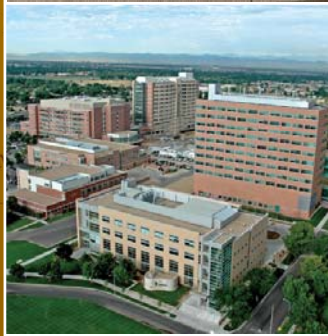
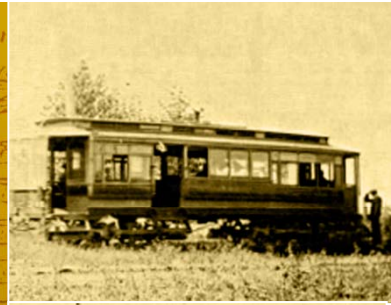


Aurora Association of REALTORS



City of Aurora Budget Overview

120th Anniversary





Budget Principles

- Maintain a balanced budget
- Provide best possible services within the resources available
- Maintain adequate and appropriate reserve levels
- Use one-time funds for one-time uses
- Pursue efficiency, innovations, cost-savings and continuous improvements
- Use a programmatic approach rather than an across-the-board approach
- Focus resources on City Council and community priorities
 - Highest priorities: public safety services; well maintained and efficient transportation system; and safe, clean, reliable water supply
- Cost reductions should be sustainable



2011 General Fund Revenue and Expenses

- Revenue growth is expected to be slow (2% over 2010) – the “new normal”
 - Sales Tax: 1.5% growth in 2011 (based on projected 1.75% growth in 2010)
 - Property Tax is expected to remain flat before dropping in 2012 from current re-assessment period
 - Other revenue sources are projected generally flat or for minimal growth
 - Inflation is projected to be approximately 2% for Colorado next year
- Cost increases
 - Old hire pension costs - \$3.1 million
 - 2/1000 officers - \$1.1 million
 - Fleet and equipment replacement - \$2.5 million
- Personnel costs
 - No wage or benefit cost increases
 - Contracts with Police and Fire unions include one-time cost reductions of over \$1.6 million in 2011
 - One furlough day, no sick or personal leave buyback, reductions to holiday pay
 - Similar cost reductions for career service employees provide another \$400,000 of reductions
 - One furlough day, no sick leave buyback



Other Funds

- Capital Projects Fund
 - Maintains the General Fund transfer of all other revenue (approximately 1%)
 - Focuses on maintaining current infrastructure
 - Includes I-225 Interchange completion
 - \$16m in federal grants
 - \$4m required match from traffic impact fees, Fitz infrastructure funding, and potential partner contributions
- Development Review Fund
 - Fund is meeting projections
 - Need to add contract staff – workloads are increasing as development activity improves
- Water / Wastewater Funds
 - 0% water rate increase / 4.1% wastewater rate increase (Metro Wastewater pass through)
 - 0% water tap fee increase / 1.4% sewer tap fee increase
 - Minimal staffing reduction along with conversion of 7 existing positions to operate Prairie Waters
- Golf Fund
 - Economy and an over-built market continue to challenge the Golf Enterprise
 - Elimination of 7 positions



Five Year Capital Improvements Plan

2011 - 2015

Project	Total Cost	Percent of Total
Street maintenance, reconstruction & improvements	\$ 59.8 million	55.1%
Transportation Improvement Program (TIP)	21.3 million	19.6%
Building Repair Projects	8.8 million	8.1%
Direct Costs – Public Works design & engineering	5.5 million	5.1%
800 MHz radio system debt service (transfer to E-911 Fund)	5.1 million	4.7%
Traffic signals component replacement	2.4 million	2.2%
Systems, telephone infrastructure and network replacement	2.1 million	2.0%
Direct costs – purchasing and contract management services	2.1 million	1.9%
All other projects	1.4 million	1.3%
TOTAL	\$108.5 million	

