

***CITY OF AURORA, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2021***

CITY OF AURORA, OREGON
CITY OFFICIALS
JUNE 30, 2021

<u><i>Name</i></u>	<i>MAYOR</i>	<u><i>Term</i></u>
Brian Asher		January 2023

CITY COUNCIL MEMBERS

Tara Weidman		January 2023
John Berard		January 2023
Mercedes Rhoden-Feely		January 2025
Wendy Veliz		January 2025

CITY ADMINISTRATION

Mary Lambert, Finance Officer

Stuart A. Rodgers, City Recorder

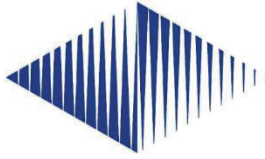
Officials and City Staff can be contacted at:

21420 Main Street NE
Aurora, Oregon 97002

CITY OF AURORA, OREGON

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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Honorable Mayor and Council Members
City of Aurora
21420 Main Street NE
Aurora, Oregon 97002

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aurora, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in the notes to the financial statements. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these modified cash basis financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the modified cash basis financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aurora, as of June 30, 2021, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting described in the notes to the financial statements.

Basis of Accounting

We draw attention to the notes of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Report on Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. Management's discussion and analysis, budgetary comparison information and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements.


The supplemental information as listed in the table of contents is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in notes to the financial statements.

Management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 10, 2021, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Devan W. Esch, A Shareholder
November 10, 2021

CITY OF AURORA, OREGON

Management's Discussion and Analysis June 30, 2021

As management of the City of Aurora, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021.

Financial Highlights

	June 30,		change
	2021	2020	
Net position	\$ 2,634,601	\$ 2,704,526	\$ (69,925)
Change in net position	(69,925)	337,523	(407,448)
Governmental net position	1,430,230	1,421,353	8,877
Proprietary net position	1,204,371	1,283,173	(78,802)
Change in governmental net position	8,877	109,196	(100,319)
Change in proprietary net position	(78,802)	228,327	(307,129)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Aurora's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary and other information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements include:

The Statement of Net Position (Modified Cash Basis). This presents information on the assets and liabilities of the City as of the date on the statement. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities (Modified Cash Basis). The *statement of activities* presents information showing how the net position of the City changed over the most recent fiscal year by tracking revenues, expenditures and other transactions that increase or reduce net position.

In the government-wide financial statements, the City's activities are shown as governmental and business-type activities. Governmental activities include all basic city government functions, such as general government, public safety, highway and streets, and community development. These activities are primarily financed through property taxes and other intergovernmental activities. Business-type activities are those which are primarily financed through charges to customers and include water and sewer operations.

Fund financial statements. The *fund financial statements* provide more detailed information about the City’s funds, focusing on its most significant or “major” funds – not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary (business-type) funds.

Governmental funds. The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful in obtaining an understanding of each fund’s activity.

Proprietary funds. Proprietary funds are used to account for funds which are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Proprietary funds whose primary user is the public are known as enterprise funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplemental information*, including the budgetary comparison schedules and the combining non-major fund financial statements.

Government-wide Financial Analysis

Statements of Net Position (modified cash basis)

June 30,

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,430,230	\$ 1,204,371	\$ 2,634,601	\$ 1,421,353	\$ 1,283,173	\$ 2,704,526
Liabilities	-	-	-	-	-	-
Net Position:						
Restricted	483,269	145,023	628,292	491,057	279,277	\$ 770,334
Unrestricted	946,961	1,059,348	2,006,309	930,296	1,003,896	\$ 1,934,192
Total Net Position	\$ 1,430,230	\$ 1,204,371	\$ 2,634,601	\$ 1,421,353	\$ 1,283,173	\$ 2,704,526

Statement of Net Position (modified cash basis). The *statement of net position* (modified cash basis) is provided on a comparative basis. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Aurora, assets exceeded liabilities by \$2,634,601 as of June 30, 2021.

Restricted net position represents sources that are subject to external restrictions on their use, such as debt service or capital projects.

Unrestricted net position is available for general operations of the City.

