



# LEADING LIGHT

2015 Popular Annual  
Financial Report

Fiscal Year ended December 31, 2015

**AURORA**  
**ILLINOIS**

CITY OF LIGHTS

# a letter from the mayor

The City of Aurora shines light on past achievements in its Popular Annual Financial Report. Please join us as we review how the city has established itself as a municipal leader.

## TABLE OF CONTENTS

Message from the Mayor	2
Government Organization	3
Operational Achievements	4
Economic Development Achievements	5
General Fund	6
Water & Sewer Fund	8
Revenue Trends	10
Property Taxes	11
Capital Assets	12
Debt Status	13
About the PAFR	14

### City of Aurora Residents and Businesses:

It is with great pride that I present to you the city's first Popular Annual Financial Report (PAFR). This PAFR is a concisely summarized version of important elements of the city's official financial statements, the Comprehensive Annual Financial Report (CAFR), for 2015.

Aurora's CAFR is over 250 pages long and includes very detailed financial information. While the CAFR is fully compliant with generally accepted accounting principles and has received an unmodified ("clean") opinion from independent auditors, the document may be overwhelming for many. On the other hand, the PAFR is specifically designed to convey information about major aspects of the city's financial condition that may be of interest to a busy general public.

The PAFR publication is not required by any regulatory body or higher-level government. Rather, the document's publication is completely elective on the part of the city.

The Government Finance Officers Association of the United States and Canada, the recognized national association of government finance officers, encourages governments to publish PAFRs. However, only a small percentage of state and local governments in the United States do so. Thus, in publishing a PAFR, the city joins an exclusive group of progressive governments making an extra effort to communicate clear and concise financial information to its constituents.

The city's publication of the 2015 PAFR comes on the heels of our release of another reader-friendly, summary financial document – the 2016 budget-in-brief. Both the budget-in-brief and the PAFR seek to make the city's finances more understandable and transparent to a wider audience. It is important to note that the PAFR, CAFR, budget-in-brief, and annual budget are all posted on the city's website.

We hope that you find the 2015 PAFR to be highly informative. If ever you have a question about the city's finances, please do not hesitate to contact our Finance Department at [findepartment@aurora-il.org](mailto:findepartment@aurora-il.org).

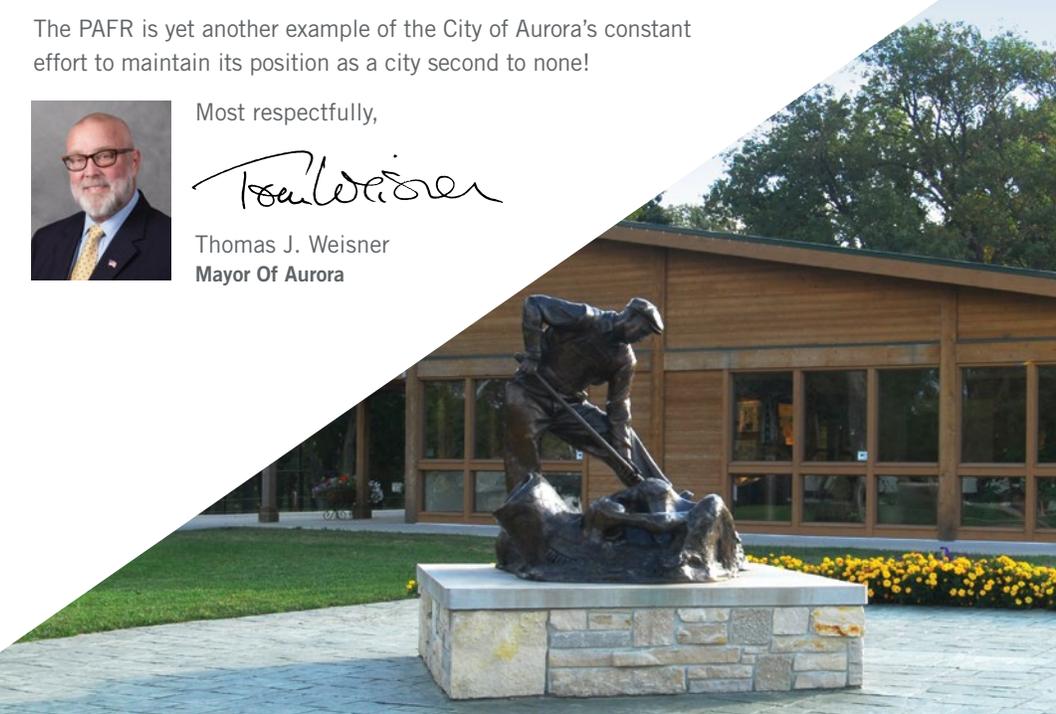
The PAFR is yet another example of the City of Aurora's constant effort to maintain its position as a city second to none!