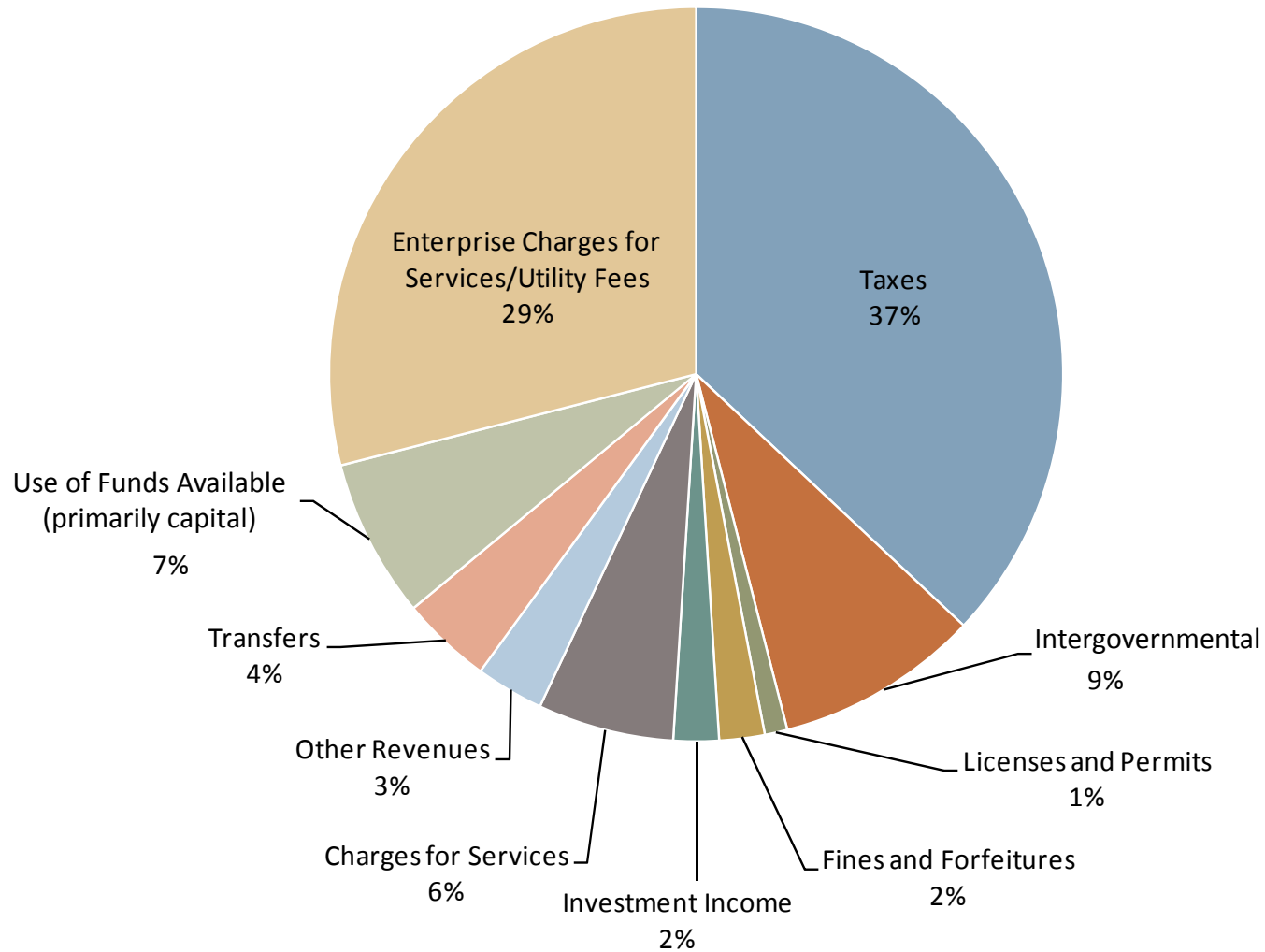


All Funds

Fund	2008 Expenditure Actual	2009 Expenditure Actual	2010 Adopted Budget	2010 Expenditure Projection	2011 Adopted Budget
General Fund	\$238,132,903	\$229,370,195	\$231,585,369	\$226,589,035	\$232,686,439
Capital Projects Fund	30,037,051	37,041,897	19,740,969	21,117,242	36,763,429
Community Development Fund	4,099,340	10,808,627	6,792,092	7,001,529	6,047,744
Debt Service Funds	8,371,245	16,757,151	7,973,367	29,301,745	8,028,770
Development Review Fund	10,165,880	8,430,973	6,959,289	6,896,889	7,585,037
Fleet Management Fund	7,711,663	7,079,286	8,103,449	7,333,850	7,931,740
Golf Fund	9,579,937	9,212,168	10,269,999	9,498,921	9,522,871
Recreation & Cultural Funds	12,199,423	11,455,538	10,067,667	9,821,650	10,956,215
Risk Management Fund	5,439,079	10,298,215	8,323,002	7,765,160	8,340,851
Wastewater Fund	40,332,492	67,829,134	79,370,114	66,053,227	73,172,672
Water Fund	361,895,515	320,327,681	188,707,577	109,960,918	124,174,044
Other Funds	\$35,924,619	\$39,512,433	\$37,449,255	\$73,497,302	\$29,540,331
GRAND TOTAL	\$763,889,147	768,123,298	\$615,342,149	\$574,837,468	\$554,750,143



