%	16.67%	33.33%
Planning and Development Assistance	26.67%	13.33%	33.33%	26.67%
Planning and Development Services	0.00%	20.00%	70.00%	10.00%
PROS	10.42%	24.31%	47.22%	18.06%
Public Works	10.74%	17.78%	37.78%	33.70%

## CONTROL

<p>Sometimes staff can join together in cliques, factions, in-groups, or informal groups that can influence how staff respond to management’s decisions. These groups are not part of the formal manage structure but form on their own. This is called an informal organization. To what extent is there an informal organization in your work group?</p>	<p>There is a strong informal organization</p>	<p>There is an informal organization present, but it is not large or widespread</p>	<p>There may be an informal organization present; it depends on what is happening in our work group</p>	<p>There is no informal organization present</p>
Aurora Fire Rescue	38.54%	11.46%	33.33%	16.67%
Aurora Police Department	26.79%	9.57%	33.01%	30.62%
Aurora Water	9.16%	16.33%	28.29%	46.22%
Aurora911	27.78%	22.22%	44.44%	5.56%
City Attorney's Office	20.00%	16.00%	32.00%	32.00%
City Clerk's Office	0.00%	0.00%	28.57%	71.43%
City Manager's Office	11.11%	0.00%	11.11%	77.78%
Communications	11.54%	11.54%	7.69%	69.23%
Court Administration	25.00%	13.89%	27.78%	33.33%
Finance	0.00%	16.67%	18.52%	64.81%
Housing and Community Services	16.36%	14.55%	29.09%	40.00%
Human Resources	17.39%	17.39%	17.39%	47.83%
Information Technology	7.02%	12.28%	22.81%	57.89%
Judicial	0.00%	30.00%	40.00%	30.00%
Library and Cultural Services	31.25%	20.83%	31.25%	16.67%
Mayor and City Council	0.00%	50.00%	0.00%	50.00%
Office of Development Assistance	0.00%	0.00%	50.00%	50.00%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	0.00%	100.00%
Office of International and Immigrant Affairs	0.00%	0.00%	0.00%	100.00%
Office of Oil and Gas	0.00%	0.00%	0.00%	100.00%
Office of the Internal Auditor	0.00%	0.00%	0.00%	100.00%
Office of the Public Defender	33.33%	16.67%	33.33%	16.67%
Planning and Development Assistance	13.33%	33.33%	20.00%	33.33%
Planning and Development Services	0.00%	30.00%	30.00%	40.00%
PROS	11.11%	14.58%	35.42%	38.89%
Public Works	9.26%	11.48%	29.26%	50.00%

## CONTROL

If you responded that there is an informal organization present in your work group, what is the impact of that informal organization?	It exercises significant influence over staff's response to management's decisions	It exercises some influence over staff's response to management's decisions	It exercises moderate influence over staff's response to management's decisions	It has no impact whatsoever on how staff respond to management's decisions
Aurora Fire Rescue	22.50%	42.50%	15.00%	20.00%
Aurora Police Department	16.55%	37.93%	22.76%	22.76%
Aurora Water	9.63%	45.93%	14.81%	29.63%
Aurora911	17.65%	47.06%	11.76%	23.53%
City Attorney's Office	23.53%	41.18%	5.88%	29.41%
City Clerk's Office	0.00%	50.00%	50.00%	0.00%
City Manager's Office	0.00%	50.00%	50.00%	0.00%
Communications	25.00%	37.50%	25.00%	12.50%
Court Administration	20.83%	45.83%	16.67%	16.67%
Finance	5.26%	26.32%	10.53%	57.89%
Housing and Community Services	9.09%	42.42%	30.30%	18.18%
Human Resources	25.00%	50.00%	8.33%	16.67%
Information Technology	4.17%	41.67%	16.67%	37.50%
Judicial	0.00%	42.86%	14.29%	42.86%
Library and Cultural Services	20.00%	45.00%	12.50%	22.50%
Mayor and City Council	0.00%	0.00%	0.00%	100.00%
Office of Development Assistance	0.00%	33.33%	0.00%	66.67%
Office of the Public Defender	0.00%	60.00%	0.00%	40.00%
Planning and Development Assistance	0.00%	30.00%	30.00%	40.00%
Planning and Development Services	0.00%	33.33%	33.33%	33.33%
PROS	11.36%	40.91%	20.45%	27.27%
Public Works	16.30%	30.37%	22.96%	30.37%

**CONTROL**

<b>Performance data is data gathered to measure progress against individual or unit goals or to measure the results of work processes. Does your work group gather performance data of this kind?</b>	<b>I don't know</b>	<b>No</b>	<b>Yes</b>
Aurora Fire Rescue	35.42%	9.38%	55.21%
Aurora Police Department	40.19%	20.10%	39.71%
Aurora Water	35.86%	9.56%	54.58%
Aurora911	16.67%	0.00%	83.33%
City Attorney's Office	52.00%	12.00%	36.00%
City Clerk's Office	57.14%	14.29%	28.57%
City Manager's Office	22.22%	0.00%	77.78%
Communications	46.15%	3.85%	50.00%
Court Administration	50.00%	30.56%	19.44%
Finance	29.63%	18.52%	51.85%
Housing and Community Services	45.45%	9.09%	45.45%
Human Resources	21.74%	39.13%	39.13%
Information Technology	31.58%	10.53%	57.89%
Judicial	60.00%	40.00%	0.00%
Library and Cultural Services	50.00%	10.42%	39.58%
Mayor and City Council	100.00%	0.00%	0.00%
Office of Development Assistance	33.33%	0.00%	66.67%
Office of Diversity, Equity, and Inclusion	0.00%	100.00%	0.00%
Office of International and Immigrant Affairs	50.00%	0.00%	50.00%
Office of Oil and Gas	0.00%	0.00%	100.00%
Office of the Internal Auditor	0.00%	0.00%	100.00%
Office of the Public Defender	66.67%	0.00%	33.33%
Planning and Development Assistance	20.00%	13.33%	66.67%
Planning and Development Services	30.00%	20.00%	50.00%
PROS	36.81%	16.67%	46.53%
Public Works	42.96%	8.15%	48.89%

**CONTROL**

How is performance data used in your work group?	Policing behavior and punishment	Rewarding and punishing behavior	Rewarding behavior and for some self-guidance	For self-guidance and problem solving
Aurora Fire Rescue	35.48%	8.06%	16.13%	40.32%
Aurora Police Department	27.20%	9.60%	16.00%	47.20%
Aurora Water	11.80%	9.32%	24.22%	54.66%
Aurora911	33.33%	26.67%	20.00%	20.00%
City Attorney's Office	16.67%	41.67%	33.33%	8.33%
City Clerk's Office	0.00%	0.00%	0.00%	100.00%
City Manager's Office	0.00%	0.00%	14.29%	85.71%
Communications	14.29%	0.00%	21.43%	64.29%
Court Administration	50.00%	5.56%	16.67%	27.78%
Finance	0.00%	5.26%	42.11%	52.63%
Housing and Community Services	23.33%	3.33%	26.67%	46.67%
Human Resources	0.00%	5.56%	22.22%	72.22%
Information Technology	5.13%	7.69%	23.08%	64.10%
Judicial	25.00%	0.00%	25.00%	50.00%
Library and Cultural Services	4.17%	0.00%	12.50%	83.33%
Office of Development Assistance	0.00%	0.00%	25.00%	75.00%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	100.00%	0.00%
Office of International and Immigrant Affairs	0.00%	0.00%	0.00%	100.00%
Office of Oil and Gas	0.00%	0.00%	50.00%	50.00%
Office of the Internal Auditor	0.00%	0.00%	33.33%	66.67%
Office of the Public Defender	0.00%	0.00%	50.00%	50.00%
Planning and Development Assistance	8.33%	16.67%	33.33%	41.67%
Planning and Development Services	0.00%	28.57%	14.29%	57.14%
PROS	14.29%	6.59%	19.78%	59.34%
Public Works	13.64%	7.79%	24.68%	53.90%

**SAFETY**

What best defines the collective safety mindset in your work group?	Safety is not a high priority for my teammates or my direct supervisor	Safety is a high priority for my teammates, but not my direct supervisor	Safety is a high priority for my direct supervisor and my teammates
Aurora Fire Rescue	1.52%	1.52%	96.97%
Aurora Police Department	4.96%	3.55%	91.49%
Aurora Water	5.70%	4.39%	89.91%
Aurora911	5.56%	5.56%	88.89%
City Attorney's Office	20.00%	0.00%	80.00%
City Clerk's Office	0.00%	0.00%	100.00%
City Manager's Office	0.00%	0.00%	100.00%
Communications	4.55%	0.00%	95.45%
Court Administration	8.33%	16.67%	75.00%
Finance	8.70%	0.00%	91.30%
Housing and Community Services	13.33%	6.67%	80.00%
Human Resources	6.25%	12.50%	81.25%
Information Technology	13.64%	2.27%	84.09%
Judicial	66.67%	0.00%	33.33%
Library and Cultural Services	11.76%	8.82%	79.41%
Mayor and City Council	0.00%	50.00%	50.00%
Office of Development Assistance	0.00%	0.00%	100.00%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	100.00%
Office of International and Immigrant Affairs	0.00%	0.00%	100.00%
Office of Oil and Gas	0.00%	0.00%	100.00%
Office of the Internal Auditor	0.00%	0.00%	100.00%
Office of the Public Defender	25.00%	0.00%	75.00%
Planning and Development Assistance	30.77%	0.00%	69.23%
Planning and Development Services	11.11%	11.11%	77.78%
PROS	3.54%	0.88%	95.58%
Public Works	5.17%	4.74%	90.09%

**SAFETY**

<b>I believe that sufficient resources (time, money) are invested in safety in my work group.</b>	<b>Yes</b>	<b>No</b>
Aurora Fire Rescue	54.55%	45.45%
Aurora Police Department	63.12%	36.88%
Aurora Water	88.60%	11.40%
Aurora911	66.67%	33.33%
City Attorney's Office	95.00%	5.00%
City Clerk's Office	100.00%	0.00%
City Manager's Office	83.33%	16.67%
Communications	95.45%	4.55%
Court Administration	54.17%	45.83%
Finance	95.65%	4.35%
Housing and Community Services	42.22%	57.78%
Human Resources	62.50%	37.50%
Information Technology	90.91%	9.09%
Judicial	100.00%	0.00%
Library and Cultural Services	35.29%	64.71%
Mayor and City Council	100.00%	0.00%
Office of Development Assistance	100.00%	0.00%
Office of Diversity, Equity, and Inclusion	50.00%	50.00%
Office of International and Immigrant Affairs	100.00%	0.00%
Office of Oil and Gas	100.00%	0.00%
Office of the Internal Auditor	100.00%	0.00%
Office of the Public Defender	75.00%	25.00%
Planning and Development Assistance	53.85%	46.15%
Planning and Development Services	77.78%	22.22%
PROS	79.65%	20.35%
Public Works	80.17%	19.83%



## SAFETY

<b>I believe my personal health and safety on the job is a priority to my direct supervisor.</b>	<b>Not at all</b>	<b>Sometimes</b>	<b>Most of the time</b>	<b>All the time</b>
Aurora Fire Rescue	4.55%	6.06%	18.18%	71.21%
Aurora Police Department	2.84%	9.93%	26.24%	60.99%
Aurora Water	4.39%	6.58%	15.79%	73.25%
Aurora911	33.33%	22.22%	22.22%	22.22%
City Attorney's Office	10.00%	15.00%	35.00%	40.00%
City Clerk's Office	0.00%	20.00%	0.00%	80.00%
City Manager's Office	0.00%	16.67%	0.00%	83.33%
Communications	0.00%	13.64%	0.00%	86.36%
Court Administration	16.67%	20.83%	25.00%	37.50%
Finance	0.00%	6.52%	13.04%	80.43%
Housing and Community Services	6.67%	22.22%	17.78%	53.33%
Human Resources	0.00%	12.50%	6.25%	81.25%
Information Technology	0.00%	4.55%	15.91%	79.55%
Judicial	0.00%	0.00%	0.00%	100.00%
Library and Cultural Services	17.65%	8.82%	23.53%	50.00%
Mayor and City Council	0.00%	0.00%	50.00%	50.00%
Office of Development Assistance	0.00%	16.67%	16.67%	66.67%
Office of Diversity, Equity, and Inclusion	0.00%	0.00%	50.00%	50.00%
Office of International and Immigrant Affairs	0.00%	0.00%	100.00%	0.00%
Office of Oil and Gas	0.00%	0.00%	0.00%	100.00%
Office of the Internal Auditor	0.00%	0.00%	100.00%	0.00%
Office of the Public Defender	0.00%	25.00%	50.00%	25.00%
Planning and Development Assistance	7.69%	30.77%	23.08%	38.46%
Planning and Development Services	0.00%	0.00%	33.33%	66.67%
PROS	6.19%	7.96%	18.58%	67.26%
Public Works	3.02%	9.91%	20.26%	66.81%

## RESOURCE GUIDE

*Brave New Work*, Aaron, Dignan  
*Building Trust in Business, Politics, Relationships, and Life*, Robert C. Solomon and Fernando Flores  
Center for Creative Leadership, various articles  
David Marquet  
*Establishing a Hybrid Work Environment*; Wayne Sommer and Tod Kuntzelman  
FastCompany online, various articles  
Forbes Online, various articles  
Gallup Organization, various articles  
Glassdoor.com  
Good to Great and Good to Great in the Social Sectors, Jim Collins  
*Harvard Business Review*, various articles  
Inc.com  
*Intrinsic Motivation and Self-Determination in Human Behavior*, Edward L. Deci and Richard M. Ryan  
*MIT Sloan Management Review*, various articles  
Ness Labs  
*PM Magazine*, International City Count Management Association  
*Rework*, Jason Fried and David Heinemeier Hansson  
*The Culture Code*, Daniel Coyle  
The Happiness Lab, Dr. Laurie Santos  
*The High Performance Diagnostic Change Model and Building High Performance Organizations in the Twenty-first Century*, Commonwealth Centers for High-Performance Organizations  
*The Human Organization*, Rensis Likert  
The Ken Blanchard Companies, various articles  
*The Think Book of Trust*, Charles Feltman  
*The Two-Factor Theory for Motivation*, Frederick Herzberg  
US Bureau of Labor and Statistics