Most respectfully,



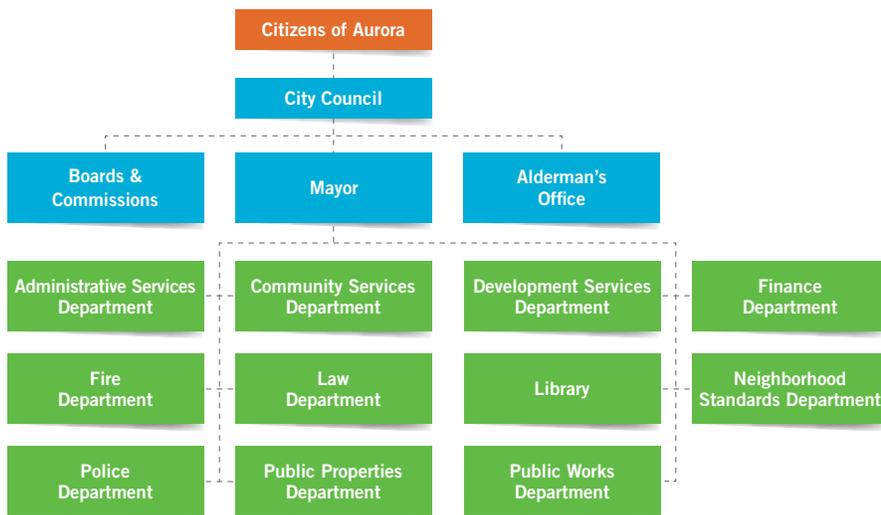
Thomas J. Weisner  
Mayor Of Aurora



# GOVERNMENT ORGANIZATION

## HOW IS THE CITY OF AURORA GOVERNMENT ORGANIZED?

The city operates under a mayor-council form of government. The Aurora City Council consists of the mayor and 12 aldermen. Municipal services are delivered by 11 city departments.



## city council



**Front row from left to right:** Alderman-at-Large Robert J. O'Connor, Mayor Thomas J. Weisner, Alderman-at-Large Richard C. Irvin. **Second row from left to right:** First Ward Alderman Kristina A. Bohman, Second Ward Alderman Juany Garza, Third Ward Alderman Theodoros C. Mesiacos, Fourth Ward Alderman William M. Donnell, Fifth Ward Alderman Carl Franco, Sixth Ward Alderman Michael B. Saville, Seventh Ward Alderman Scheketa Hart-Burns, Eighth Ward Alderman Richard B. Mervine, Ninth Ward Alderman Edward J. Bugg, and Tenth Ward Alderman Lynne M. Johnson.

# OPERATIONAL ACHIEVEMENTS

The city's record of achievements in its operations during 2015 was substantial.

Some of the more significant achievements were:

## NEW MAIN LIBRARY

Completed the construction of a state-of-the-art, 97,000 square-foot library facility in the city's downtown. The new facility offers the latest technology; books, movies, and music for checkout; public art; and a variety of conference and study rooms.

## PUBLIC SAFETY INFORMATION TECHNOLOGY

Contracted for new computer-aided dispatch and police records management systems. These systems will greatly enhance the efficiency and effectiveness of the city's delivery of public safety services for years to come.

## STREET RESURFACING

Resurfaced 32.4 lane-miles of residential and 16.0 lane-miles of arterial streets. This annual resurfacing program has had a direct, positive impact upon Aurora's neighborhoods and transportation network.

## INDIAN TRAIL BRIDGES

Reconstructed two vehicular and pedestrian bridges over the Fox River at Indian Trail. Originally constructed in 1963, the rehabilitation project has restored the safety and functionality of the structures.

## ENHANCED COMMUNITY REFUSE DISPOSAL PROGRAM

Successfully implemented a new residential refuse disposal and recycling program featuring a range of standardized, lidded containers that can be emptied mechanically. The program improves efficiency, contains costs, ensures cleaner neighborhoods, and reduces disposal vehicle emissions.

## DEBT REFINANCING

Refinanced three series of general obligation and water revenue bonds issued in 2006 and 2008 resulting in a total savings of \$12.5 million for property tax payers and water customers.

## PARAMOUNT THEATER RECOGNITION

The theater received five Jeff Awards from the Joseph Jefferson Awards Committee for excellence in professional theater produced in the Chicago metropolitan area. The awards included Best Musical (Large) and Best Director of a Musical for the production of Les Misérables during the 2014-2015 season.

## PATHWAYS TO PROSPERITY

In cooperation with Waubensee Community College and West Aurora School District 129, facilitated the establishment of a program designed to prepare high school students for careers in advanced manufacturing, information technology, and healthcare.



Fire and police protection are cornerstone services that the City of Aurora delivers to the public.

## CITY SPOTLIGHT

In 2015, the city's Building and Permits Division received the Innovations in American Government Award from the Harvard University Kennedy School of Government. The award recognized the division for its electronic communication system designed to improve the transparency and efficiency of the city's building inspection process.