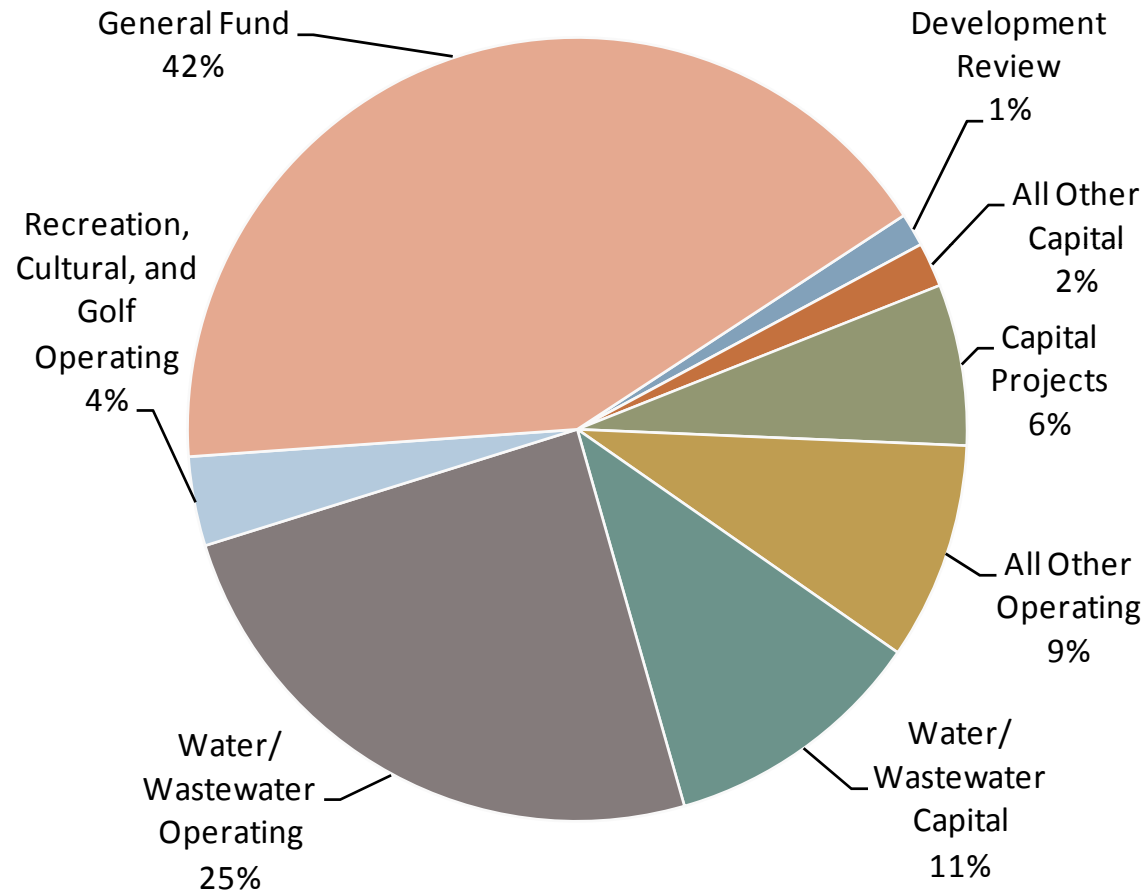
2011 Revenues - All Funds



Total Sources: \$554.3 million



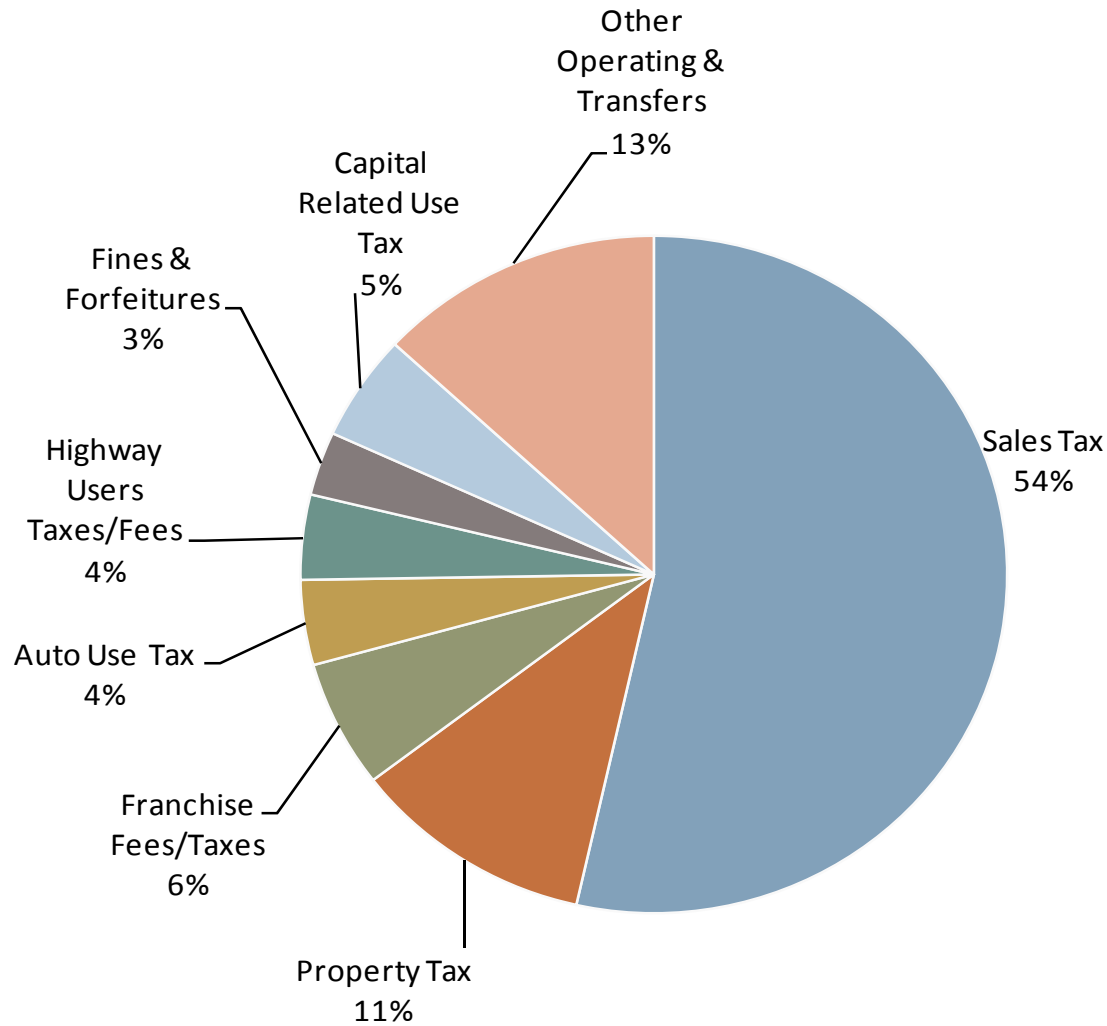
2011 Appropriations - All Funds



Total Appropriation: \$554.3 million



General Fund Revenue



Total Sources: \$232.5 million



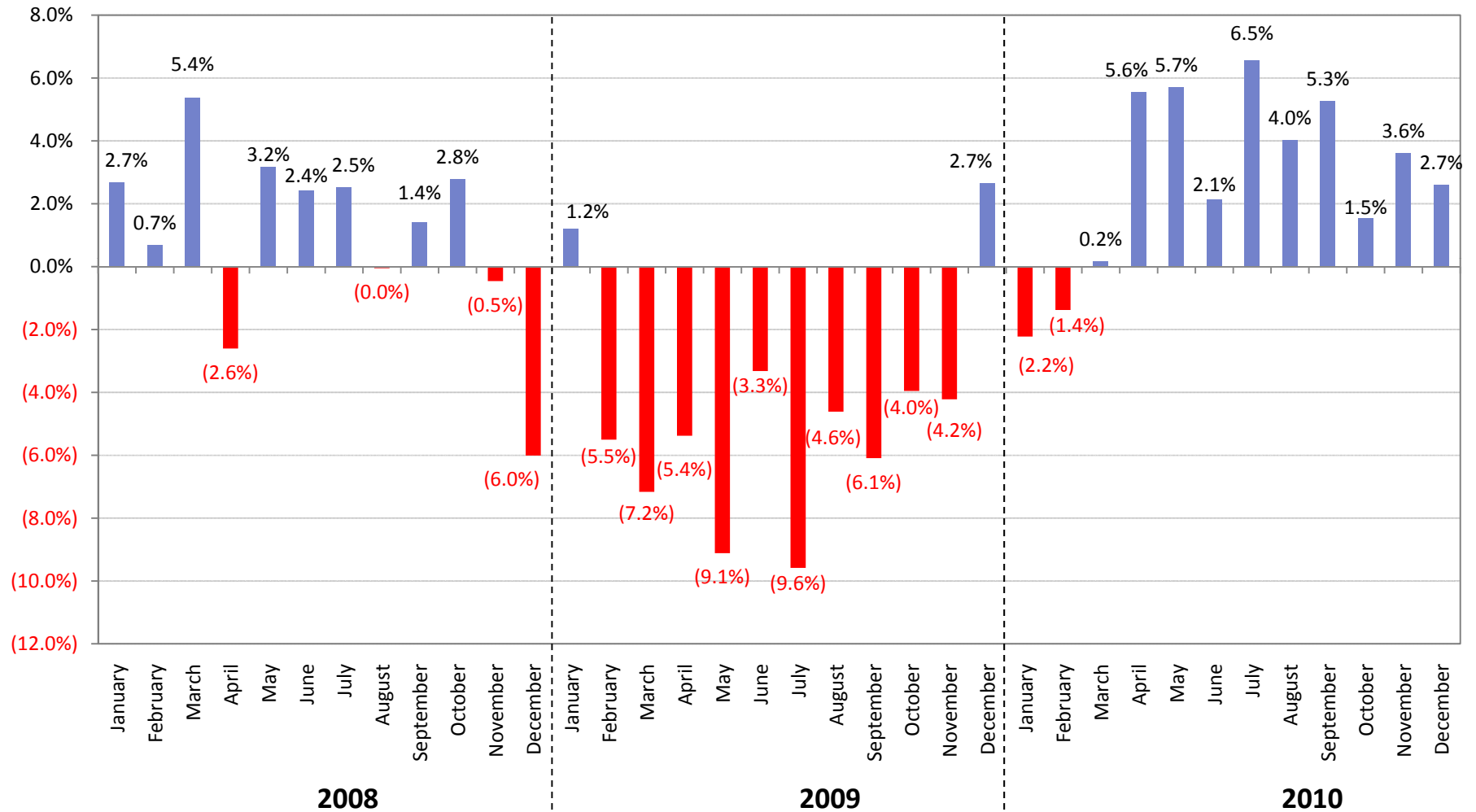
Sales Tax

- City of Aurora sales tax rate is 3.75%, last raised in 1993 (dedicated to 2/1000)
- Provides over 50% of General Fund Revenue
- Declining return on same sales tax rate as service based economy expands and people do more internet based shopping
- Strongly linked to general economic conditions, employment
- Annual changes can be strongly influenced by the opening, closing or remodeling of major retail centers
- Five year outlook is for slower growth as the economy corrects for consumer debt and a general change in spending patterns

	Arapahoe	Adams	Douglas
State of Colorado	2.90%	2.90%	2.90%
City of Aurora	3.75%	3.75%	3.75%
County	0.25%	0.75%	1.00%
RTD	1.00%	1.00%	1.00%
Scientific and Cultural Facilities District (SCFD)	0.10%	0.10%	0.10%
Metropolitan Football Stadium District	0.10%	0.10%	0.10%
Total Sales Tax Rate in City of Aurora	8.10%	8.60%	8.85%