## END NOTES

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- <sup>i</sup> Rensis Likert was an American organizational and social psychologist. Likert founded the theory of participative management, used to engage employees in the workplace and ultimately let them enjoy their jobs more. The Commonwealth Center for High-Performance Organizations, Inc. (CCHPO, Inc.) helps organizations in the public and private sectors dramatically improve their performance through partnering with change agents inside organizations to bring a strong foundation of knowledge and experience in both the public and private sectors to bear on large-scale organizational culture and systems change.
- <sup>ii</sup> This draft workbook, entitled *Establishing a Hybrid Work Environment*, includes a methodology and set of principles for establishing a modern work environment with a supportive culture. It also includes a strong customer service component.
- <sup>iii</sup> [Millennials in the labor force, projected 2019–29 : Career Outlook: U.S. Bureau of Labor Statistics \(bls.gov\)](#)
- <sup>iv</sup> [Understanding & Supporting Multigenerational Workforces \(apteam.com\)](#)
- <sup>v</sup> Rensis Likert was an American organizational and social psychologist. Likert founded the theory of participative management, used to engage employees in the workplace and ultimately let them enjoy their jobs more. The Commonwealth Center for High-Performance Organizations, Inc. (CCHPO, Inc.) helps organizations in the public and private sectors dramatically improve their performance through partnering with change agents inside organizations to bring a strong foundation of knowledge and experience in both the public and private sectors to bear on large-scale organizational culture and systems change.
- <sup>vi</sup> Rensis Likert, *The Human Organization*, vii
- <sup>vii</sup> The Commonwealth Centers for High-Performance Organizations, *Building High-Performance Organizations in the Twenty-first Century, 1988-2006*, Chapter 1, 54
- <sup>viii</sup> Robert Hooijberg and Michael Watkins, *The Future of Team Leadership is Multimodal*, MIT Sloan Management Review, 2021
- <sup>ix</sup> Rensis Likert, *The Human Organization: Its Management and Value* (McGraw-Hill Inc., 1967) 47
- <sup>x</sup> Laura Delizonna, “High Performing Teams Need Psychological Safety. Here’s How to Create It”; (Harvard Business Review, March 24, 2017), [High-Performing Teams Need Psychological Safety. Here’s How to Create It \(hbr.org\)](#)
- <sup>xi</sup> Aaron Dignan, *Brave New Work*, 220-221
- <sup>xii</sup> Charles Feltman, *Thin Book of Trust*, “For people to be vulnerable to the team ... requires a basic sense of safety. They need to believe what they contribute will be heard, respected, and considered. They need to know they will not be personally criticized, embarrassed, shamed or shut down. They need to trust that their fellow team members have their individual good and the common interests of the team in mind. This assessment of trust in the domain of care underpins psychological safety.” 70 and 71
- <sup>xiii</sup> Daniel Coyle, *The Culture Code*, (Bantam Books, 2018), 6
- <sup>xiv</sup> Charles Feltman, *Thin Book of Trust*, 70 and 71
- <sup>xv</sup> [23 Reasons Why Employee Engagement Is Important In 2022 \(snacknation.com\)](#)
- <sup>xvi</sup> <https://www.gallup.com/workplace/236441/employee-recognition-low-cost-high-impact.aspx?version=print>
- <sup>xvii</sup> Rensis Likert, *The Human Organization*, 64

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- xviii <https://www.forbes.com/sites/forbescoachescouncil/2019/06/13/six-effective-ways-to-improve-team-morale-and-bonding/#288dfbe65598>
- xix Rensis Likert, *The Human Organization*, 148
- xx [https://eiuperspectives.economist.com/sites/default/files/EIU\\_Lucidchart-Communication%20barriers%20in%20the%20modern%20workplace.pdf](https://eiuperspectives.economist.com/sites/default/files/EIU_Lucidchart-Communication%20barriers%20in%20the%20modern%20workplace.pdf)
- xxi “Horrible Bosses: Are American Workers Quitting their Jobs or Quitting their Managers?”; Korolevich, Sara; [Horrible Bosses: A Survey of the American Workforce | GoodHire](#); January 11, 2022
- xxii <https://www.forbes.com/sites/joefolkman/2017/10/05/your-indecision-is-costing-too-much-8-proven-behaviors-to-become-more-decisive/#3f93d5b53755>
- xxiii Rensis Likert, *The Human Organization*, 128
- xxiv [5 Reasons to Engage Employees in Decision Making | HRZone](#)
- xxv Rensis Likert, *The Human Organization*, 63
- xxvi Rensis Likert, *The Human Organization*, 64
- xxvii Rensis Likert, *The Human Organization*, 130-132
- xxviii “U.S. Employee Engagement Drops for First Year in a Decade”; Gallup; January 7, 2022; [U.S. Employee Engagement Drops for First Year in a Decade \(gallup.com\)](#); Gallup measures employee engagement by asking random samples of the working population about specific workplace elements that link to many organizational outcomes, including profitability, productivity, customer service, retention, safety and overall wellbeing. These elements include clarity of expectations, opportunities for development and opinions counting at work. [emphasis added]
- xxix Suzanna Windon, Daniel Robotham, Carolyn Henzi Plaza, “Employee Disengagement and the Impact of Leadership”, (PennState Extension; December 9, 2020), [Employee Disengagement and the Impact of Leadership \(psu.edu\)](#)
- xxx [Safety Culture - an overview | ScienceDirect Topics](#)
- xxxi [Culture - Wikipedia](#)
- xxxii Aaron Dignan, *Brave New Work* (Penguin Random House, LLC; 2019), 44, 45 and 47.
- xxxiii Glassdoor Mission and Culture Survey 2019; “77% of adults across four countries (the United States, UK, France, and Germany) would consider a company’s culture before applying for a job there, and 79% would consider a company’s mission and purpose before applying.”; [Mission-Culture-Survey-Supplement.pdf \(glassdoor.com\)](#); “Glassdoor is the worldwide leader on insights about jobs and companies. Built on the foundation of increasing workplace transparency, Glassdoor offers insights into the employee experience powered by millions of company ratings and reviews, CEO approval ratings, salary reports, interview reviews and questions, benefits reviews, office photos and more, combined with the latest jobs.”
- xxxiv Ibid.
- xxxv Donald Sull and Charles Sull, “10 Things Your Corporate Culture Needs to Get Right” (MIT Sloan Management Review) 2021.
- xxxvi Amanda Stansell, “What Workplace Factors Drive Employee Satisfaction Around the World?” July 11, 2019, [Which Workplace Factors Drive Employee Satisfaction Around the World? - Glassdoor](#)
- xxxvii Ibid.
- xxxviii Rensis Likert, *The Human Organization*, 76

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- <sup>xxxix</sup> Rensis Likert, *The Human Organization*, 47 and 48
- <sup>xl</sup> *Ibid*, 51
- <sup>xli</sup> *Ibid*, 56 and 57
- <sup>xlii</sup> Bert Solomon and Fernando Flores, *Building Trust in Business, Politics, Relationships, and Life*, Oxford University Press, 2001, 24
- <sup>xliii</sup> Leadership Philosophy is the basis by which organizations lead and manage themselves. Management systems are defined based up how they treat staff in relation to the questions in the first column of Table 3. These beliefs are evidenced by leader and manager behaviors.
- <sup>xliv</sup> Charles Feltman, *Think Book of Trust*, 9
- <sup>xlv</sup> Stephen M.R. Covey and Douglas R. Conant, *The Connection Between Employee Trust and Financial Performance*, *Harvard Business Review*, July 18, 2016
- <sup>xlvi</sup> Charles Feltman, *Thin Book of Trust*, 17
- <sup>xlvii</sup> ['Creeping crisis of risk aversion' in the public service \(afr.com\)](#)
- <sup>xlviii</sup> Solomon and Flores, *Building Trust*, 22
- <sup>xlix</sup> *Ibid*, 11
- <sup>l</sup> Covey and Conant, *The Connection Between Employee Trust and Financial Performance*, *Harvard Business Review*, July 18, 2016
- <sup>li</sup> *Ibid*, Covey and Conant
- <sup>lii</sup> Solomon and Flores, *Building Trust*, x, xiii and 19
- <sup>liii</sup> According to the website Glassdoor, Google was rated in the top 10 of best places to work 11 times between 2009 and 2022. [Working at Google | Glassdoor](#)
- <sup>liv</sup> Julia Rozovsky, “The five keys to a successful Google team”, November 17, 2015
- <sup>lv</sup> [What Is Psychological Safety at Work? | CCL](#)
- <sup>lvi</sup> Sandra Silva Casabianca, *How to Create Psychological Safety and Why It Makes a Difference*, May 17, 2022, [Psychological Safety at Work: Signs, Benefits, and What to Avoid \(psychcentral.com\)](#)
- <sup>lvii</sup> Donald Sull, Charles Sull, and Caio Brighenti, “Why Every Leader Needs to Worry About Toxic Culture,” *MIT Sloan Management Review*, 2022
- <sup>lviii</sup> *Ibid*.
- <sup>lix</sup> Aaron Dignan, *Brave New Work*, 220-221
- <sup>lx</sup> Jared Lindzon, “Do we still need managers? Most workers say ‘no’”, February 3, 2022, [Do we still need managers? Most workers say ‘no’ \(fastcompany.com\)](#)
- <sup>lxi</sup> [People Don’t Leave Bad Jobs, They Leave Bad Bosses: Here’s How To Be A Better Manager To Maintain And Motivate Your Team \(forbes.com\)](#)
- <sup>lxii</sup> “Core Skills Every Manager Should Master”; *The Ken Blanchard Companies*; 2020
- <sup>lxiii</sup> Jim Collins, *Good to Great*, (Harper Business, 2001), 11
- <sup>lxiv</sup> Jim Collins, *Good to Great and the Social Sectors, A Monograph to Accompany Good to Great*, (2005), 5, 15
- <sup>lxv</sup> Jim Collins, *Good to Great*, 15 and 51

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lxvi Ibid, 13

lxvii Jim Collins, Good to Great and the Social Sectors, 34

lxviii Jim Collins, Good to Great, 52

lxix Jim Collins, Good to Great in the Social Sectors, 15

lxx This requires that leadership ensure staff are trained and mentored in regard to their assigned responsibilities. Leaders need to *manage* their staff, not *micromanage* them or set them free to do whatever they choose. Effective managers know how to plan performance, manage and execute projects, develop staff, monitor outputs and outcomes, make appropriate adjustments, and foster open communication.

lxxi Jason Richmond, Founder and Chief Culture Officer of Ideal Outcomes, September 13, 2021 (Forbes online), [Seven Ways To Create A Culture Of Accountability \(forbes.com\)](#)

lxxii Solomon and Flores, Building Trust, 24

lxxiii [5 Ways to Create a Culture of Responsibility \(With True Team Leadership\) | Inc.com](#)

lxxiv Vineet Nayer, It's Time to Invert the Management Pyramid, Harvard Business Review, October 8, 2008, [It's Time to Invert the Management Pyramid \(hbr.org\)](#)

lxxv The 5 Whys method is part of the Toyota Production System. Developed by Sakichi Toyoda, a Japanese inventor and industrialist, the technique became an integral part of the Lean philosophy.

*“The basis of Toyota’s scientific approach is to ask why five times whenever we find a problem ... By repeating why five times, the nature of the problem as well as its solution becomes clear.”* [5 Whys: The Ultimate Root Cause Analysis Tool \(kanbanize.com\)](#)

lxxvi Rensis Likert, The Human Organization, 50, 51. “It is essential that the group method of decision making and supervision not be confused with committees which never reach decisions or with ‘wishy-washy,’ ‘common-denominator’ sort of committees about which a leader can say, ‘Well, the group made this decision, and I couldn’t do a thing about it.’ Quite the contrary! The group method of supervision holds the leader fully responsible for the quality of all decisions and for their implementation. They are responsible for building [the group into one] which makes the best decisions and carries them out well. *The leader is responsible for all decisions, for their execution, and for the results.*”

lxxvii Aaron Dignan, Brave New Work, 66.

lxxviii Ibid, 67

lxxix Ibid, 68

lxxx Ibid, 68-69, Jason Freid and David Heinemeier Hansson, Rework (New York: Crown Business, 2010), 260

lxxxi Aaron Dignan, Brave New Work, 67

lxxxii “What is leadership?”; Marquet, David; <https://youtu.be/pYKH2uSax8U>

lxxxiii Aaron Dignan, Brave New Work, 42.

lxxxiv Rensis Likert, The Human Organization, 64

lxxxv **Hygiene factors:** These are things that, if not handled properly, will generate dissatisfaction. They include compensation, job security, status, work environment, management practices, and company policies. Companies have to address these factors or people will be dissatisfied. **Improving hygiene factors removes dissatisfaction, but it doesn’t make people happier or more satisfied.** Dissatisfaction and satisfaction are separate measures, rather than existing on a

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continuum from unhappy to happy. These were components of Frederick Herzberg’s Motivator-Hygiene Theory. [Frederick Herzberg: Two-Factor Theory for Motivation | Shortform Books \[emphasis added\]](#)

<sup>lxxxvi</sup> Clarence E. Ridley and Herbert A. Simon, Measurement Standards in City Administration: Techniques of Appraising Standards, Performance Management magazine, International City Management Association, 1937, 46

<sup>lxxxvii</sup> Jim Collins, Good to Great and the Social Sectors, 5 and 7

<sup>lxxxviii</sup> Anne-Laure Le Cunff, The Fallacy of “What gets measured gets managed”, [The fallacy of “what gets measured gets managed” - Ness Labs](#)

<sup>lxxxix</sup> Ibid.

<sup>xc</sup> Ibid.

<sup>xc i</sup> Anne-Laure Le Cunff, The Fallacy of “What gets measured gets managed”

<sup>xc ii</sup> “How to Create More Psychological Safety at Work”; Center for Creative Leadership; [What Is Psychological Safety at Work? | CCL](#)

<sup>xc iii</sup> “8 Fears that Prevent Honest Employees from Telling Managers the Truth”; Schneider, Michael; Inc.; [8 Fears That Prevent Honest Employees From Telling Managers the Truth | Inc.com](#)

<sup>xc iv</sup> “QD85 Burn-out”. [icd.who.int](#).