Statements of Activities (modified cash basis)
Year ended June 30,

	2021			2020		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues						
Program revenues						
Charges for service	\$ 175,141	\$ 748,647	\$ 923,788	\$ 142,395	\$ 721,663	\$ 864,058
Operating grants	128,314	-	128,314	70,765	-	70,765
Capital grants	22,785	30,300	53,085	61,404	18,847	80,251
General revenues						
Taxes and assessments	324,537	363,189	687,726	312,594	350,674	663,268
Franchise taxes	71,364	-	71,364	71,433	-	71,433
Intergovernmental	40,543	-	40,543	35,274	-	35,274
Miscellaneous	55,683	16,619	72,302	91,634	29,224	120,858
<i>Total revenues</i>	<u>818,367</u>	<u>1,158,755</u>	<u>1,977,122</u>	<u>785,499</u>	<u>1,120,408</u>	<u>1,905,907</u>
Expenses						
General government	199,952	-	199,952	171,836	-	171,836
Public safety	203,097	-	203,097	198,404	-	198,404
Highways and streets	141,295	-	141,295	132,829	-	132,829
Community development	265,146	-	265,146	173,234	-	173,234
Water	-	560,779	560,779	-	286,032	286,032
Sewer	-	676,778	676,778	-	606,049	606,049
<i>Total expenses</i>	<u>809,490</u>	<u>1,237,557</u>	<u>2,047,047</u>	<u>676,303</u>	<u>892,081</u>	<u>1,568,384</u>
Change in net position	8,877	(78,802)	(69,925)	109,196	228,327	337,523
Net position, beginning of year	<u>1,421,353</u>	<u>1,283,173</u>	<u>2,704,526</u>	<u>1,312,157</u>	<u>1,054,846</u>	<u>2,367,003</u>
Net position, end of year	<u>\$ 1,430,230</u>	<u>\$ 1,204,371</u>	<u>\$ 2,634,601</u>	<u>\$ 1,421,353</u>	<u>\$ 1,283,173</u>	<u>\$ 2,704,526</u>

Statement of Activities (modified cash basis). During the current fiscal year, the City's total net position decreased by \$69,925 to \$2,634,601 from \$2,704,526 at the beginning of the year. The key elements of the change in the City's net position for the year ended June 30, 2021 are as follows:

Governmental activities - The City's net position increased by \$8,877 from governmental activities. The increase was primarily due to the increase in charges for services and miscellaneous revenue within the current year.

Business type activities - The City's net position decreased by \$78,802 from business type activities. Revenues increased by approximately \$40,000 compared to the prior year, and expenses increased by approximately \$345,000 compared to the prior year.

Financial Analysis of the City of Aurora's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City’s governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the City’s financing requirements. In particular, *fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of a fiscal year. As of June 30, 2021, the City’s governmental funds reported combined ending fund balances of \$1,430,230, an increase of \$8,877 over the prior year.

Business-type funds. The business-type funds account for the City’s water and sewer operations. Expenses exceeded revenues by \$78,802 for the year ended June 30, 2021.

General Fund Budgetary Highlights

The governing body made one change to the General Fund budget for the fiscal year ended June 30, 2021. Revenues, ending fund balance, and Community Development expenditures increased by \$50,000 due to an unanticipated Coronavirus Relief Funds Grant.

Significant Fund Transactions

Major Governmental Funds:

General Fund. The General Funds is the primary operating funds of the City. The fund balance was \$547,774 as of June 30, 2021. The fund balance decreased \$95,635 during the current fiscal year. As a measure of the liquidity, it may be useful to compare total fund balances to total fund expenditures. Fund balance represents 83% of total expenditures.

Street/Storm Operating Fund. The Street/Storm Operating Fund accounts for street maintenance and improvements. The fund balance decreased by \$49,685. This decrease was due to increases in both materials and services and capital outlay in the current year.

City Hall Building Fund – The fund balance increased by \$112,290 due primarily to transfers in of \$105,000 and no expenditures.

Major Proprietary Operations:

Water Operations – Water operations revenues are from charges for services and expenses are for personal services, materials and services, capital acquisition, and debt payments. Net position decreased \$157,509 during the year due to capital acquisitions.

Sewer Operations – Sewer operations revenues are from charges for services and expenses are for personal services, materials and services, capital acquisition, and debt payments. Net position increased by \$78,707 during the year mainly due to a decrease in materials and services expenditures within the current year. Net nonoperating revenue and expenses were \$3,449.

Debt Administration

The City had total debt outstanding of \$1,158,305 at the end of the current fiscal year.

During the current fiscal year, the City’s total debt decreased by \$324,653 (28%).

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total assessed valuation. The City had no general obligation debt subject to the limitation at June 30, 2021.

**City of Aurora
Outstanding Debt**

	Business-type Activities	
	2021	2020
General obligation bonds	\$ 965,000	\$ 1,275,000
Loans	193,305	207,958
Total	\$ 1,158,305	\$ 1,482,958

Additional information on the City’s long-term debt can be found in the notes to the basic financial statements of this report.