Sales Tax Percent Change from Same Month in Previous Year

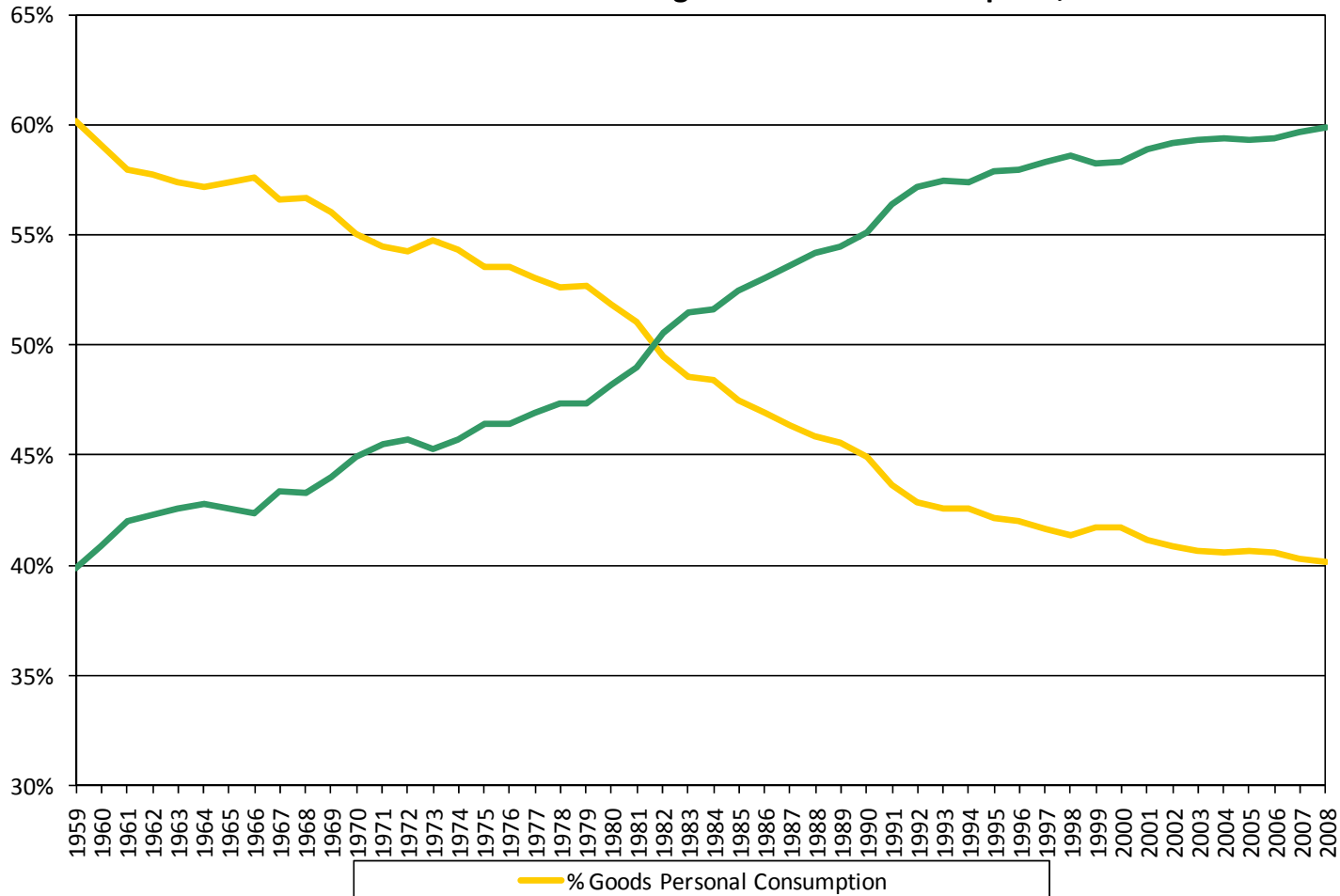


Source: City of Aurora, Budget Office



Impacts of a Service Based Economy

Goods and Services as Percentage of Personal Consumption, 1959-2008



Source: U.S. Bureau of Economic Analysis



Property Tax

- City of Aurora operating property tax mill levy is 8.605, debt property tax mill levy for voter approved capital projects 1.889 (last raised in 2002)
- Provides 11% of General Fund revenue
- Amount of revenue depends on: mill levy and assessed valuation
- Limited flexibility due to TABOR and Gallagher Amendment
- Annual changes can be strongly influenced by residential development, commercial development, and/or annexation
- Five year outlook is for an additional decline in assessed valuation during the next re-assessment period in 2011 due to current housing market and softening commercial real estate market