# ECONOMIC DEVELOPMENT ACHIEVEMENTS

The city experienced record-breaking building activity in 2015. There were 19% more building permits issued than during the prior year. The value of the construction represented by the permits was \$513 million – a 59% increase. This was an all-time annual record. Furthermore, 2013-2015 set a record for the greatest number of permits and most construction value of any three-year period in the city's history.

## CHICAGO PREMIUM OUTLETS EXPANSION

A 300,000 square-foot expansion of the mall was completed allowing for the addition of 50 stores and bringing the total number of retail spaces to 170. The expansion involved a \$108 million investment in the facility.

## SUPPORT TECHS

The technology company purchased the former city library building at One East Benton Street. The building is being renovated to serve as the company's call support center.

## NAPLETON HYUNDAI

The car dealer completed a facility remodeling and expansion project. The project entailed an investment of \$1.5 million in the facility at 4333 Ogden Avenue.

## RUSH COPLEY MEDICAL CENTER

The center on the city's far-east side expanded its surgery center. The expansion added 50,822 square feet to the facility.

## THE PATIO

A restaurant space along Route 59 was remodeled and became the home of a new 11,349 square-foot restaurant. The Patio is part of a chain that specializes in serving barbeque food.



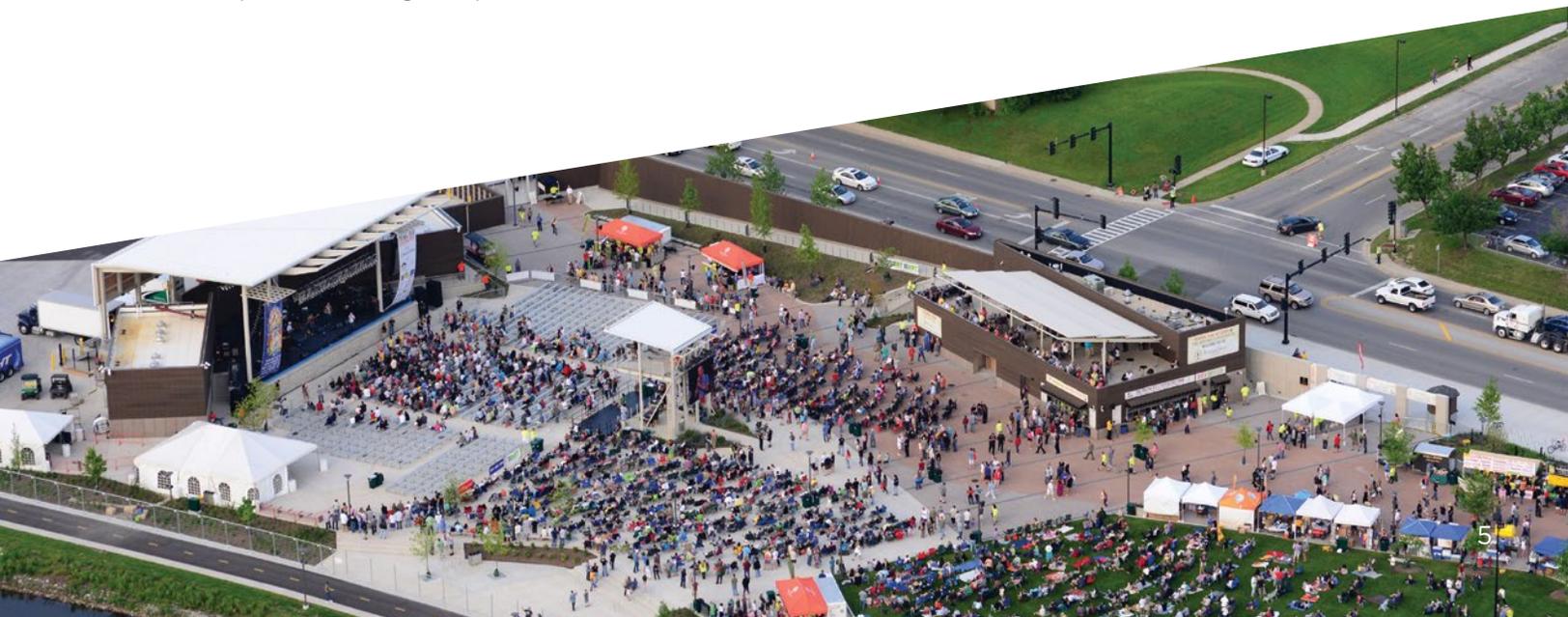
The Downtown Master Plan advances Aurora's vitality and promotes a more livable and walkable downtown.

## ST. CHARLES HOSPITAL

A developer has acquired the former hospital property at 400 East New York Street and is in the process of creating 60 housing units for senior citizens.

## BUSINESS ATTRACTION

23 new manufacturing businesses and more than 100 other businesses were welcomed to the city in 2015.