Economic Factors and the Next Year’s Budget

The City’s Budget Committee considered all the following factors while preparing the City budget for the 2021-22 fiscal year:

- a. Prior history of revenues and expenditures
- b. Capital projects in the water and sewer funds
- c. Expected property tax revenues

Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors and creditors) with a general overview of the City’s finances and to demonstrate the City’s accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City Recorder
City of Aurora
21420 Main Street NE
Aurora, Oregon 97002

BASIC FINANCIAL STATEMENTS

CITY OF AURORA, OREGON

STATEMENT OF FUND NET POSITION (MODIFIED CASH BASIS)

JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 1,430,230	\$ 1,204,371	\$ 2,634,601
LIABILITIES	-	-	-
NET POSITION			
Restricted for:			
Debt service	-	16,544	16,544
Capital acquisitions	209,304	128,479	337,783
Community development	12,412	-	12,412
Streets	261,553	-	261,553
Unrestricted	946,961	1,059,348	2,006,309
 <i>Total Net Position</i>	 \$ 1,430,230	 \$ 1,204,371	 \$ 2,634,601

The accompanying notes are an integral part of the financial statements.

CITY OF AURORA, OREGON

STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)

YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental activities:							
General government	\$ 199,952	\$ 17,343	\$ 57,449	\$ -	\$ (125,160)	\$ -	\$ (125,160)
Public safety	203,097	53,808	-	-	(149,289)	-	(149,289)
Highways and streets	141,295	32,872	70,865	11,760	(25,798)	-	(25,798)
Community development	265,146	71,118	-	11,025	(183,003)	-	(183,003)
<i>Total Governmental activities</i>	809,490	175,141	128,314	22,785	(483,250)	-	(483,250)
Business-type activities:							
Water	560,779	372,177	-	22,172	-	(166,430)	(166,430)
Sewer	676,778	376,470	-	8,128	-	(292,180)	(292,180)
<i>Total Business-type activities</i>	1,237,557	748,647	-	30,300	-	(458,610)	(458,610)
<i>Total Activities</i>	<u>\$ 2,047,047</u>	<u>\$ 923,788</u>	<u>\$ 128,314</u>	<u>\$ 53,085</u>	(483,250)	(458,610)	(941,860)
General Revenues:							
Property taxes					324,537	363,189	687,726
Franchise taxes					71,364	-	71,364
Intergovernmental					40,543	-	40,543
Miscellaneous					55,683	16,619	72,302
<i>Total General Revenues</i>					492,127	379,808	871,935
Change in net position					8,877	(78,802)	(69,925)
Net Position - beginning of year					1,421,353	1,283,173	2,704,526
Net Position - end of year					<u>\$ 1,430,230</u>	<u>\$ 1,204,371</u>	<u>\$ 2,634,601</u>

The accompanying notes are an integral part of the financial statements.

CITY OF AURORA, OREGON
BALANCE SHEET (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Special Revenue</u> <u>Street / Storm</u> <u>Operating</u>	<u>Capital Projects</u> <u>City Hall</u> <u>Building</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 547,774	\$ 166,118	\$ 397,940	\$ 318,398	\$ 1,430,230
LIABILITIES AND FUND BALANCE					
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance					
Restricted for:					
Capital acquisitions	-	-	-	209,304	209,304
Community development	-	-	-	12,412	12,412
Streets	-	166,118	-	95,435	261,553
Committed to:					
Capital acquisitions	-	-	397,940	1,247	399,187
Unassigned	547,774	-	-	-	547,774
Total Fund Balance	547,774	166,118	397,940	318,398	1,430,230
Total Liabilities and Fund Balance	\$ 547,774	\$ 166,118	\$ 397,940	\$ 318,398	\$ 1,430,230

The accompanying notes are an integral part of the financial statements.

CITY OF AURORA, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2021

		<u>Special Revenue</u>	<u>Capital Projects</u>		
	<u>General</u>	<u>Street / Storm Operating</u>	<u>City Hall Building</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES					
Taxes and assessments	\$ 324,537	\$ -	\$ -	\$ -	\$ 324,537
Fines and forfeitures	53,810	-	-	-	53,810
Licenses and permits	155,582	-	4,242	22,785	182,609
Charges for services	-	18,574	-	14,298	32,872
Intergovernmental	81,811	70,865	-	-	152,676
Miscellaneous	59,917	651	-	-	60,568
Interest earnings	4,369	1,519	3,048	2,359	11,295
<i>Total Revenues</i>	680,026	91,609	7,290	39,442	818,367
EXPENDITURES					
Current					
General government	199,952	-	-	-	199,952
Public safety	203,097	-	-	-	203,097
Highways and streets	-	88,794	-	-	88,794
Community development	158,791	-	-	4,535	163,326
Park services	62,273	-	-	-	62,273
Capital outlay	39,548	52,500	-	-	92,048
<i>Total Expenditures</i>	663,661	141,294	-	4,535	809,490
REVENUES OVER (UNDER) EXPENDITURES	16,365	(49,685)	7,290	34,907	8,877
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	105,000	7,000	112,000
Transfers out	(112,000)	-	-	-	(112,000)
<i>Total Other Financing Sources (Uses)</i>	(112,000)	-	105,000	7,000	-
NET CHANGE IN FUND BALANCE	(95,635)	(49,685)	112,290	41,907	8,877
FUND BALANCE, beginning of year	643,409	215,803	285,650	276,491	1,421,353
FUND BALANCE, end of year	\$ 547,774	\$ 166,118	\$ 397,940	\$ 318,398	\$ 1,430,230

The accompanying notes are an integral part of the financial statements.