<sup>xc v</sup> [Burnout and How to Avoid It | The Happiness Lab with Dr. Laurie Santos \(pushkin.fm\)](#)

<sup>xc vi</sup> Rose Hollister and Michael D. Watkins, “Too Many Projects,” (Harvard Business Review, September-October 2018), 64-71, [Why Companies Won’t Let Bad Projects Die \(hbr.org\)](#)



# CITY OF AURORA

## Council Agenda Commentary

<b>Item Title:</b> Presentation of the 2023 Audit Planning Results
<b>Item Initiator:</b> Wayne C. Sommer, Internal Audit Manager
<b>Staff Source/Legal Source:</b> Wayne C. Sommer, Internal Audit Manager/Hanosky Hernandez, Senior Assistant City Attorney
<b>Outside Speaker:</b> N/A
<b>Council Goal:</b> 2012: 6.0--Provide a well-managed and financially strong City

### COUNCIL MEETING DATES:

**Study Session:** N/A

**Regular Meeting:** N/A

### ITEM DETAILS:

PRESENTATION TO THE AUDIT COMMITTEE OF THE 2023 INTERNAL AUDIT PLANNING RESULTS  
No waiver of reconsideration requested  
Sponsor: CM Gardner  
Staff Source: Wayne C. Sommer, Internal Audit Manager  
No outside speaker  
10 minutes

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### ACTIONS(S) PROPOSED *(Check all appropriate actions)*

- |   |  |
|---|--|
| <input type="checkbox"/> Approve Item and Move Forward to Study Session   | <input type="checkbox"/> Approve Item as proposed at Study Session   |
| <input type="checkbox"/> Approve Item and Move Forward to Regular Meeting   | <input type="checkbox"/> Approve Item as proposed at Regular Meeting |
| <input checked="" type="checkbox"/> Information Only  |  |
| <input type="checkbox"/> Approve Item with Waiver of Reconsideration<br>Reason for waiver is described in the Item Details field. |  |

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### PREVIOUS ACTIONS OR REVIEWS:

**Policy Committee Name:** Management & Finance

**Policy Committee Date:** 11/22/2022



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**Action Taken/Follow-up: (Check all that apply)**

- |   |   |
|---|---|
| <input type="checkbox"/> Recommends Approval              | <input type="checkbox"/> Does Not Recommend Approval    |
| <input type="checkbox"/> Forwarded Without Recommendation | <input type="checkbox"/> Recommendation Report Attached |
| <input type="checkbox"/> Minutes Attached                 | <input type="checkbox"/> Minutes Not Available          |

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**HISTORY (Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)**

Internal Audit conducts an annual risk assessment in preparation for the development of their annual audit plan. The results of that efforts are approved by the City Manager, then presented to the M&F Committee (functioning as Council's Audit Committee) for their review and affirmation.

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**ITEM SUMMARY (Brief description of item, discussion, key points, recommendations, etc.)**

Staff Auditor Sheree VanBuren will present the planning results for the General Audit function. She will explain Internal Audit's revised risk assessment approach and describe its impact on 2023 audit planning. Michelle Crawford, Police Auditor, will present the approved 2023 Police Audit Plan. The Committee may request additions to the audit plans, subject to final approval by the City Manager. If the Committee has no changes to recommend, they shall vote to affirm the audit plans as presented.

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**QUESTIONS FOR COUNCIL**

N/A

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**LEGAL COMMENTS**

The City Manager shall be responsible to the City Council for the proper administration of all affairs of the City placed in his charge and, upon the request of the City Council, make written or verbal reports to the City Council concerning the affairs of the City. City Charter Art. 7-4 (e). (Hernandez)

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**PUBLIC FINANCIAL IMPACT**

- YES       NO

**If yes, explain:** N/A

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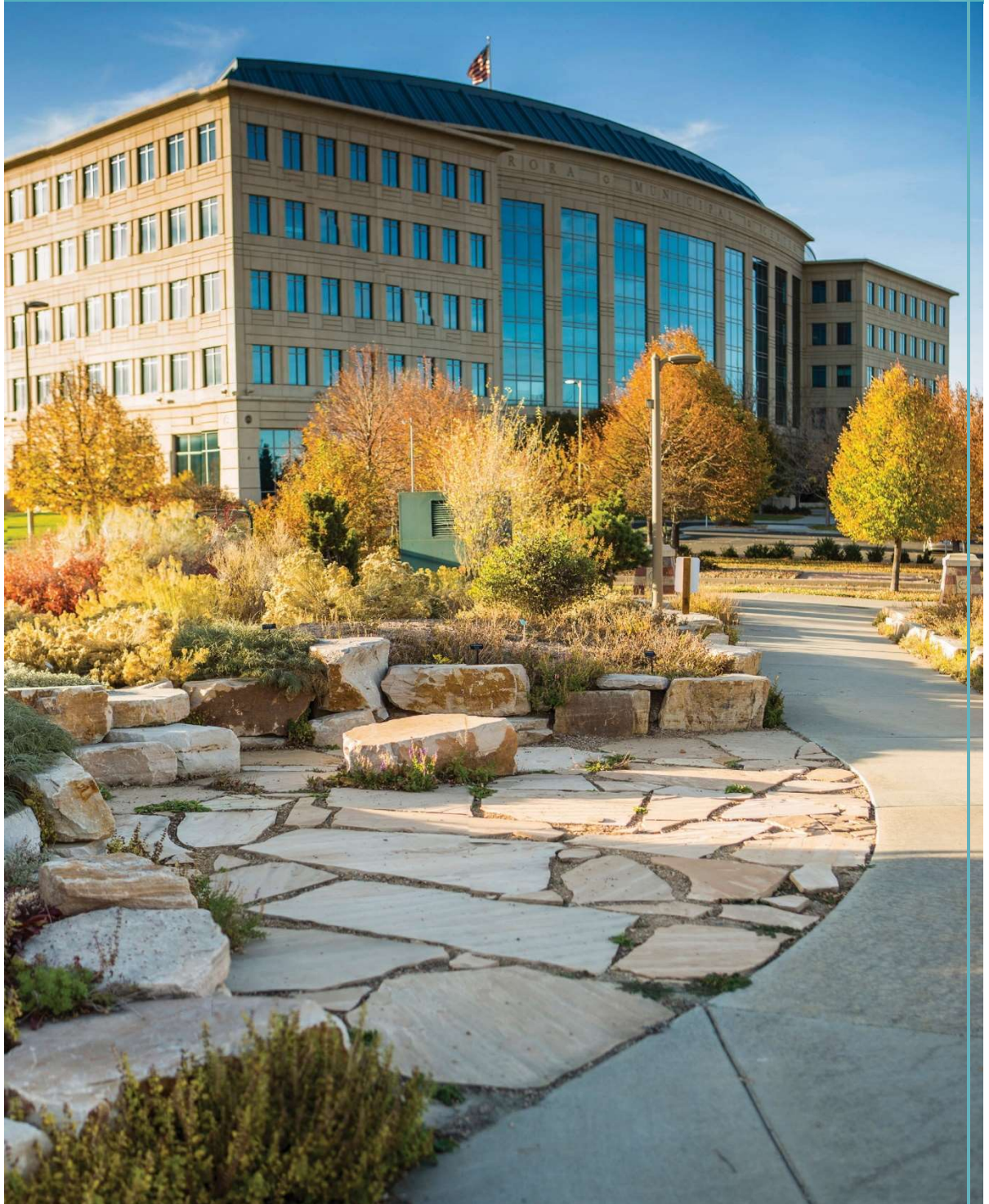
**PRIVATE FISCAL IMPACT**

- Not Applicable       Significant       Nominal

**If Significant or Nominal, explain:** N/A.



# Report of Internal Audit Planning



# Background

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The City of Aurora Office of the Internal Auditor (Internal Audit) established by City Ordinance CD2: 10.1, Sec. 2-66, operates as an independent, objective assurance and consulting activity designed to add value to and improve the City's operations.

Internal Audit's mission is to be partners for meaningful performance improvement. Internal Audit executes its mission through a systematic, disciplined, professional, risk-based approach to evaluating and improving the effectiveness of risk management, internal control, and governance processes. Internal Audit conducts various engagements, including financial, compliance, performance, consulting, and fraud investigations. Internal Audit is an internal independent staff function residing in the Office of the City Manager. The Management and Finance Committee (M&F) acts as the City Council Audit Committee. Internal Audit provides quarterly progress reports to the M&F Committee and presents the approved annual audit plan for affirmation.

The Internal Audit function is separate and distinct from the external auditor role in local government. According to the State of Colorado Financial Management Manual: A Guide for Colorado Local Governments, *"The goal of [external] auditing is to provide assurance for citizens, legislators, and others that government funds are accounted for properly and that government organizations are in substantial compliance with laws and regulations."*

The Local Government Audit Law (Section 29-1-601 et seq., C.R.S.) requires Colorado local governments to audit their financial statements annually. The law states that an independent Certified Public Accountant (CPA) must perform the audit, following generally accepted auditing standards.

The Office of the Internal Auditor prepares an annual audit planning report that the City Manager approves, and the City Council's Management and Finance Committee affirms.

# Report of Internal Audit Planning

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## PLAN DEVELOPMENT PROCESS

The City of Aurora Office of the Internal Auditor applies the professional standards of the Institute of Internal Auditors (IIA), the internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator.

The International Standards for the Professional Practice of Internal Auditing require that an entity develop its annual audit plan using a risk-based approach.

**Standard 2010 – Planning: The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization’s goals.**

*IIA Interpretation: The chief audit executive is responsible for developing a risk-based plan. The chief audit executive takes into account the organization’s risk management framework, including using risk appetite levels set by management for the different activities or parts of the organization. If a framework does not exist, the chief audit executive uses his/her own judgment of risks after consideration of input from senior management and the board. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organization’s business, risks, operations, programs, systems, and controls.*

Internal Audit applies the risk definition in the *International Standards for the Professional Practice of Internal Auditing*: **The possibility of an event occurring that will impact the achievement of objectives. Risk is measured in terms of impact and likelihood.**

Management is responsible for identifying and managing the risks facing the City. Internal Audit provides an independent review of the policies, processes, and controls to manage and mitigate risk to acceptable levels. Our risk-based approach included assessing various City activities and developing a planning document to address those areas commensurate with the resources available and the audit team’s skill sets.

## Risk Assessment Survey

This year, Internal Audit significantly revised our risk assessment approach. We believe this new approach will allow our office to be more agile when addressing City risks. We began our risk assessment by holding individual meetings with the City Manager and each Deputy City Manager. We followed these meetings by issuing a survey via Microsoft Forms to all Department Directors. We employed a six-question survey that included broad, high-level questions (see below) allowing employees the opportunity to answer with minimal effort and without restraint. The survey contained the following questions:

1. Please describe what you believe may be the top five issues or events that may impact your department’s ability to achieve its business priorities as you have planned them.
2. What about your department’s or the City’s operations “keeps you up at night”?
3. What are the top five (maximum) opportunities that you see potentially arising in the coming year that would boost your department’s chances of achieving its business priorities?
4. In your opinion, what do you believe might be the top five threats (internal or external) facing the City in the coming year?
5. In your opinion, what do you believe might be the top five opportunities (internal or external) that the City should seize in the coming year?
6. Who else in your department do you believe could offer valuable insights by completing these questions?

We issued the survey to additional staff based on the responses to the last question. We also scheduled meetings with any additional staff as deemed necessary. The table below shows the number of surveys issued and completed<sup>1</sup>.

Survey Responses	Surveys Complete	Surveys Sent	% Complete
<b>Directors</b>	15	19	79%
<b>Supervisors – Staff</b>	33	69	48%
<b>Total</b>	<b>48</b>	<b>88</b>	<b>55%</b>

In addition, we met with the City Attorney, Presiding Judge, and Court Administrator to discuss risks in their operations.

The City has not established a formal organizational risk appetite; therefore, we use our professional judgment to select and propose audit engagements for the coming year. Additionally, we offer comments on potential risk areas in our observations.

### INTERNAL AUDIT OBSERVATIONS

Over the last eight years, the Internal Audit department has undertaken significant audit engagements. Many of these engagements stemmed from the risk assessment surveys, meetings with City management, conversations with City staff, requests from City Council members, and discussions among the Internal Audit team.

<sup>1</sup> We conducted the City assessment separately from the Police Auditor, this does not include the Police Department.

In 2021, the City Manager created a new Police Auditor position, increasing our auditor positions to three. The Police Auditor position only performs police department audits. The table below shows the City departments that have been subject to an internal audit since 2017. This depicts the span of current and potential Internal Audit reach.