# GENERAL FUND

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The General Fund is the city's primary operating fund. It supports core municipal services.

- Various types of taxes provide most of the resources for the General Fund.
- Property taxes constitute the General Fund's largest revenue source.
- Income taxes are distributed by the State of Illinois on the basis of population. As Aurora's population has grown faster than Illinois' population, the city's share of income taxes has increased.
- Food and beverage as well as telecommunications taxes were among the "other taxes" that performed better in 2015 than in 2014 without a change in tax rates.
- Increased building permit activity led to greater revenue in the "licenses, fees, and permits" category for 2015.
- The functional expenses of the General Fund include the operational costs of the following departments:
  - General Government: Administrative Services, Finance, Law, and other departments.
  - Public Safety: Fire and Police.
  - Streets and Transportation: Public Properties and Public Works.
  - Health and Welfare: Various departments.
  - Culture and Recreation: Various departments.
  - Economic Development: Development Services.
- The city seeks to maintain a minimum fund balance in its General Fund of at least 10% of expenditures to provide a cash flow and contingency reserve.



## WHAT IS A FUND?

A fund is a set of accounts that are segregated to identify the transactions associated with a specific activity conducted by a government.

## 2015 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

(in millions)

### REVENUES

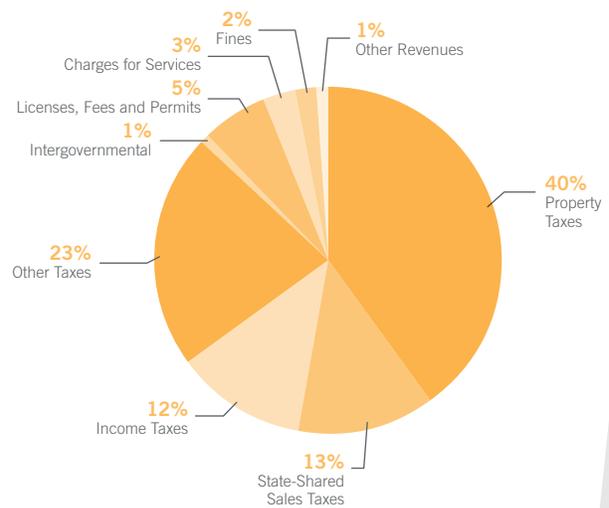
Property Taxes	\$65.9
State-Shared Sales Taxes	21.7
Income Taxes	21.1
Other Taxes	38.0
Intergovernmental	0.5
Licenses, Fees, and Permits	9.4
Charges for Services	5.3
Fines	2.5
Other Revenues	0.2
<b>TOTAL REVENUES</b>	<b>164.6</b>

### EXPENDITURES

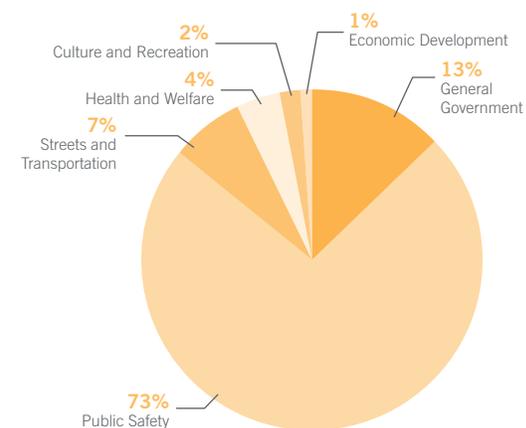
General Government	20.8
Public Safety	119.0
Streets and Transportation	11.6
Health and Welfare	7.5
Culture and Recreation	4.1
Economic Development	0.8
<b>TOTAL EXPENDITURES</b>	<b>163.8</b>

<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>0.8</b>
Transfers Out	(0.7)
<b>CHANGE IN FUND BALANCE</b>	<b>0.1</b>
<b>FUND BALANCE, JANUARY 1</b>	<b>22.8</b>
<b>FUND BALANCE, DECEMBER 31</b>	<b>\$22.9</b>

### REVENUES



### EXPENDITURES



# WATER & SEWER FUND



The Water and Sewer Fund is the city's most significant proprietary fund. Proprietary funds are generally supported by user fees rather than taxes and focus on whether costs are being recovered through those fees.

- The city draws from aquifers and the Fox River to provide potable water to the community after processing.
- The water production system is capable of generating a maximum of 36.5 million gallons per day. In 2015, the system produced an average of 15.8 million gallons per day to meet the demand of water consumers.
- System user fees provide most of the revenue for the Water and Sewer Fund.
- City water rates include fixed and variable components. As of July 1, 2015, the fixed component was \$12.65 per bimonthly billing period. The variable component for residents was \$4.80 per 100 cubic feet of water consumed. The fixed component provides resources to maintain and improve the system infrastructure (i.e., provide for capital projects).
- "Operating revenues" and "operating expenses" shown in the accompanying Water and Sewer Fund financial statement are items that pertain directly to the provision of services to the public.
- As shown in the accompanying financial statement, "depreciation" is a non-cash charge that serves to allocate (expense) the cost of capital items over the course of their useful lives.