	Adams & APS	Arapahoe & APS	Arapahoe & Cherry Creek	Douglas & Douglas Schools
City of Aurora	10.494	10.494	10.494	10.494
County	26.809	15.671	15.671	19.774
School District	53.455	53.455	48.825	47.103
Total Property Tax w/o Special Districts	90.758	79.62	74.99	77.371



Property Tax History

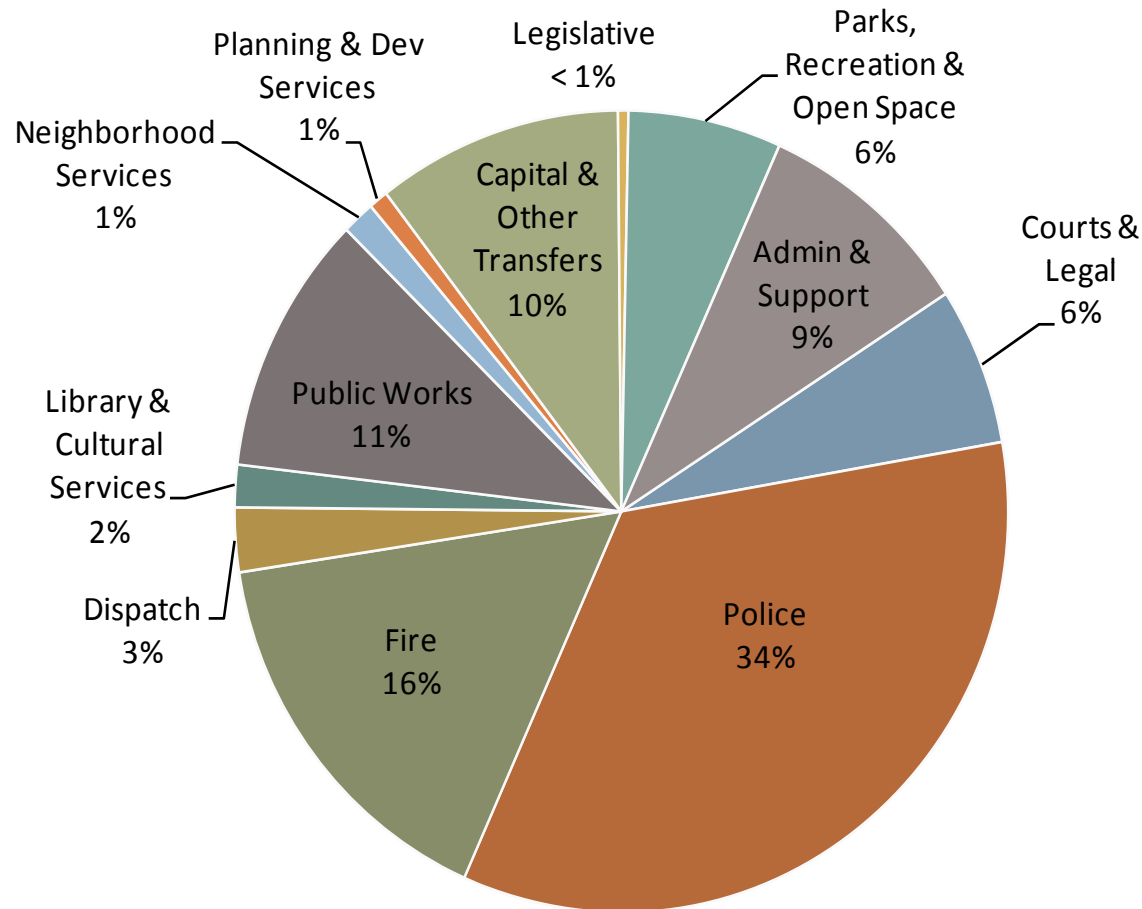
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Mill Levy	9.883	11.605	11.605	11.605	11.605	12.003	12.000	11.940	11.507	11.796
Average Home Value	\$ 76,858	\$ 67,243	\$ 68,357	\$ 73,758	\$ 74,547	\$ 94,693	\$ 95,106	\$ 108,237	\$ 108,474	\$ 124,498
Avg Assessed Value	\$ 11,529	\$ 9,643	\$ 9,802	\$ 9,487	\$ 9,588	\$ 9,812	\$ 9,855	\$ 10,543	\$ 10,566	\$ 12,127
City Tax Bill	\$ 114	\$ 112	\$ 114	\$ 110	\$ 111	\$ 118	\$ 118	\$ 126	\$ 122	\$ 143
Tax Bill in 2010 \$\$	\$ 206	\$ 194	\$ 189	\$ 177	\$ 171	\$ 174	\$ 167	\$ 172	\$ 161	\$ 185