<b>Department/Appointee/Commission</b>	<b>Number of Audits 2017 to Current<sup>2</sup></b>
<b>Police</b>	26 <sup>3</sup>
<i>Citywide</i>	6
<b>Finance</b>	4
<b>Aurora 911</b>	3
<b>Housing and Community Services</b>	3
<b>Planning and Development Services</b>	2
<b>Aurora City Council related</b>	2
<b>Aurora Fire Rescue</b>	1
<b>Communications</b>	1
<b>Parks, Recreation, and Open Space</b>	1
<b>Public Works</b>	1
<b>City Clerk's Office</b>	0
<b>Human Resources</b>	0
<b>Information Technology</b>	0
<b>Library and Cultural Services</b>	0
<b>Office of DEI</b>	0
<b>Office of Development Assistance</b>	0
<b>Office of Intergovernmental Relations</b>	0
<b>Office of International and Immigrant Affairs</b>	0
<b>Office of Oil and Gas</b>	0
<b>Office of Special Projects</b>	0
<b>Aurora Water</b>	0
<b>City Attorney's Office</b>	0
<b>Judicial</b>	0
<b>Court Administration</b>	0
<b>Civil Service Commission</b>	0
<b>Office of Public Defender</b>	0
<b>Boards and Commissions</b>	0
<b>Total Audits</b>	<b>50</b>

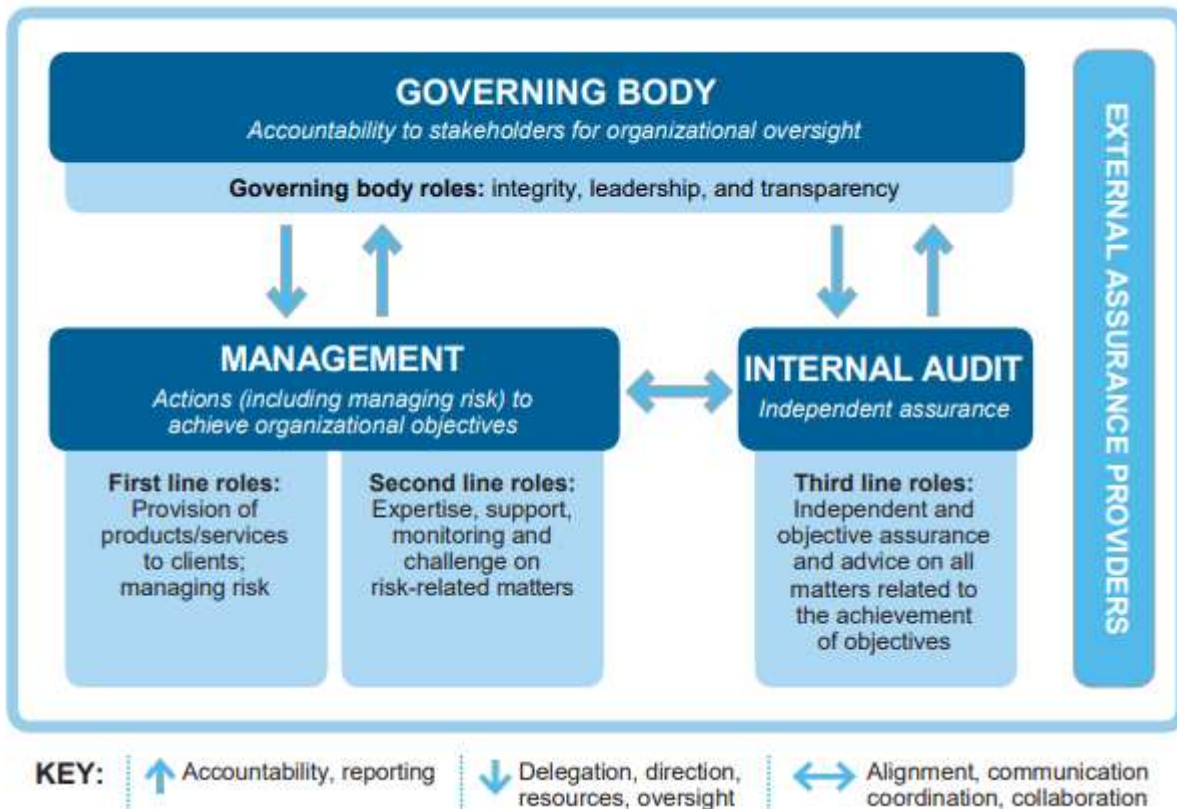
Our Office is limited in its reach by its size<sup>4</sup>. This requires each of our audit staff to operate independently on engagements in order to cover more risk areas in the City. While the Internal Audit Manager does, on occasion, participate in audits, that role is primarily responsible for managing the Office and reviewing auditor work papers. Internal Audit must balance the audit plan against our capacity (as a shop of four), knowledge, and skills. While Internal Audit develops our plan following a risk-based approach, we cannot audit every risk.

<sup>2</sup> Active engagements at the time of this report.

<sup>3</sup> Fourteen were recurring annual engagements or special engagements related to a change of command.

<sup>4</sup> By comparison, the size of the City of Denver and the City of Colorado Springs audit departments are 46 and 14 respectively. The City of Aurora is a shop of four.

We offer the below graphic of the Three Lines Model as it “helps organizations identify structures and processes that best assist the achievement of objectives and facilitate strong governance and risk management.” It is our responsibility to draw attention to the risks facing the City; it is Management’s responsibility to address the risks<sup>5</sup>.



<sup>5</sup> <https://www.theiia.org/globalassets/site/about-us/advocacy/three-lines-model-updated.pdf>

Below, we include our observations on potential risks. While the risks identified below may not result in a formal engagement, they are risks of which City management should be aware and will need to address apart from an internal audit.

### **INFORMATION TECHNOLOGY**

Internal Audit started the Information Technology (IT) Operational Assessment in late 2022. This engagement, part of our 2022 audit plan, is a high-level assessment of IT's operations. The objectives of this engagement are to:

- Evaluate the effectiveness of the current IT organizational structure in the context of executing its mission. [We see this as critical considering the volume of IT-related projects planned and underway in the City.]
- Identify additional risk areas for future audit engagements.

IT has engaged Info-Tech, an external third-party information technology research and advisory company, to conduct two internal surveys: organization design and staffing, and management and governance. We will be relying on the results of these surveys to augment our audit efforts. This engagement will serve as the springboard for potential future IT audits.

*Cybersecurity and Ransomware:* Attacks on the City's network continue each year. City IT staff are responding to the attacks while simultaneously strengthening City defenses. This never-ending threat will require long-term investments in staff, resources, and a commitment to changing the culture (staff behavior) and business practices to reduce the risks arising from daily operations and third-party interactions. Considering the hybrid work environment, IT should remain proactive in monitoring and defending against cybersecurity threats.

Annual cybersecurity training has been mandatory for several years. The cybersecurity micro-learns address the significant areas on which staff need regular refreshers. Topics include hacking, phishing, malware, and unauthorized release of private information. The City monitors proper access and security controls for its critical environments and ensures those efforts are accountable to and defined within City policy and regulatory requirements. IT has continued to enhance its environmental monitoring to decrease the time it takes to identify possible vulnerabilities and attacks.

### **CITY STAFFING**

A consistent theme throughout the risk assessment was staffing shortages across all City departments and divisions. A pervasive inability to fill critical positions with qualified candidates is leading to excessive burdens on current staff and, in some cases, requiring mandatory overtime, to meet service level expectations. The general theme in our survey responses and discussions is that staff want to complete their tasks; however, the undue pressures and stress from competing priorities, shifting priorities, added priorities, and customer demands, both internal and external, are leading to frustration and burnout. While the City stewards and applies carefully its monetary resources to serve City needs, there is no mechanism by which to apply equally effective management of staff capacity. While new projects may be funded adequately, without adequate staff resource planning, the City careens toward a more dire version of the current state—an overburdened and tired workforce. This is unfair to staff and not sustainable.



While we understand some departments have been able to maintain service levels, it has come at a cost. The risk of continuing with current staffing levels are:

- Burnout and potentially staff turnover
- High amounts of overtime (night and weekend work)
- Staff performing duties outside of their job ranges
- Increased risk of mistakes due to lack of knowledge or experience
- Lack of adequate managing, supervising, or planning
- The lack of time to think strategically to improve processes and operations

It is our opinion that Management must take an honest look into how citywide projects are prioritized and resourced. Due to reduced staff, management must also have more informed discussions regarding expectations and sustainable service levels (resource realistic.) Those included in these discussions should be City Council, management, staff, and other appropriate city stakeholders (residents, businesses, etc.)

### *COLLABORATION AMONG CITY DEPARTMENTS*

Another theme highlighted was the lack of collaboration and communication among City departments and how it impacts how we function as a City, provide service to external City stakeholders, and provide customer service internally. Departments rely on each other to achieve projects, priorities, and objectives.

Is there an established “Aurora Way” of how we get things done as a City? Is there a project management process that can be applied consistently across the City to each project, specifically the projects that impact and rely on multiple departments to execute?

Management will want to understand the current demands more fully before adding new projects and requests. We know that there are multiple initiatives in play:

- Large system implementations
- Studies (staffing, compensation, disparity among purchasing and contracting, office space, etc.)
- Committees (strategic planning, safety, physical safety, DEI, etc.)
- Consultants (information technology, organizational structure)

What are the outcomes of the various studies, committee work, or consultant efforts? What does the City do with the deliverables produced? We will address these questions in the proposed engagements “Citywide Governance Practices” and “Citywide Consultation Services.”

### *CITY LEADERSHIP COMMUNICATION*

The importance of communicating in a transparent and timely manner has only increased. While citywide newsletters and *Take Ten with Twombly’s* have informed staff regarding various initiatives, staff survey comments (in addition to culture survey observations) highlight a need for more top-down and cross-department communication. In addition, information that directly impacts staff seems to get stuck at the manager or supervisor levels, not always making its way throughout the organization.

There is a need for departments to communicate better with each other. As noted in the collaboration section above, many departments depend on one another for service delivery; however, clear

expectations, roadblocks, or priority changes are not always adequately communicated which leads to workgroup frustration.

We acknowledge that City Council and City Management need timely information to effectively discharge their responsibilities. In the current work environment with staffing levels low and workloads high, meeting these data needs has put a strain on staff capacity. This was another common theme from the risk assessment survey. Under normal conditions, such requests, whether for new projects, changes to existing projects, research items, reports, etc. would more easily be added to staff's workloads. We are recommending a greater degree of mindfulness in identifying and balancing true priorities against items of lesser importance until staffing conditions improve.

### *DISASTER PREPAREDNESS – CLIMATE CHANGE*

How the City continues to prepare for the next disaster will be critical to the response. Unfortunately, in discussions with the Office of Emergency Management, City departments lack the commitment to complete preparedness training, update response plans, or respond to OEM requests. In addition, although we recommended in our 2016 City Preparedness audit that the City becomes compliant with the City Council resolution R2004-80<sup>6</sup>, to date, this has yet to be completed (despite various attempts by OEM).

With many different climate crises to prepare for (drought, water reduction, clean water, clean air, fire, and many more), the City must make concerted efforts to prepare City staff. We must also lead and be the example for initiatives impacting City residents.

### *MANDATORY TRAINING*

There are multiple topics and policies on which staff could benefit from required periodic recurring training. Internal Audit recommends annual training on fraud awareness and prevention, as well as the existence and use of the City's *Ethical Advocate* hotline. We would welcome the opportunity to work with Human Resources and other departments to develop a comprehensive list. Fraud is a significant financial and reputational risk for any City, such that employees should receive annual training.

All City employees should have some awareness of their responsibility and how to report concerns. It is essential to keep these matters at the forefront of staff awareness and to do so efficiently and effectively. Therefore, we recommend that all annually mandated training be sufficiently divided across the year so as not to consume an inordinate amount of staff time at a single point in the year. Internal Audit will renew meetings with Human Resources and Training and Development to discuss mandatory training.

### *DIVERSITY, EQUITY, AND INCLUSION*

Internal Audit is not proposing an engagement related to DEI in our current plan. We will continue to have a presence on the Equity Champion team and offer our services to the Office as requested. DEI remains at the forefront of many social issues facing the City of Aurora and its residents. As the new *Americans with Disabilities Act* (ADA) accessibility guidance is released for websites, buildings, programming, and services, management will want to assess and develop a well-defined and properly funded citywide plan to direct compliance efforts.

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<sup>6</sup> City Council Resolution No. R2004-80 adopted the National Incident Management System as the City's disaster system. This resolution requires training at all levels of the organization.

### ***WORKDAY ERM SYSTEM IMPLEMENTATION***

Related to many factors already mentioned is the upcoming Workday Enterprise Resource Management system implementation. Management has an opportunity to implement the system, promote its use, and train in a way that motivates staff and reduces resistance to such a significant change. It will be important to communicate a consistent message and explain the *why* and how the change will help the City, departments, and divisions reach their strategic goals.

Staff commented in the survey and discussed during our meetings the high impact of losing project staff and the loss of their institutional knowledge as the system is introduced to all City staff. Failure to address the impact of losing key project staff risks delaying system implementation and could potentially lead to issues during the roll-out, impacting critical citywide functions including payroll and hiring. It will be critical to lessen the impact of current and future turnover of staff involved directly in the system implementation on the roll out by ensuring a line of succession for Workday project staff.

Internal Audit is not proposing an engagement; however, we will remain informed of progress and will continue to assess the risks and opportunities as we plan future audits.

### ***COURT ADMINISTRATION AND JUDICIAL SERVICES***

Court Administration, the City Attorney's Office, and Judicial Services rely deeply on inefficient and manual processes. While we will not propose an engagement at this time; we will continue to remain informed of the discussions underway to address the lack of technology and the paper and manual processes between Court Administration, Judicial Services, and the City Attorney's Offices.

## **ENGAGEMENT PLANNING CONSIDERATIONS**

In determining which engagements to include in our planning, we also considered those engagements that remained outstanding from the 2022 plan. We used our professional judgment of risk for these engagements against the risk assessment results and decided whether to keep the prior engagements in our plan and, if so, how to order them.

Currently, our only recurring engagement is the audit of Mayor and City Council expenses. We conduct this audit and report on the results quarterly. This engagement was established at the request of the Audit Committee. Is it the Audit Committee's request that we continue this engagement for the coming year?

Circumstances and risks may change. As a matter of course during an active engagement or before a new engagement begins, we assess whether there is value in continuing or starting the engagement in the context of the prevailing risk environment. This practice allows us to remain agile and deploy our limited resources to what we believe are the most urgent needs. Furthermore, we will assess organizational risks each quarter in 2023 and, as a result, may reorder, add to, or eliminate listed engagements. The engagement objectives in this audit plan are preliminary and subject to change based upon information obtained once the engagement is underway. Internal Audit will inform the City Manager and the Audit Committee of any material changes to active engagement objectives.

The Aurora Police Department is no longer seeking CALEA (Commission on Accreditation for Law Enforcement Agencies) accreditation, therefore we will no longer conduct the audit of property and evidence management as an annually recurring engagement. As a result, the Police Auditor will assess whether such an engagement is necessary against overall police department risks. (The Police Auditor engagements are in a separate report.)

## PRIORITY FOR INTERNAL AUDIT ENGAGEMENT PLANNING

Our presentation below of planned engagements reflects our new approach to risk assessment and engagement planning. We intend to keep a running list of proposed engagements and adjust it periodically based on our professional judgment of prevailing risks and our available staff resources. Internal Audit proposes to pursue the listed engagements in the order presented below.