## CITY SPOTLIGHT

The city's water treatment plant was one of only 27 surface water treatment plants in the country to receive the President's Award from the Partnership for Safe Water. The award recognizes water production operations that generate water of the highest quality.





## 2015 STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

(in millions)

### OPERATING REVENUES

Water Billings	\$30.6
Permits and Fees	0.6
Other Sales and Services	0.3
<b>TOTAL OPERATING REVENUES</b>	<b>31.5</b>

### OPERATING EXPENSES

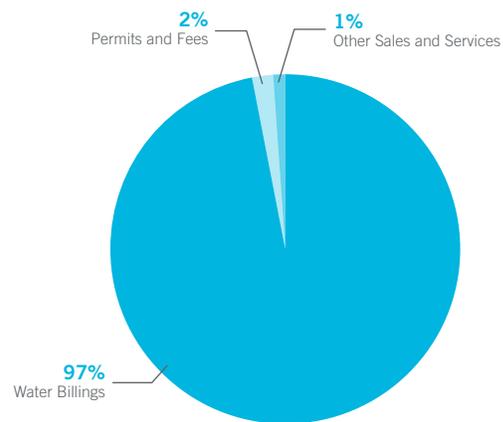
Personnel Services	10.2
Materials and Supplies	6.2
Other Services and Charges	8.6
Miscellaneous	0.1
Depreciation	4.5
<b>TOTAL OPERATING EXPENSES</b>	<b>29.6</b>
<b>OPERATING INCOME</b>	<b>1.9</b>

### NON-OPERATING REVENUES (EXPENSES)

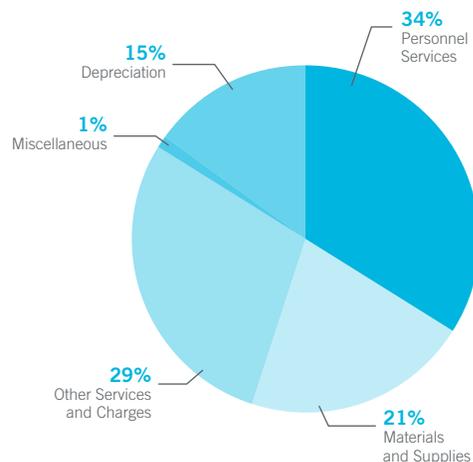
Investment Income	0.4
Interest Expense	(1.4)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(1.0)</b>

<b>INCOME BEFORE TRANSFERS, CAPITAL GRANTS AND CONTRIBUTIONS</b>	<b>0.9</b>
Transfers Out	(1.0)
Capital Grants and Contributions	4.8
<b>CHANGE IN NET POSITION</b>	<b>4.7</b>
<b>NET POSITION, JANUARY 1</b>	<b>159.3</b>
<b>NET POSITION, DECEMBER 31</b>	<b>\$164.0</b>

### OPERATING REVENUES



### OPERATING EXPENSES



# REVENUE TRENDS

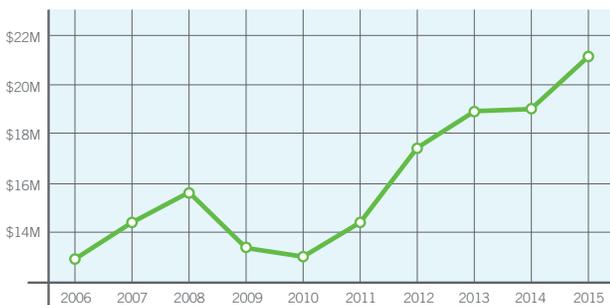
Sales and income taxes are two of the most significant city revenue sources. Income taxes are devoted entirely to support core municipal operations. Sales taxes provide resources for both operating and capital needs. Casino gaming taxes provide additional resources to support general obligation debt service abatement; economic development initiatives; and social, cultural, and recreational programs.

## Sales Tax Revenues



After recovering from the impact of the 2007-2009 recession, sales tax revenue flattened due primarily to roadway work along the Illinois Route 59 retail corridor.

## Income Taxes

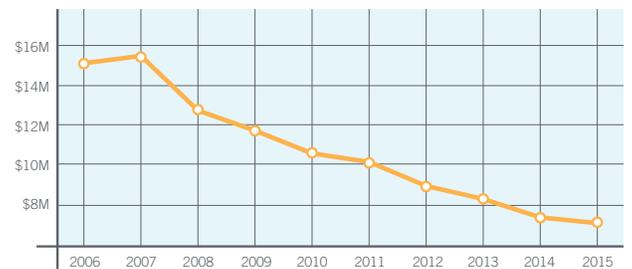


Income tax performance has been consistently strong since 2010.