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Mill Levy	10.594	12.193	11.409	11.161	11.079	10.958	10.867	10.701	10.664	10.494
Average Home Value	\$ 125,429	\$ 166,037	\$ 168,216	\$ 193,926	\$ 195,798	\$ 200,451	\$ 205,312	\$ 206,780	\$ 209,681	\$ 177,262
Avg Assessed Value	\$ 12,218	\$ 15,195	\$ 15,394	\$ 15,437	\$ 15,586	\$ 15,957	\$ 16,344	\$ 16,461	\$ 16,692	\$ 14,111
City Tax Bill	\$ 129	\$ 185	\$ 176	\$ 172	\$ 173	\$ 175	\$ 178	\$ 176	\$ 178	\$ 148
Tax Bill in 2010 \$\$	\$ 162	\$ 224	\$ 203	\$ 195	\$ 193	\$ 196	\$ 195	\$ 186	\$ 184	\$ 148

- Mill levy is up 6.2% in the last 20 years
- Tax bill (due to City of Aurora) is up 30% in last 20 years
- Inflation is up 81% in last 20 years
- Inflation adjusted tax bill is therefore down 28% over the last 20 years



General Fund Appropriations



Total Appropriation: \$232.5 million

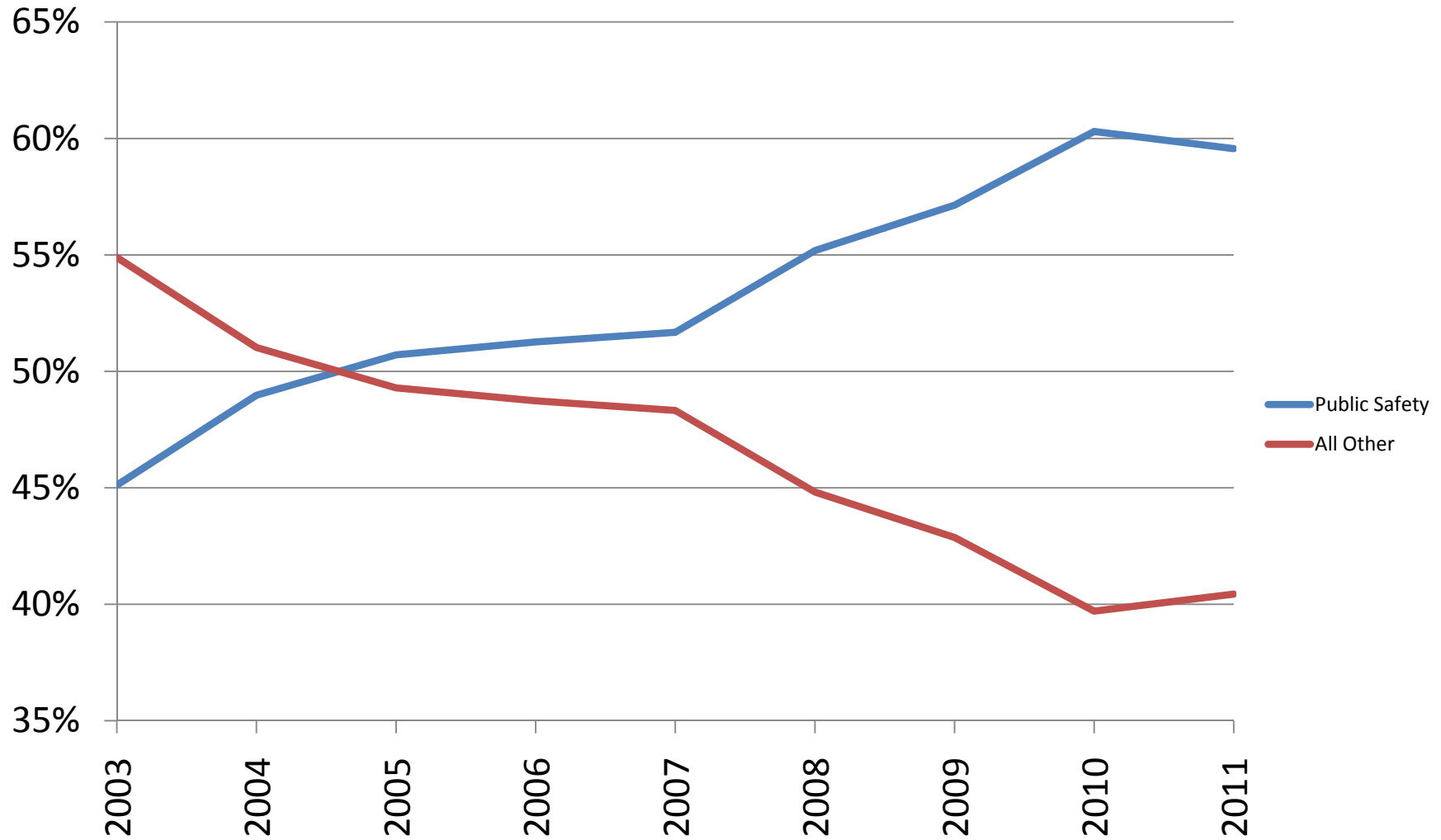


General Fund Total Operating Expenses

- Strongly driven by personnel costs
 - 69% of total expenditures
 - 77% of total expenditures less transfers
- Public safety costs are the majority of General Fund expenses
- Transfer to Capital Projects Fund is approximate 5% of General Fund costs
- Utilities make up approximately 5% (includes electricity, street lights, natural gas, and water)
- Debt and lease payments are approximately 3%
- Insurance charges (risk management) are approximately 3%
- Fleet maintenance including fuel is approximately 3% of General Fund costs
- Transfer to Recreation and Cultural Service funds is approximately 2%



Public Safety Costs as % of Total General Fund





Staffing

	Budgeted										FTE Change 2003-2011	% Change 2003-2011
	2003	2004	2005	2006	2007	2008	2009	2010	2011			
Police Civil - GF	580.0	588.0	603.0	627.0	635.0	639.0	644.0	642.0	655.0	75.0	12.9%	
Fire Civil - GF	302.5	295.5	288.0	303.0	311.0	311.0	305.0	307.0	307.0	4.5	1.5%	