- Information Technology (IT) Operational Assessment (to include the engagement in progress and a future engagement based on findings)<sup>7</sup>
- Citywide Governance Practices (Part 1)
- Citywide Consultation Services
- Sole Source Purchasing Process
- Information Technology (IT) Operational Assessment (Part 2)
- Mayor and City Council Operating Expenses<sup>8</sup>

## ELIMINATED ENGAGEMENTS FROM PREVIOUS AUDIT PLANS

Based on current discussions with management, Internal Audit proposes to eliminate the following engagements from prior audit plans. We will assess any eliminated engagements against citywide risks in future quarterly assessments.

- City Clerk’s Office After-Action System Implementation
  - *Reason:* Based on more pertinent risk areas and as the new system has been in place for a year, we believe this engagement no longer adds value. Additionally, we are currently reviewing IT operations and believe our resources are better used to address system implementation concerns during that engagement.
- Development Assistance Process Review
  - *Reason:* Based on recent discussions with management, the development processes are undergoing significant changes to include a reorganization, updates to workflows, new performance standards, and customer service training. It would not add value to audit an area undergoing such significant changes.
- Youth Violence Prevention Program
  - *Reason:* Currently the program is not operating due to the lack of staff. The National Public Safety Partnership recently completed an assessment of the program and provided recommendations that will change how the program operates. As the program is not operating, the level of risk is lower than other areas identified in our 2023 plan. We will still perform a limited scope review of program expenses (since inception) and will reconsider the remaining planned audit objectives and any additional related risks going forward during our risk assessment process.
- Citywide Asset Management Review
  - *Reason:* Although asset management and capital planning across the City is a risk, it is also an area that management is currently addressing through various initiatives. We believe our resources are better deployed to other risk areas and will consider this area going forward during our risk assessment process.

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<sup>7</sup> This engagement will carryforward into 2023.

<sup>8</sup> This engagement is dependent upon the Audit Committee’s request.

- Marijuana Enforcement Process
  - *Reason:* When we first started the engagement, the division was undergoing significant leadership and policy changes. Internal Audit paused the engagement to give management time to address the needs of the division. Based on recent discussions with management, the division has made progress in staffing the division and implementing policies and procedures. This engagement will be reconsidered as a part of our ongoing risk assessments.

**ENGAGEMENT DETAILS AND PLANNED OBJECTIVES:**

<p><b>Citywide</b> Governance Practices (Part 1)</p>	<p>According to the International Standards for the Professional Practice of Internal Audit (The Standards), Standard 2110—Governance, the internal audit activity must assess and make appropriate recommendations to improve the organization’s governance processes for:</p> <ul style="list-style-type: none"> <li>• Overseeing risk management and control.</li> <li>• Promoting appropriate ethics and values within the organization.</li> <li>• Ensuring effective organizational performance management and accountability.</li> <li>• Communicating risk and control information to appropriate areas of the organization.</li> <li>• Coordinating the activities of and communicating information among the board, external and internal auditors, other assurance providers, and management.</li> </ul> <p>The Standards also require that Internal Audit evaluate the design, implementation, and effectiveness of the organization’s ethics-related objectives, programs, and activities and assess whether the information technology governance of the organization supports the organization’s strategies and objectives. Internally Audit applies a governance checklist in individual engagements where appropriate to the audit objectives. This engagement looks at governance from an organizational level and will be used to identify areas in need of further attention.</p> <p>Objectives:</p> <ul style="list-style-type: none"> <li>❖ Assess the state of City governance practices in relation to prevailing standards to determine where improvements are needed.</li> </ul>
<p><b>Citywide</b> Consultation Services</p>	<p>The city expends resources (both money and staff time) to engage in studies, assessments, committees, and to manage consultants. We planned this engagement to answer the question, what does the City do with the deliverables from these efforts?</p> <p>Objectives:</p>

	<ul style="list-style-type: none"> <li>❖ Determine the disposition of any study findings and assess the value of the deliverables in relation to their originally intended purpose.</li> </ul>
<p><b>Purchasing</b> Sole Source Purchasing Process</p>	<p>Sole source purchases are purchases into which the City enters without a competitive process, based on a justification that only one vendor can provide the supply, service, or construction.</p> <p>Objective:</p> <ul style="list-style-type: none"> <li>❖ Determine whether adequate controls and policies exist to ensure sole source purchases are appropriate and in the best interests of the City.</li> </ul>
<p><b>Information Technology</b> Operational Assessment (Part 2)</p>	<p>Based on the results from the initial IT operational assessment, Internal Audit is using this as a placeholder to conduct an IT-specific engagement.</p>
<p><b>City Council</b> Mayor and City Council Operating Expenses</p> <p><i>Recurring</i></p>	<p>This engagement was requested by the Management and Finance Committee. Internal Audit will perform recurring test work on a sample of items related to expenditures incurred by the Mayor and City Council members—regardless of the form of payment—for official business and conference and travel expenses recorded in the general ledger maintained in the Finance accounting system.</p> <p>Objectives:</p> <ul style="list-style-type: none"> <li>❖ Determine whether recorded expenses are incurred in accordance with Council policy.</li> <li>❖ Determine whether expenses are supported by adequate supporting documentation in accordance with Council and City policy.</li> </ul>

## INTERNAL AUDIT DEPARTMENT PROJECTS

Below is the special project that, while not a part of the audit planning, will require Internal Audit resources.

<p><b>Citywide Culture and Engagement Survey Follow-up</b> <i>Yearly</i></p>	<p>In 2022, Internal Audit, in collaboration with Human Resources, issued the first citywide culture and engagement survey. One of the baseline Culture report recommendations is to continue to administer the survey annually to develop longitudinal data on the City’s efforts to improve the culture and reap the benefits therein. In our baseline year, we experienced significant staff apprehension toward participating in the survey for fear of retaliation for their responses.</p> <p>We believe surveying through a third-party assessor specializing in large-scale government employee surveys could reduce the fear and improve participation and the survey’s value. In addition, the assessor would likely produce a report in less time than Internal Audit administering the survey. The ideal assessor would have experience surveying government entities and have benchmark data of other municipalities to compare Aurora’s results. Gathering and reporting year-over-year data will illustrate Management’s commitment to improving the culture and will help identify any areas that may need attention. By having Internal Audit as the facilitator of this process, we believe we can help mitigate staff’s comfort level regarding participation.</p>
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## 2023 APPROVED POLICE AUDITOR ENGAGEMENTS

The Police Auditor developed this audit plan from the results of the annual risk assessment and meetings with City Management and the Police Chief. The detailed plan is documented separately from the citywide plan. The engagements listed below are in no particular order. The City Manager approved the Police Auditor Plan on October 6, 2022. The Police Auditor will also present this plan to the Public Safety, Courts, and Civil Service Policy Committee as an information item.





## **INTERNAL AUDIT COOPERATIVE ACTIVITIES**

### **Information Technology (IT)**

Internal Audit and the Chief Information Security Officer (CISO) meet quarterly throughout the year to discuss matters related to IT security. Internal Audit participates in technology security initiatives as requested by the CISO.

### **Internal Audit and Risk Operations**

Internal Audit meets quarterly with Risk Operations to discuss issues of mutual concern. The meetings foster communication on potential risk issues that may lead to an audit engagement proposal.

### **Physical Security Steering Committee**

Internal Audit facilitates the monthly Physical Security Committee meetings. Other duties include administrative functions such as documenting the minutes, scheduling meetings, tracking the status of various projects, and sending out monthly updates to management.

### **Safety Committee**

The Safety Committee consists of City staff from all departments who meet monthly to address various aspects of safety awareness across the City. The committee serves as a resource and information-sharing platform. Internal Audit attends the committee meetings to keep abreast of their progress.

## OBJECTIVITY AND AFFIRMATION OF ORGANIZATIONAL INDEPENDENCE

**IIA Standard 1100 – Independence and Objectivity:** The internal audit activity must be independent, and internal auditors must be objective in performing their work.

**IIA Interpretation:**

*Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the chief audit executive has direct and unrestricted access to senior management and the board. This can be achieved through a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional, and organizational levels. Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels.*

**Internal Audit Compliance (IAC):**

Internal Audit has unfettered access to senior management and the City Council. Internal Audit reports to the City Manager on all audit matters (according to the City Ordinance noted below.) Internal Audit also has access to the Management & Finance Committee (the Audit Committee of the City Council.) We conduct our work objectively and do not subordinate our judgment on audit matters to others.

**IIA Standard 1110-Organizational Independence:** The internal audit activity must be independent and internal auditors must be objective in performing their work. The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity. [Note: Internal Audit notes its compliance with this standard in the sub-bullets above and below marked **IAC** (Internal Audit Compliance.)]

**IIA Interpretation:**

*Organizational independence is effectively achieved when the chief audit executive reports functionally to the board. Examples of functional reporting to the board involve the board:*

- ✧ *Approving the internal audit charter;*
- **IAC:** Internal Audit functions under an approved charter and operates under City Ordinance-CD2: 10.1, Sec. 2-66, Office of the Internal Auditor, which reads:
  - The Office of the Internal Auditor shall be an independent staff function reporting to the City manager on all audit matters. The auditor shall conduct financial and performance audits of all departments, boards, activities, and agencies of the City. All City officers and employees shall furnish the auditor with requested information and records within their custody regarding powers, duties, activities, organization, property, financial transactions, and methods of business required to conduct an independent evaluation.
- ✧ *Approving the risk based internal audit plan;*

- **IAC:** The City Manager reviews and approves the annual audit plan; the M&F Committee, affirms the approved plan.
- ✧ *Approving the internal audit budget and resource plan;*
  - **IAC:** The City Manager approves the Internal Audit resource budget and includes it as part of the City’s budget. Then, the City Manager proposes the City’s budget to the City Council for final approval.
- ✧ *Receiving communications from the chief audit executive on the internal audit activity’s performance relative to its plan and other matters;*
  - **IAC:** Internal Audit provides weekly updates to the City Manager and quarterly updates to the M&F Committee. The CAE has unfettered access to the Audit Committee.
- ✧ *Approving decisions regarding the appointment and removal of the chief audit executive;*
  - **IAC:** The City Manager has the authority to appoint and remove the CAE.
- ✧ *Approving the remuneration of the chief audit executive; and*
  - **IAC:** The City budget that the City Manager proposes to the City Council and that the City Council approves includes the CAE’s salary and benefits.
- ✧ *Making appropriate inquiries of management and the chief audit executive to determine whether there are inappropriate scope or resource limitations.*
  - **IAC:** Internal Audit communicates regularly—as appropriate and necessary—on audit matters with the City Manager and the M&F Committee. In addition, the M&F Committee has direct access to the CAE for any questions.
- ✧ **1110.A1** – *The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results.*
  - **IAC:** Management approves the annual work plan. Internal Audit determines each engagement’s audit scope, performs its work uninhibited following the City Ordinance noted above, and regularly and freely communicates its results to the City Manager and the M&F Committee.

**Internal Audit affirms our organizational independence for 2023 in accordance with IIA Standard 1110.**

## INTERNAL AUDIT TEAM

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### **Wayne Sommer** | Internal Audit Manager (CAE)

Wayne is a Certified Public Accountant (CPA) and a Chartered Global Management Accountant (CGMA) with 42 years of diverse work experience. Before coming to the City of Aurora, Wayne spent 23 years at the International City/County Management Association (ICMA) in Washington, DC with 14 of those as Director, Administration and Finance, and the last nine working in executive management roles performing strategic planning, business development, and organizational change and development including managing ICMA's U.S. Programs, which offered research and consulting products and services to local governments, the private sector, and the Federal government.

Wayne will retire from the City of Aurora in December 2022. It will be incumbent upon the City Manager to appoint a successor.

**Professional Associations:** American Institute of Certified Public Accountants; Institute for Internal Auditors; Association of Local Government Auditors

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### **Michelle Crawford** | Police Auditor

Michelle is a Certified Internal Auditor (CIA), a Certified Fraud Examiner (CFE), Certified in Risk Management Assurance (CRMA), and has 15 years of experience in governmental auditing. She received her Bachelor's in business administration at the University of Montana and her Master's in accountancy from Missouri State University. Upon graduation from Missouri State University, she started her career at the Missouri State Auditor's office as a Staff Auditor I and progressed over the next seven years to a Senior Auditor. As an auditor with the State Auditor's office, she conducted performance audits of local governments and worked on the statewide Single Audit. Michelle has been with the City of Aurora since October 2014.

**Professional Associations:** Association of Certified Fraud Examiners; Institute for Internal Auditors; Association of Local Government Auditors; National Association for Civilian Oversight of Law Enforcement

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### **Sheree Van Buren** | Internal Audit Staff

Sheree is a Certified Internal Auditor (CIA) and a Certified Fraud Examiner (CFE), with 11 years of audit experience. She graduated from Colorado State University in 2010 with a Bachelor of Science in Business Administration – Accounting degree. Before joining the City of Aurora, she spent three years as an Audit Associate with PwC, LLP. During this time, Sheree worked in the financial services industry, performing year-end financial statement audits for local and international investment companies. Sheree has been with the City of Aurora since August 2014.

**Professional Associations:** Institute for Internal Auditors; Association of Local Government Auditors; National Forum for Black Public Administrators; Black Employees for a Better Aurora

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**Laiba Saqib** | Internal Audit Staff

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Laiba has four years of audit experience. She earned her bachelor's and master's degrees in Accounting from the Metropolitan State University of Denver in 2018 and 2021, respectively. During her undergrad degree, Laiba interned in the Internal Audit Division at the Colorado Department of Transportation (CDOT). After graduation, she took a job as a tax auditor at the Colorado Department of Revenue and started her graduate degree. During her master's program, Laiba worked as the internal auditor for the University on a semester-long project. Laiba has been with the City of Aurora since March 2021.

**Professional Associations:** Institute for Internal Auditors; Association of Local Government Auditors



# Police Internal Audit Report

## 2023 Police Internal Audit Plan



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## POLICE AUDITOR OVERVIEW

The Police Auditor works directly with the City Manager and reports administratively to the Internal Audit Manager (Chief Audit Executive, CAE.) The Internal Audit Manager is responsible for reviewing their work papers and draft reports to ensure compliance with internal audit standards.