The splash pad at McCarty Park is a fun way to cool off in the summer and beat the heat.

## Casino Gaming Taxes

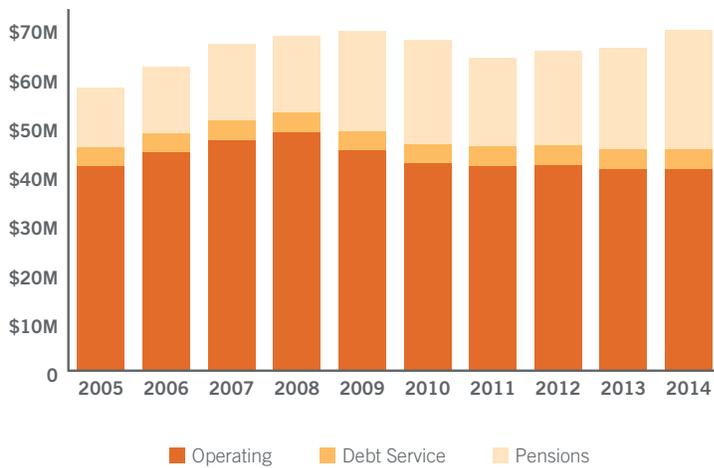


Competition from other gaming venues in the region has pushed Aurora's gaming tax revenues lower.

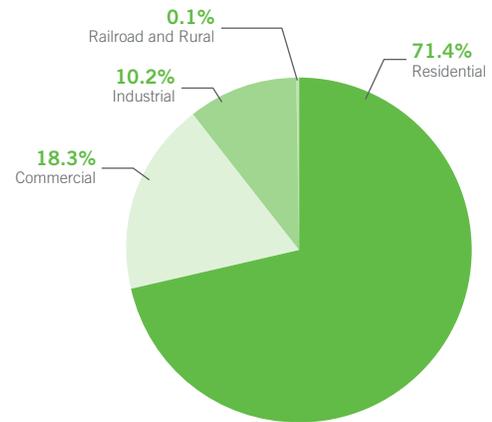
# PROPERTY TAXES

The city's largest revenue source is the property tax. Property taxes are used to pay operating costs, general obligation debt service, and employer pension contributions.

## PROPERTY TAX USE



## EQUALIZED ASSESSED VALUE



Residential:	\$2,183,952,527
Commercial:	\$558,958,227
Industrial:	\$313,164,349
Railroad and Rural:	\$2,680,778
<b>TOTAL:</b>	<b>\$3,058,755,881</b>

### QUICK FACTS

- ▶ The city's levy in 2014 (paid in 2015) for general operations was:
  - About \$500,000 less than it was in 2005 (paid in 2006).
  - \$7.5 million less than it was in 2008 (paid in 2009).
- ▶ The levy for required pension contributions was \$12.3 million more than it was in 2005 (paid in 2006).

### QUICK FACT

- ▶ Aurora's tax base has significant commercial and industrial components. This reduces the tax burden on homeowners.

## 2014 LEVY PAID IN 2015



### QUICK FACT

- ▶ The city's portion of a typical 2005 tax bill paid in 2006 was about 21% compared to 19% today.

# CAPITAL ASSETS

The city has a substantial investment in capital assets. A capital asset is a tangible or intangible asset that, in general, was procured at a cost of \$100,000 or more and has a useful life greater than one year. Assets procured primarily with tax resources are classified as “governmental,” while capital assets associated with fee-based operations are accounted for in the “business-type” classification.

## CAPITAL ASSETS (in millions)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Land and Land Right of Way	\$132.0	\$25.9	\$157.9
Buildings and Land Improvements	142.6	145.9	288.5
Machinery, Vehicles, and Equipment	37.6	8.8	46.4
Works of Art	1.0	–	1.0
Infrastructure	375.3	172.8	548.1
Construction in Progress	30.6	16.5	47.1
Less:			
Accumulated Depreciation	(190.8)	(126.3)	(317.1)
<b>TOTAL</b>	<b>\$528.3</b>	<b>\$243.6</b>	<b>\$771.9</b>

### BUSINESS-TYPE ACTIVITIES ITEMS

#### WATER AND SANITARY LINES

Constructed water and sanitary lines, increasing infrastructure value by \$4.7 million.

#### SEWER SEPARATION

Currently adding \$7.0 million to construction in progress with several combined sewer separation projects.

### GOVERNMENTAL ACTIVITIES ITEMS

#### LAND

Purchased land for a new fire station near the corner of Bilter Road and Nan Street.

#### PROPERTY

Acquired two properties to provide for expansion of RiverEdge Park.

#### BRIDGE RECONSTRUCTION

Reconstructed Indian Trail bridges over the Fox River, contributing \$2.7 million to the city's infrastructure.