General Fund Career	1,164.7	1,125.0	1,089.1	1,050.7	1,091.5	1,094.0	1,065.8	948.2	940.7	(224.1)	(19.2%)	
Total General Fund	2,047.2	2,008.5	1,980.1	1,980.7	2,037.5	2,044.0	2,014.8	1,897.2	1,902.7	(144.6)	(7.1%)	
Police/Fire – Non GF	2.5	2.5	1.0	1.0	2.0	2.0	2.0	3.0	7.8	5.3	212.0%	
Aurora Water	285.0	304.0	329.0	375.0	403.0	415.0	426.0	423.0	422.0	137.0	48.1%	
Development Review	112.0	107.9	115.9	118.3	119.3	119.3	86.2	72.8	72.8	(39.2)	(35.0%)	
Golf Fund	57.0	57.0	56.0	52.0	52.0	52.0	52.0	52.0	45.0	(12.0)	(21.1%)	
Rec/Cultural Services	90.8	87.3	86.3	85.0	86.0	87.0	85.0	79.8	81.2	(9.6)	(10.6%)	
All other FTE	108.4	102.0	107.3	127.5	137.9	141.4	139.7	148.2	150.1	41.7	38.5%	
TOTAL	2,703.0	2,669.2	2,675.6	2,739.5	2,837.7	2,860.7	2,805.7	2,676.0	2,681.4	(21.3)	(0.8%)	



Longer Term Outlook

- 2011 Proposed Budget is not the end of significant budget shortfalls
 - Budget shortfalls are projected in 2012 and beyond
- Economic and revenue growth is very likely to be slow over the near term
 - Slow creation of jobs and cautious consumers
- Property tax is likely to significantly decline in 2012 due to current appraisal period
 - Lower commercial property values reflecting difficult economic environment for businesses
- Risks from the 2010 Census
 - Any significant increase would require additional officers for 2012 budget
 - 2000 Census resulted in addition of 52 police officers



Summary

- 2011 Budget generally maintains service levels
- Past structural budget and service reductions have positioned the city to avoid major service reductions in 2011
- Employee compensation and benefits reductions are critical to controlling and addressing the 2011 shortfall
- 2011 Budget begins to address some critical equipment replacement needs
- Budget shortfalls in the future are likely