The Police Auditor engagements focus on policies and practices in police operations that more directly affect the community, potentially high liability activities, and areas of significant public concern. The engagements aim to increase department transparency and regain and maintain public trust. Engagements may include, where applicable, business process redesign; they may also touch on performance management where appropriate.

Reports generated by the Police Auditor are included in the quarterly progress reports to the Management and Finance Committee (Audit committee) and presented verbally to the Public Safety, Courts, and Civil Service Policy Committee. In addition, Internal Audit publishes all final reports on the City's website.<sup>1</sup>

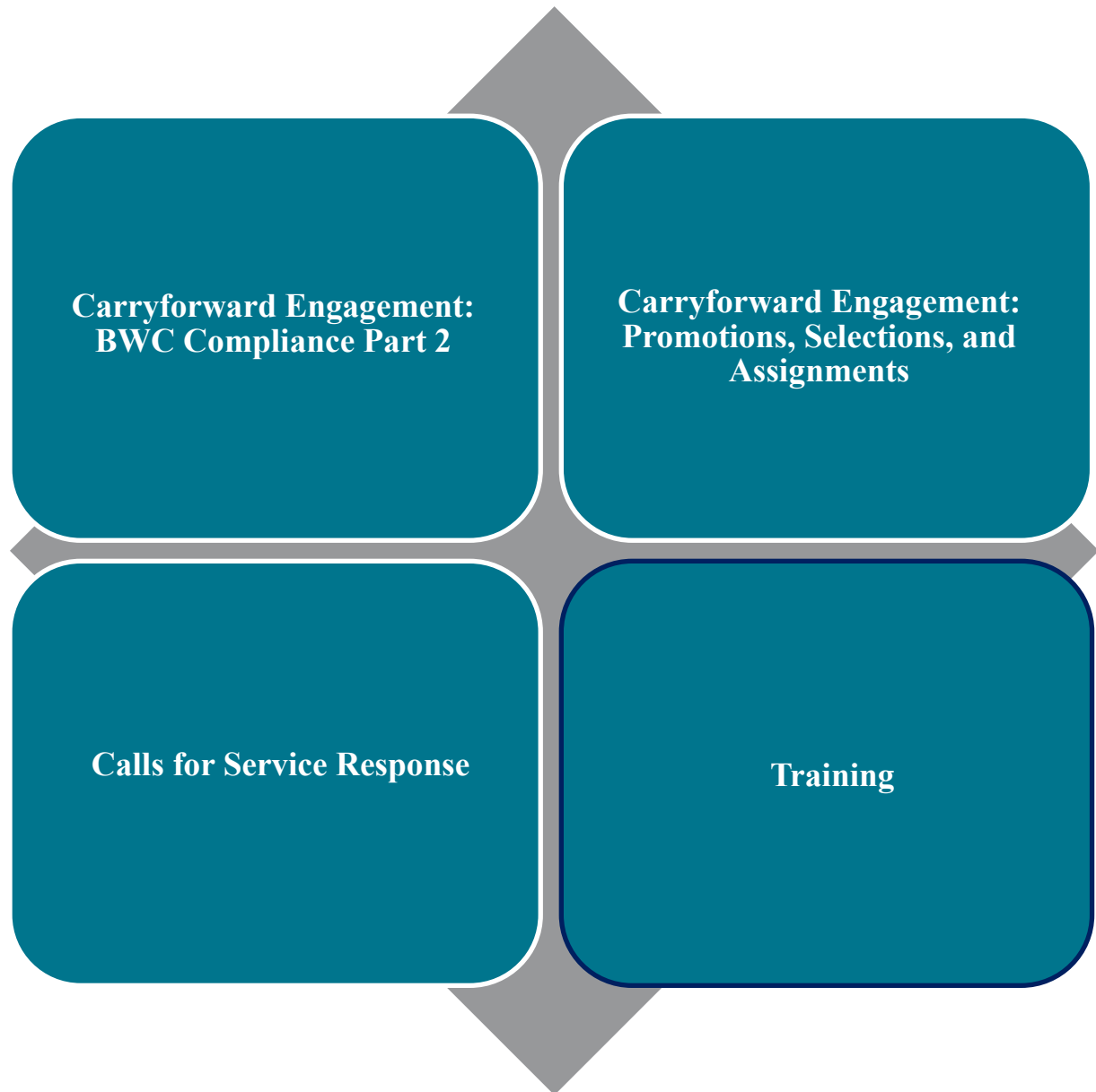
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<sup>1</sup> [https://www.auroragov.org/city\\_hall/departments/city\\_manager/internal\\_audit\\_department](https://www.auroragov.org/city_hall/departments/city_manager/internal_audit_department)

## 2023 APPROVED POLICE AUDITOR ENGAGEMENTS

The Police Auditor developed this audit plan from the results of the annual risk assessment and meetings with City Management and the APD Police Chief. The City Manager approved the Police Auditor Plan on October 6, 2022. The Police Auditor will also present this plan to the Public Safety, Courts, and Civil Service Policy Committee as an information item.

We propose this plan with the understanding that we may not start all engagements in 2023. Three of the audits will involve areas not previously reviewed; therefore, we cannot provide an estimate of how long they will take to complete. We will consider resources and the input of the new Police Chief in determining the timing of each engagement.



**Carry forward: Body-Worn Cameras Follow Up Part 2**

Operational and Compliance Review

This engagement is a second follow-up audit focusing on compliance, including complying with supervisor reviews and prior audit recommendations.

Objectives:

- ❖ Determine if Aurora Police complies with policies and regulations regarding body-worn camera use.
- ❖ Determine the extent to which Aurora Police is utilizing the body-worn camera system for monitoring.

**Carry forward: Promotions, Selections, and Assignments**

Process Review

The Civil Service Commission manages the promotional process for all ranks, except for the ranks of Commander, Division Chief, and Deputy Chief. These ranks serve at the Chief’s discretion. Selections and assignments processes may vary by unit/assignment.

Objectives:

- ❖ Determine if policies exist for selections, assignments, and time in position, and if policies follow leading practices.
- ❖ Determine the effectiveness, efficiency, and equity of the processes for promotions, selections, and assignments.
- ❖ Determine if practices exist to evaluate performance for personnel selected or assigned to their positions.

**Calls for Service Response**

The Aurora Police Department responds to calls for service as received by Aurora911. The current police staffing levels are impacting response times. This engagement will focus on the process for calls for service deployment and asses its efficiency and effectiveness.

Objectives:

- ❖ Determine the level of efficiency and effectiveness of APD response to certain calls for service, including alternate responses.

**Training**

Officers again expressed concerns during our risk assessment with training. Training sets the baseline for everything the department does. If the department does not adequately train and prepare its officers, it sets up the officers and the department for failure.

Objectives:

- ❖ Ascertain the level to which APD complies with training requirements and the degree of quality therein.

## Possible Additional Projects

Time will be reserved to allow a new Chief of Police to identify an additional engagement not included within the audit plan

## Removed Engagements from 2022

### Impound Lot

The City is currently evaluating moving from using a third-party contractor to managing the Impound Lot internally. We will reconsider this engagement when developing the 2024 audit plan.

### K9 Part Two

The K9 unit has implemented all recommendations from the first K9 engagement. The proposed audit objectives for K9 Part Two were to review compliance with policies and procedures, adherence to leading practices, and the new K9 software system. We are removing this engagement due to higher priority audits and a lack of staff resources to address additional audit engagements.

## 2022 Risk Observations

Our observations from our risk assessment process identified several areas that management should address and monitor. During the risk assessment process, staff provided us information regarding risks outside of APD. We communicated those risks to the appropriate parties.

### *Staffing*

The organization continues to operate at staffing levels lower than established baselines. Employees identified this as the most significant risk facing the organization. Decreased staffing levels increase the use of overtime, resulting in employee burnout and reduced service levels. Therefore, management should continue to explore initiatives to retain and attract new employees across the organization and evaluate service levels.

### *Policy Governance*

“Policies and procedures are an essential part of any organization. Together, policies and procedures provide a roadmap for day-to-day operations. They ensure compliance with laws and regulations, give guidance for decision-making, and streamline internal processes.”<sup>2</sup> The department is working with Criminal Justice Institute (CJI) and the consent decree monitor to improve policy governance.

### *Use of Force*

For the second year, officers expressed uncertainty about when to use force, use of force training, and policy requirements. Related to officers’ using force is the review of specific uses of force by the Force Review Board and Force Investigation Unit. This review process is essential to ensuring a transparent and accountable process.

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<sup>2</sup> <https://www.powerdms.com/policy-learning-center/following-policies-and-procedures-and-why-its-important#:~:text=Policies%20and%20procedures%20are%20an,making%2C%20and%20streamline%20internal%20processes>

We recommend management continues to evaluate changes to use of force policy, increases Use of Force training, and continues to work with partners to improve policy and processes.

*Disciplinary Process*

Employees perceive the current discipline process as unfair and not equitable. A transparent, fair, and equitable process ensures that all employees are held equally accountable. We recommend the new Police Chief closely monitors this area and makes any necessary changes.

*Leadership*

Employee trust in leadership is broken and needs to be rebuilt across the organization. The selection of a new leader will be critical to addressing this issue. Therefore, we are not recommending an audit for this area, but we will continue to monitor it.

*Technology*

Management and deployment of technology need improvement. Our audits of the Department continue to identify data issues, including missing or inefficient software systems, poor data quality, or inefficient use of data. The inability to capture the correct data in a usable format creates a risk of non-compliance with state laws and the consent decree. It also results in inefficient operations.

While we are not recommending a specific engagement, we will continue to evaluate data in our engagements as appropriate. We strongly recommend that APD Management continues to works with IT and closely monitors the Department's IT initiatives and progress for improving its systems and data collection.

*Records Unit Operations*

Prior audits and a consultant identified multiple risks in the Records Unit. Risks included poor unit culture, non-compliance with CCJRA, backlogs across various areas, inefficient processes, and organizational structure. In 2023, we will continue to meet monthly with the Lieutenant overseeing the Records Unit to monitor progress. In addition, APD Management should continue to monitor this area and make changes as needed to improve operations.

## PLAN DEVELOPMENT PROCESS

The City of Aurora Office of the Internal Auditor applies Institute of Internal Auditors (IIA) standards (Standards). The IIA is the internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator. The Standards require developing an annual audit plan using a risk-based approach. The city-wide audit plan includes details on the Standards and Internal Audit’s processes.

Management is responsible for identifying and managing the risks facing the City. Internal Audit provides an independent review of the policies, processes, and controls to manage and mitigate risk to acceptable levels.

The development of the audit plan included issuing a risk assessment survey to all police employees, as well as interviews with the Police Chief, City Management, the consent decree monitor, Police legal advisors, Public Safety Chair, and a community leader involved with various police-related advisory groups.

## RISK ASSESSMENT SURVEY SUMMARY

The Police Auditor assessed risk for Aurora Police Department (APD) utilizing risk assessment surveys, separately from the city-wide risk assessment. All police employees, civilians, and sworn officers received a survey link on July 1<sup>st</sup>; the survey closed on July 25<sup>th</sup>.

The Police Auditor sent surveys anonymously to solicit honest feedback and increase participation; however, this resulted in the inability to follow up with individuals directly. Staff, Supervisors, and Command all received complementary versions of the surveys. Below is a breakout of who received each survey type (survey questions were customized to the intended audience.)

- Staff: Officers, Detectives, and civilian staff across all units
- Supervisor: Sergeants and above, civilian supervisors
- Command: Commanders and above, civilian leadership

The table below shows the percentage of partially and fully completed surveys across each group.

Survey Group	Partially Completed	Survey Completed
Command	-	100%
Supervisors	51%	43%
Staff	29%	25%
<b>Average Completed</b>		<b>29%</b>

## Training

At the time of the survey, employees perceived that not enough time was spent on training related to legal updates. Employees also perceived that training regarding the use of force is insufficient to allow them to understand how to comply with requirements.

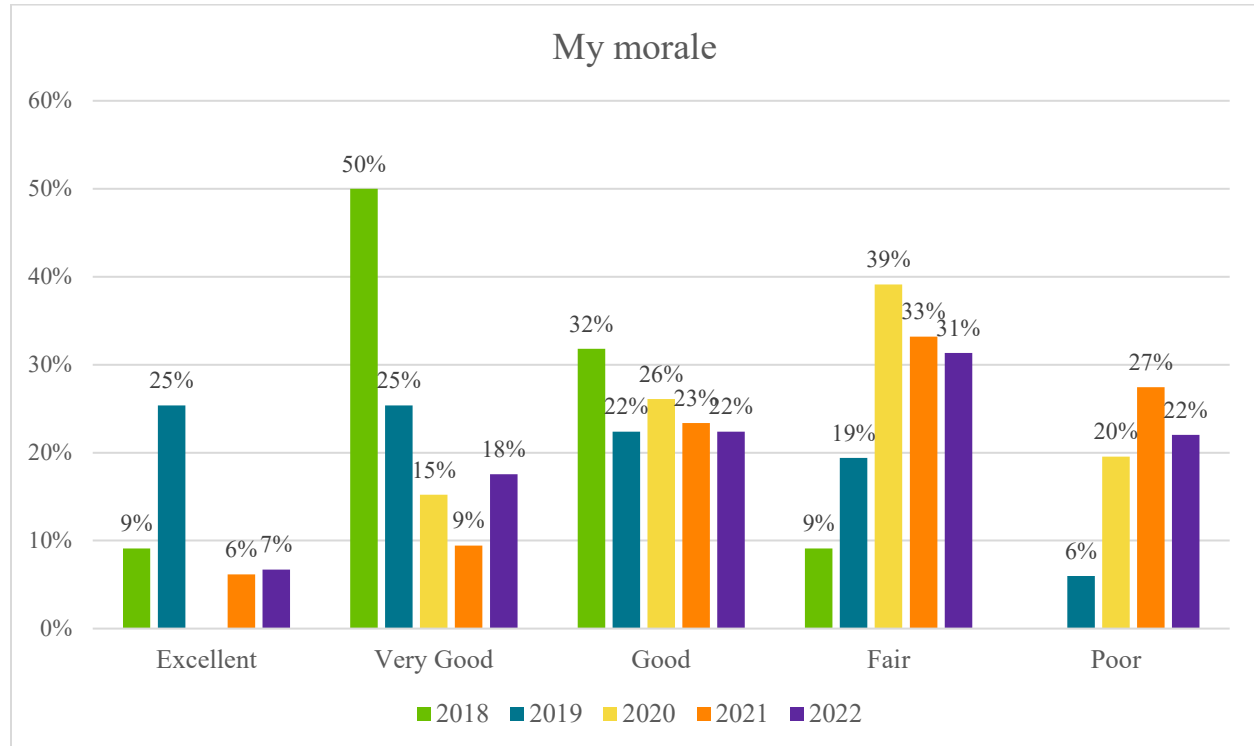
Employee comments on training included a need for:

- Additional avenues of training such as in-person and real-life scenarios,
- A central training hub to reduce the overwhelming nature of training across multiple platforms,
- More experienced trainers,
- Consistency in training,
- Driving training with proper vehicles for the assignment,
- Training for assignments, such as investigators, Sergeants, Lieutenants, and
- Training on legal updates and use of force.