#### CONSTRUCTION IN PROGRESS

Making progress on roadway improvements along sections of East New York Street and a storm sewer extension along Fourth Street.

# DEBT STATUS

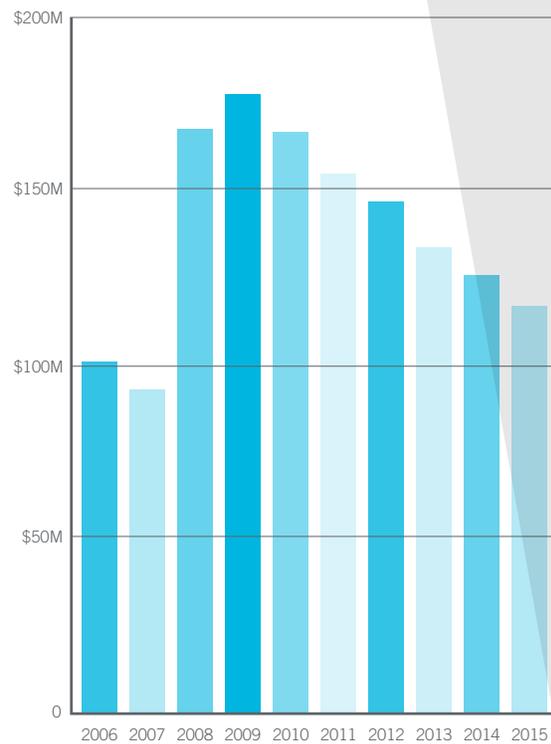
The city has issued a variety of different forms of debt. These forms include general obligation bonds (GO), water revenue bonds, golf course revenue bonds, tax increment revenue bonds and notes, and others.

- ▶ GO bonds are backed by the full faith and credit of the government.
- ▶ During 2015, GO bonds issued in 2006 and 2008 were refunded. The refunding actions yielded a net present value savings of \$9.9 million for property taxpayers.
- ▶ Normally, all GO bond debt service is paid with property taxes. However, the city uses several other revenue sources to pay GO bond debt service so as to reduce property taxes. The sources include, but are not limited to, real estate transfer taxes, gaming taxes, and stormwater management fees.
- ▶ In 2015, the city refunded water revenue bonds issued in 2006. The refunding resulted in a \$2.6 million net present value savings for water customers.
- ▶ Standard and Poor's Ratings Services has assigned a rating of AA to the city's GO bonds, meaning that the city possesses a "very strong capacity" to meet financial commitments.

## QUICK FACTS

- ▶ In 2008, the city issued \$85.5 million of GO bonds to finance the construction of a needed new police headquarters facility.
- ▶ In 2009, the city issued \$15.5 million of GO bonds to replace an obsolete public safety radio system.

## GENERAL OBLIGATION DEBT PRINCIPAL OUTSTANDING

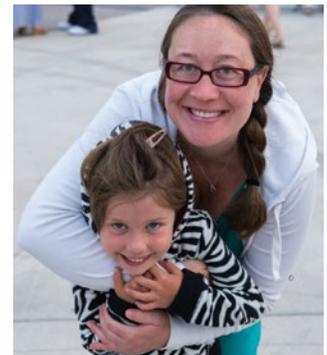
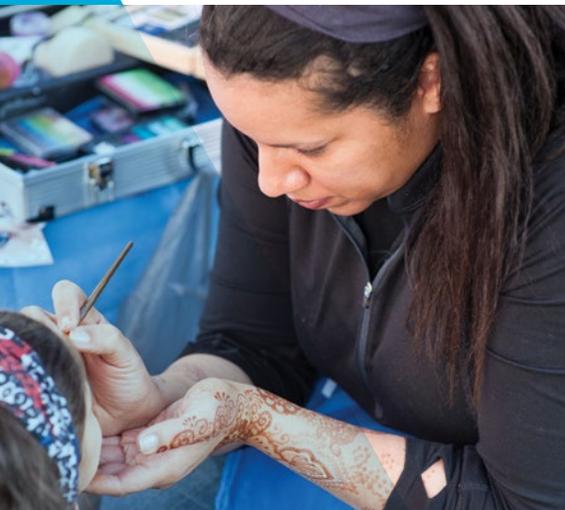


# ABOUT THE PAFR



The Popular Financial Report (PAFR) is intended to provide selected information on the city's financial condition in a summarized, easily understandable format. Comments or suggestions for improving the document should be addressed to the **City of Aurora, Finance Department**, 44 East Downer Place, Aurora, IL 60507 or [findepartment@aurora-il.org](mailto:findepartment@aurora-il.org).