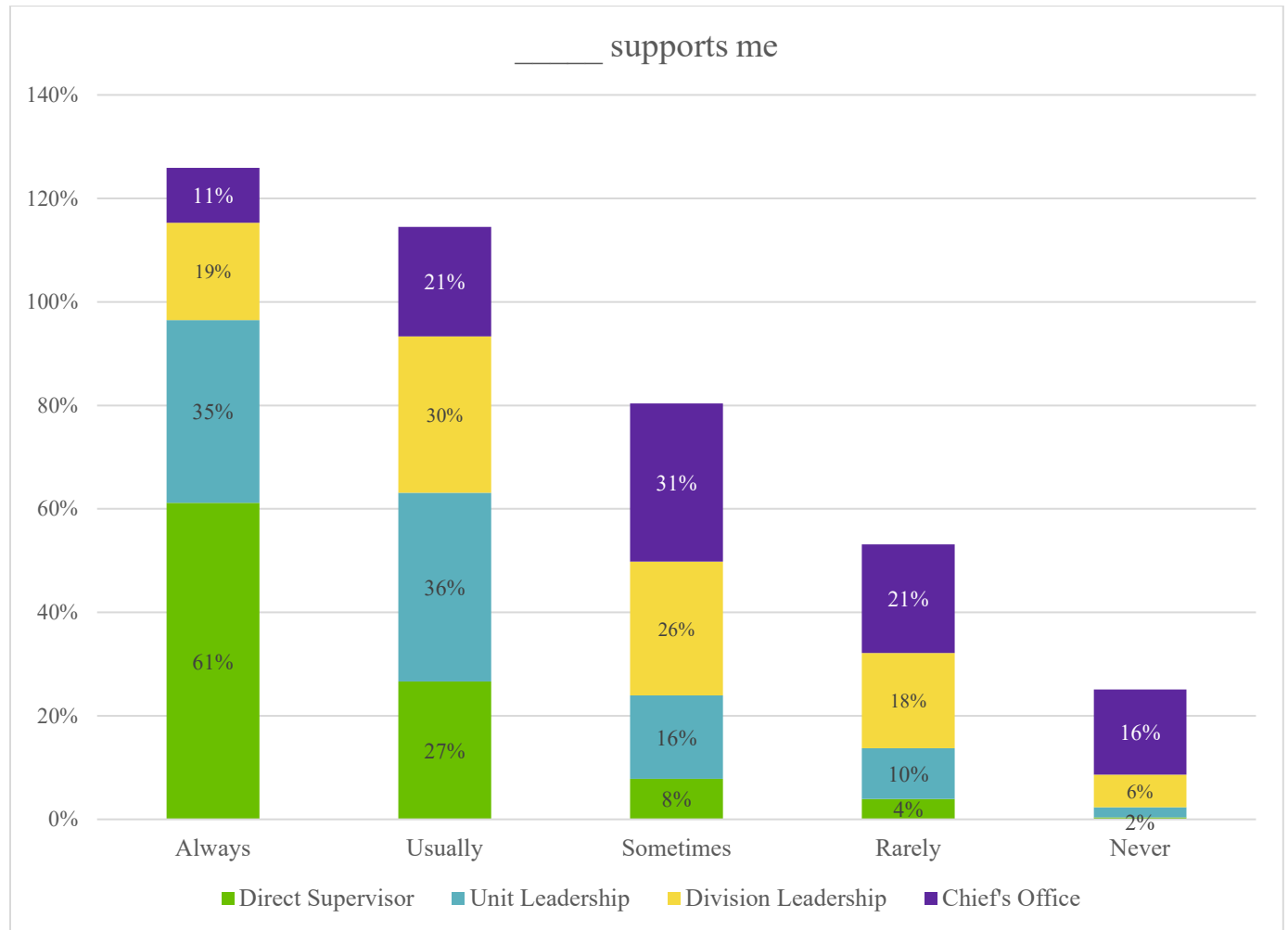
## Tone at the Top

This section focused on assessing management and the department’s ethical stance and morale at the time of the survey.

During our risk assessment survey, we assessed morale in APD over the prior years. Below is a graphic showing the average morale at the time of the survey annually. In 2022, employee morale shows signs of slight improvements.



We asked employees, to the best of their knowledge, if different groups supported them. Results show that employees perceive their direct supervisor as most supportive. The higher the leadership level, the less the employees view them as supportive.



The Command level is more optimistic about the frequency with which leadership supports and demonstrates transparency and accountability.

<b>Transparency</b>	Always/Usually	Sometimes	Rarely/Never
Command	54%	23%	23%
Supervisors	21%	34%	45%
Staff	32%	27%	41%

<b>Accountability</b>	Always/Usually	Sometimes	Rarely/Never
Command	54%	31%	15%
Supervisors	21%	31%	48%
Staff	29%	28%	43%



Employee comments related to tone at the top included:

- Command lacks leadership, transparency, and accountability,
- Leadership is removed from patrol,
- Lack of trust,
- Leadership is starting to change,
- Morale is improving,
- Direct supervisors are present and available,
- Supervisors don't hold employees accountable, and
- Department is averse to change.

## Operations

The Department continues to see high levels of staff turnover. We asked Supervisors and above to identify potential reasons for turnover. Below are the top results for 2022 and 2021:

<b>Reason</b>	<b>2022</b>	<b>2021</b>
Burnout	86%	74%
Overall leadership	76%	74%
Lack of support from City Management	72%	88%
Lack of support from elected officials	70%	87%
Working conditions	70%	74%
Lack of support from APD Management	67%	81%
Resignations	64%	74%

Employees across all levels believe the Department can do more to educate the public to allow them to understand police processes and procedures.

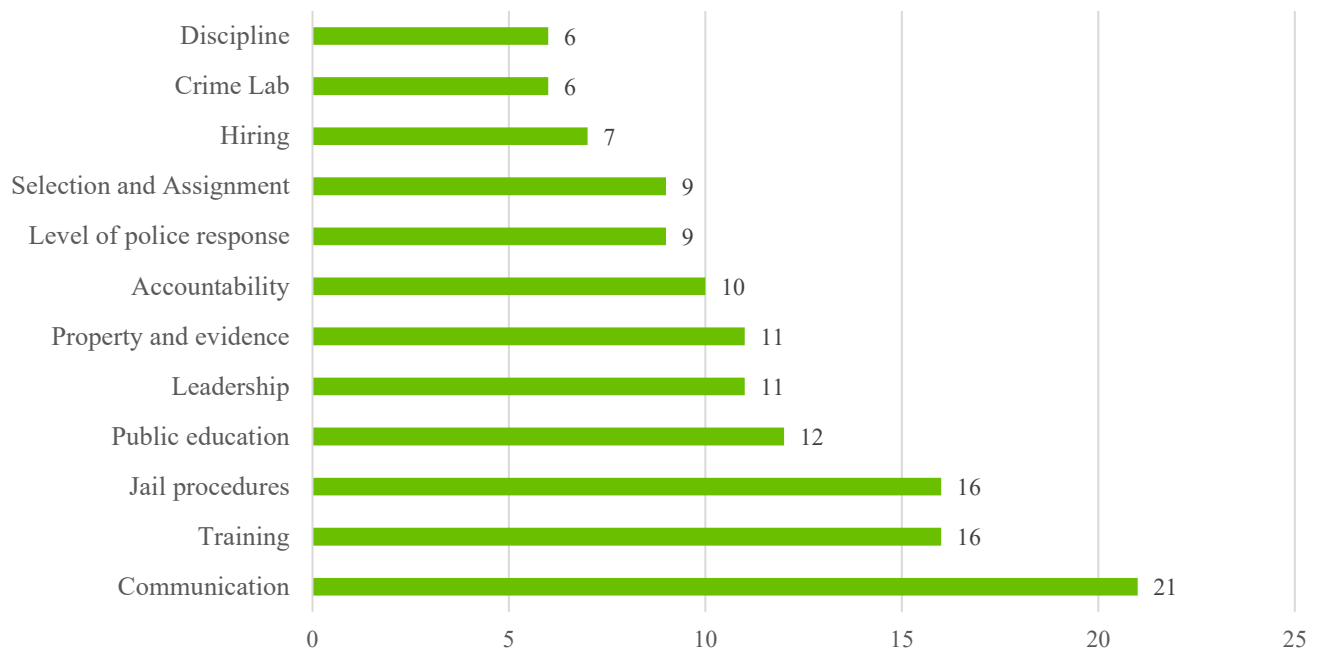
While Command perceives Department leadership communicates changes timely, most other employees believe communications are less than timely.

	Always/ Usually	Sometimes	Rarely /Never
Command	69%	31%	0%
Supervisors	37%	37%	27%
Staff	39%	34%	27%

Most employees perceive the consent decree as having a positive (35%) or neutral impact (41%).

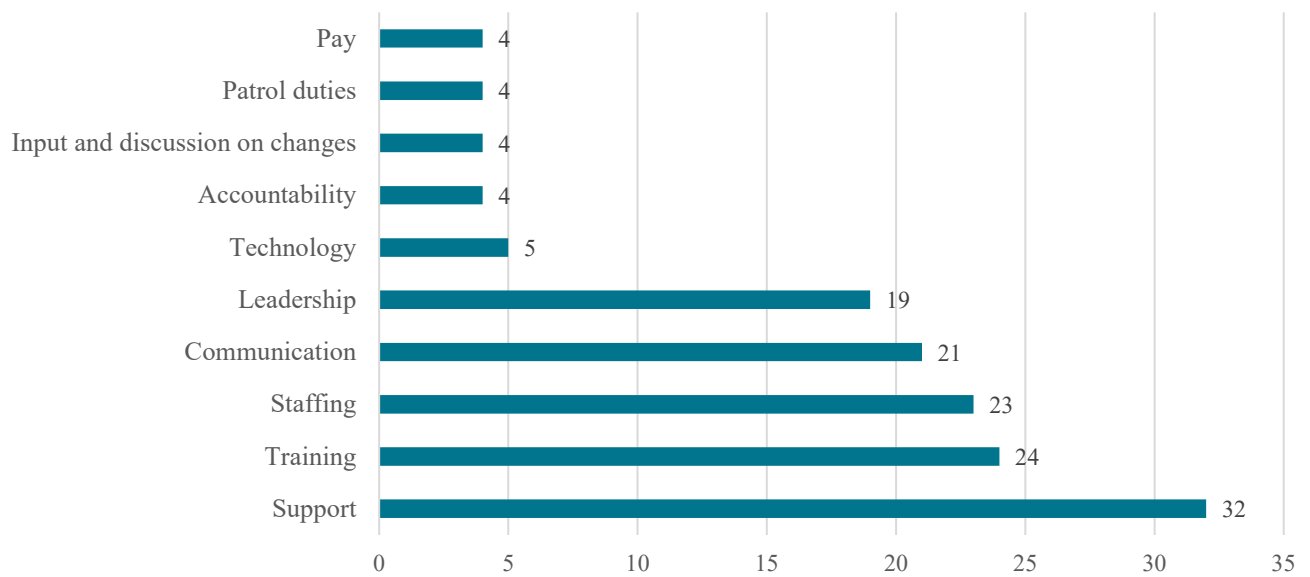
Employees provided a variety of suggestions when asked what process they could improve. We summarized the common themes from survey responses below.

### Process improvement themes



We asked what improvements needed to be made to feel more confident in doing their job or supporting others in doing their jobs. The graphic below summarizes the common themes from responses.<sup>3</sup>

### Improvements to feel more confident in doing my job or supporting others in doing theirs



<sup>3</sup> We recommend management explores what type of support is needed in their units and chain of command. The type of support noted varied across employees and is individual to their needs.

## Resources

Most employees (78%) believe they have the right equipment to carry out their primary duties.

Equipment missing included:

- Cell phones,
- breaching tools,
- radar in all cars,
- emergency aid kits,
- shirts for under external carriers,
- medical supplies,
- vehicles including updated vehicles with less mileage,
- phones at hoteling stations,
- secure storage in all vehicles, including unmarked,
- updated tasers, and
- gym equipment.

More than half of employees (66%) responded that they believed they had the right IT hardware; however, the comments reflected inadequate or poorly performing tech resources to perform duties, including:

- monitors,
- computers/laptops/tablets, and docking stations;
- a need for better MDC mounts,
- slow processing with current hardware, not enough storage capacity, no sound on devices, not the correct type of hardware for duties, and a need for better connectivity including Wi-Fi hot spots.

More than half of employees (71%) believed they had the right IT software. The list below includes software needs identified by employees.

## Software

- Accident program
- Adobe PRO
- Background software
- Contact data system
- Investigations technology
- Electronic qualification cards
- Facial recognition software
- Transcription software
- CAD maps
- Crash reporting
- Help desk software

## Processes

- Compatible systems
- Additional licenses for systems
- Right permissions for systems

- Systems on all district computers
- Ability to print on all district computers
- Better software acquisition process
- Easier to use systems
- Timely upgrades

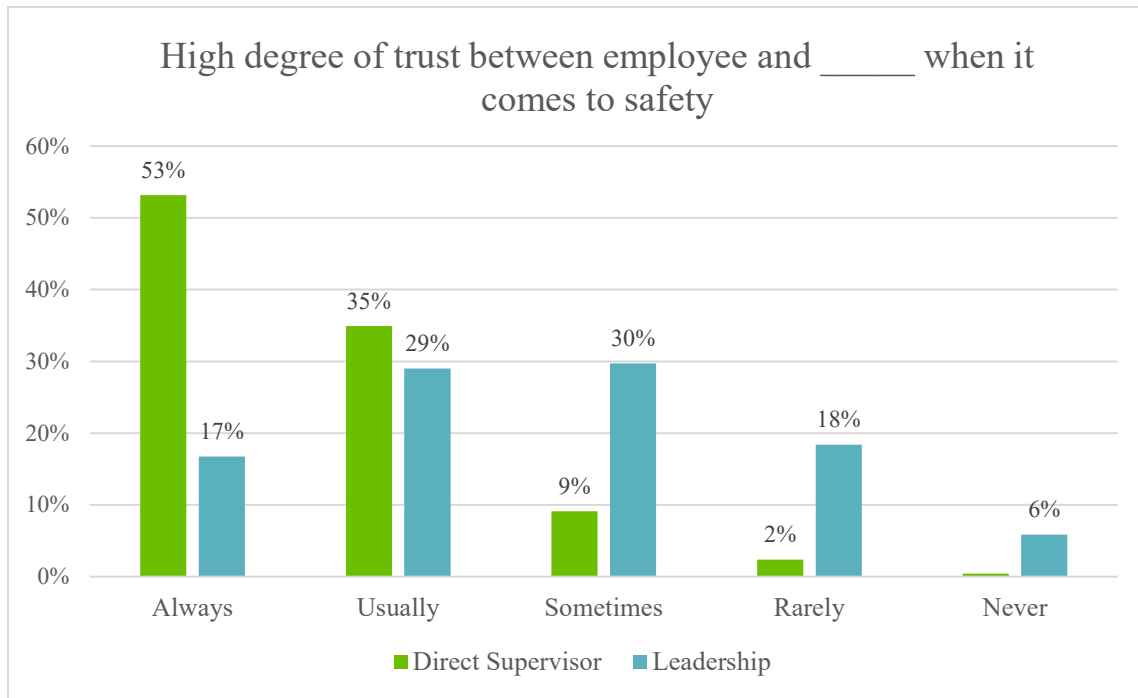
When asked about training on IT systems, Supervisors and Staff responded that the level of training was:

Sufficient	47%
Neutral	26%
Not sufficient	28%

Multiple employees commented that they had taught themselves how to use systems as the department did not provide them with any training. Others commented that systems and their capabilities had not been fully utilized.

### Safety

Direct supervisors maintain a high degree of trust with employees related to safety; however, levels of trust with leadership are significantly lower.



Employees are not in agreement on whether individuals who act in an unsafe manner are held accountable.

Always	15%
Usually	33%
Sometimes	33%
Rarely	31%
Never	31%

Responses varied on whether the department helps with coaching and counseling over punishment for minor mistakes.

	<b>Always/Usually</b>	<b>Sometimes</b>	<b>Rarely/Never</b>
Command	54%	31%	15%
Supervisor	29%	29%	38%
Staff	33%	30%	38%

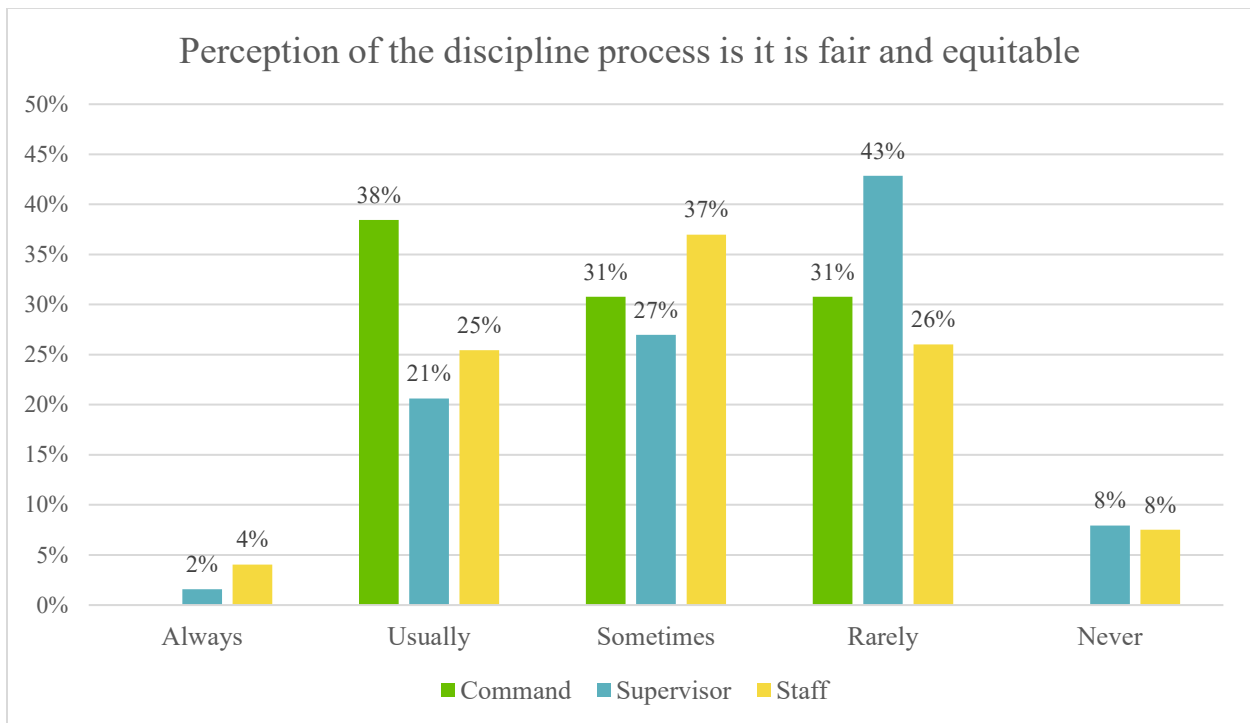
Supervisors (38%) and staff (49%) were concerned about their work safety. The level of staffing, having less experienced officers, prior security incidents at buildings, increases in crime, and Covid are all areas about which they are concerned regarding their safety. Most employees believe they have the necessary safety equipment to perform their duties. Equipment missing included:

- Ballistic protection
- Exterior carrier vest
- Gas masks
- Video surveillance
- Entry tools
- Eye and ear protection
- Respirator
- Shower at range
- Less-lethal options
- Vests and helmets for negotiators
- Fire extinguishers in patrol cars

### Diversity, Equity, and Inclusion

This section assessed attitudes towards DEI within the culture and specific processes.

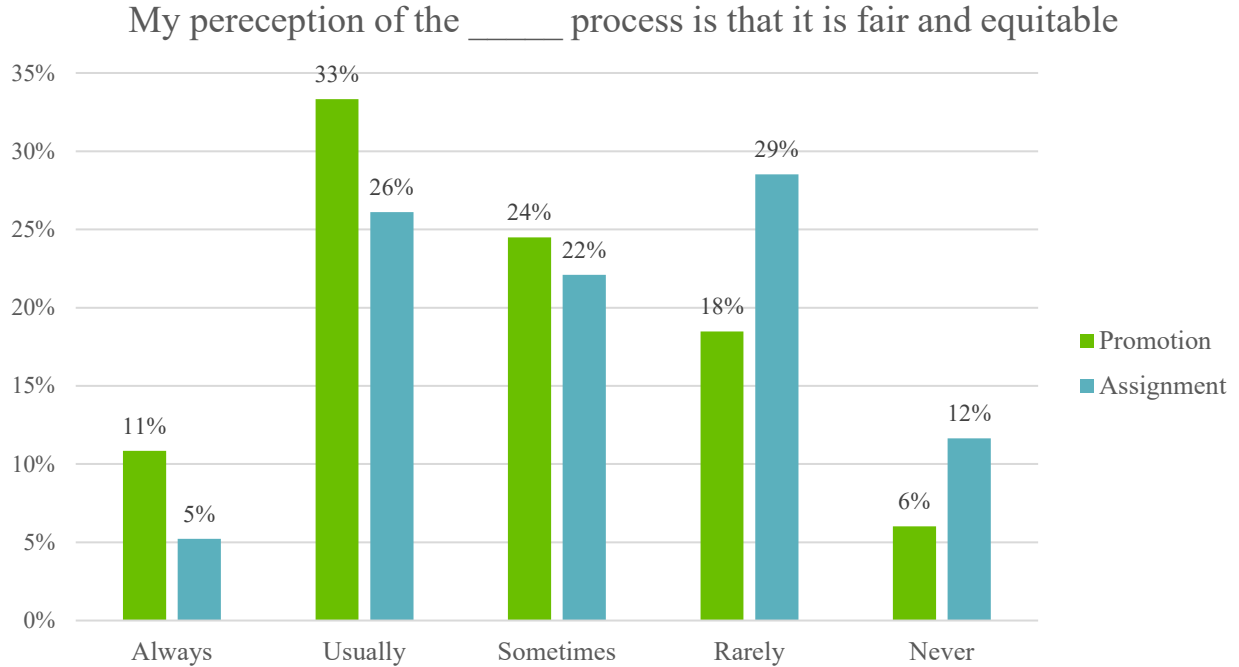
Employees perceive that the discipline process is not always fair and equitable.



Employees vary on whether their identity impacts opportunities for promotions and assignments.

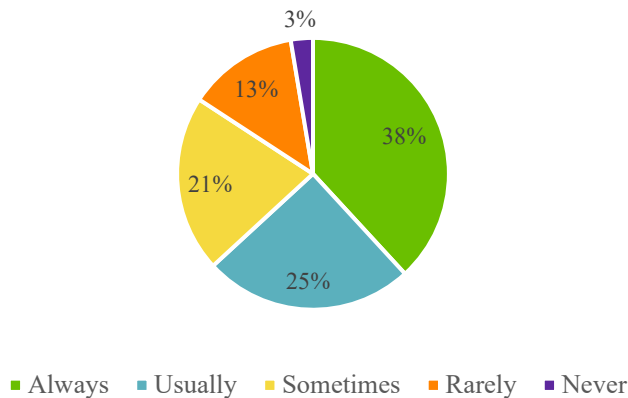
	Always/Usually	Sometimes	Rarely/Never
Promotions	20%	25%	55%
Assignments	27%	27%	46%

Employees perceive the promotion process as fairer and more equitable than the assignment process.



Most employees perceive that staff of all cultures and backgrounds are encouraged to apply for higher positions.

Staff of all cultures and backgrounds are encouraged to apply for higher positions



Most employees perceive their culture and background are respected and valued within APD.

	Always/Usually	Sometimes	Rarely/Never
Command	77%	15%	8%
Supervisors	49%	35%	16%
Staff	67%	17%	16%

Employee comments related to DEI:

- Need additional training on cultural practices and languages spoken in Aurora.
- DEI training that incorporates a variety of ethnicities and abilities.
- All-inclusive training approach.
- Numerous comments noted concerns with the promotions and assignments processes, perceived favoritism, and lack of transparency.
- Advancement opportunities for all.
- Time for more training and engagement with the community.
- Consider putting people through language school.
- Use diverse employees from within the department for DEI training.

Employees identified the organization's highest risk as the department's staffing levels. Supervisors and above were asked to expand on impacts from potential risks.

Examples of responses to the worst outcome from current staffing levels included:

- continued attrition,
- service level declines,
- officer injury or death,
- inability to investigate timely,
- burnout,
- increases in mistakes, and
- increased crime.

Examples of responses to the best outcomes from improved staffing levels included:

- More qualified people,
- reduced workload on current employees,
- staffing and efficiency improvements allowing for improved service levels,
- retention,
- crime rate minimized,
- victim satisfaction,
- proactive policing,
- improving customer service, and
- improving community safety.

## INTERNAL AUDIT TEAM

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### **Wayne Sommer** | Internal Audit Manager (CAE)

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Wayne is a Certified Public Accountant (CPA) and a Chartered Global Management Accountant (CGMA) with 42 years of diverse work experience. He began his career as an auditor for KPMG in Washington, DC (then known as Peat Marwick Mitchell and Co), advancing to the Audit Senior level (In-charge) with specialization in not-for-profit entities and financial institutions. He spent the next seven years in various financial and management capacities at Trustbank Savings, FSB in Virginia (also known as Dominion Federal Savings and Loan.) Before coming to the City of Aurora, Wayne spent 23 years at the International City/County Management Association (ICMA) in Washington, DC with 14 of those as Director, Administration and Finance, and the last nine working in executive management roles performing strategic planning, business development, and organizational change and development including managing ICMA's U.S. Programs, which offered research and consulting products and services to local governments, the private sector, and the Federal government. Wayne has been with the City of Aurora since May 2014.

Wayne will be retiring from the City in December 2022. It will be incumbent upon the City Manager to install his replacement.

**Professional Associations:** American Institute of Certified Public Accountants; Institute for Internal Auditors; Association of Local Government Auditors

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### **Michelle Crawford** | Police Auditor

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Michelle is a Certified Internal Auditor (CIA), a Certified Fraud Examiner (CFE), Certified in Risk Management Assurance (CRMA) and has 15 years of experience in governmental auditing. She received her Bachelor's in business administration at the University of Montana and her Master's in accountancy from Missouri State University. Upon graduation from Missouri State University, she started her career at the Missouri State Auditor's office as a Staff Auditor I and progressed over the next seven years to a Senior Auditor. As an auditor with the State Auditor's office, she conducted performance audits of local governments and worked on the statewide Single Audit. Michelle has been with the City of Aurora since October 2014.

**Professional Associations:** Association of Certified Fraud Examiners; Institute for Internal Auditors; Association of Local Government Auditors; National Association for Civilian Oversight of Law Enforcement