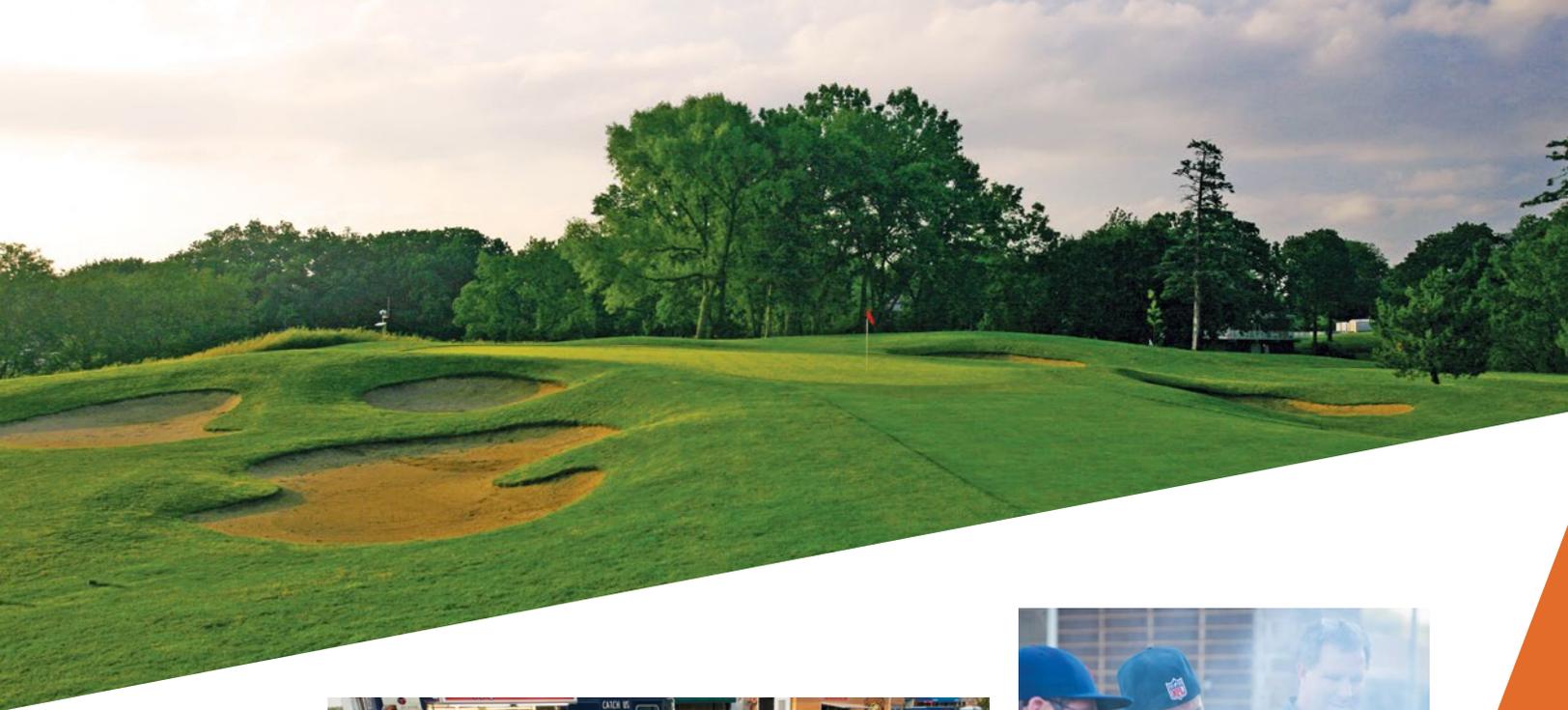
- This PAFR is based upon the city's Comprehensive Annual Financial Report (CAFR). However, the primary focus of the PAFR is the city's General Fund and Water & Sewer Fund. These are considered to be the city's most significant funds. The city maintains many other accounting funds. For more complete information on the city's finances, see the CAFR at [www.aurora-il.org/finance/cafr.php](http://www.aurora-il.org/finance/cafr.php).
- Financial information about the Aurora Public Library (APL) is not included in this document. The APL is a component unit of the city.



The city sponsors a wide variety of events and cultural activities throughout the year to entertain, enhance the quality of life, and encourage community pride and participation.

## CITY SPOTLIGHT

The Government Finance Officers Association of the United States and Canada has awarded the Certificate of Achievement for Excellence in Financial Reporting to the city for its Comprehensive Annual Financial Report for 17 consecutive years.



The Sunken Garden at Phillips Park is hand planted every fall with over 10,000 tulips for the spring season and replaced with flowering annuals for summertime display.



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**THOMAS J. WEISNER**  
Mayor

**CARIE ANNE ERGO**  
Chief Management Officer

**BRIAN W. CAPUTO, PH.D., C.P.A.**  
Chief Financial Officer/City Treasurer

**LINDA B. READ, M.B.A., C.P.A.**  
Assistant Finance Director for  
Accounting and Financial Reporting

**KRISTA L. HEINKE**  
Accounting Supervisor



[www.aurora-il.org](http://www.aurora-il.org)