CITY OF AURORA, OREGON

STATEMENT OF FUND NET POSITION (MODIFIED CASH BASIS) - ENTERPRISE FUNDS

JUNE 30, 2021

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 536,580	\$ 667,791	\$ 1,204,371
LIABILITIES	-	-	-
FUND NET POSITION			
Restricted for:			
Debt service	-	16,544	16,544
Capital acquisitions	51,898	76,581	128,479
Unrestricted	484,682	574,666	1,059,348
<i>Total Fund Net Position</i>	<u>\$ 536,580</u>	<u>\$ 667,791</u>	<u>\$ 1,204,371</u>

The accompanying notes are an integral part of the financial statements.

CITY OF AURORA, OREGON**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION****(MODIFIED CASH BASIS) - ENTERPRISE FUNDS****YEAR ENDED JUNE 30, 2021**

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>Total</i>
OPERATING REVENUES			
Charges for services	\$ 372,177	\$ 376,470	\$ 748,647
Miscellaneous	3,575	1,741	5,316
<i>Total Operating Revenues</i>	375,752	378,211	753,963
OPERATING EXPENSES			
Personal services	112,878	125,936	238,814
Materials and services	144,666	178,247	322,913
<i>Total Operating Expenses</i>	257,544	304,183	561,727
OPERATING INCOME	118,208	74,028	192,236
NONOPERATING REVENUES/EXPENSES			
Taxes and assessments	-	363,189	363,189
Interest revenue	5,346	5,957	11,303
Capital acquisitions	(282,343)	(5,220)	(287,563)
Debt payments			
Principal	(14,653)	(310,000)	(324,653)
Interest	(6,239)	(57,375)	(63,614)
<i>Total Nonoperating Revenues/Expenses</i>	(297,889)	(3,449)	(301,338)
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(179,681)	70,579	(109,102)
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	22,172	8,128	30,300
CHANGE IN FUND NET POSITION	(157,509)	78,707	(78,802)
FUND NET POSITION, beginning of year	694,089	589,084	1,283,173
FUND NET POSITION, end of year	\$ 536,580	\$ 667,791	\$ 1,204,371

The accompanying notes are an integral part of the financial statements.

CITY OF AURORA, OREGON**STATEMENT OF CASH FLOWS (MODIFIED CASH BASIS) - ENTERPRISE FUNDS****YEAR ENDED JUNE 30, 2021**

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>Total</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 375,752	\$ 378,211	\$ 753,963
Cash paid to employees and others for salaries and benefits	(112,878)	(125,936)	(238,814)
Cash paid to suppliers and others	(144,666)	(178,247)	(322,913)
<i>Net Cash Provided by Operating Activities</i>	118,208	74,028	192,236
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Taxes and assessments	-	363,189	363,189
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(282,343)	(5,220)	(287,563)
Principal paid on debt	(14,653)	(310,000)	(324,653)
Interest paid on debt	(6,239)	(57,375)	(63,614)
Capital contributions	22,172	8,128	30,300
<i>Net Cash Used for Capital and Related Financing Activities</i>	(281,063)	(364,467)	(645,530)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	5,346	5,957	11,303
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	(157,509)	78,707	(78,802)
CASH AND CASH EQUIVALENTS, Beginning of year	694,089	589,084	1,283,173
CASH AND CASH EQUIVALENTS, End of year	\$ 536,580	\$ 667,791	\$ 1,204,371
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 118,208	\$ 74,028	\$ 192,236

The accompanying notes are an integral part of the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Aurora, Oregon is governed by an elected mayor and four council members who comprise the City Council. The City Council exercises supervisory responsibilities over City operations, but day-to-day management control is the responsibility of a city recorder. All significant activities and organizations for which the City is financially accountable are included in the basic financial statements.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position (modified cash basis) and the Statement of Activities (modified cash basis).

The Statement of Net Position (modified cash basis) presents the assets and liabilities of the City. Net position, representing assets less liabilities, is shown in two components: restricted for special purposes, amounts which must be spent in accordance with legal restrictions; and unrestricted, the amount available for ongoing City activities.

The Statement of Activities (modified cash basis) demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary or fiduciary. Currently, the City has governmental funds (general, special revenue, and capital projects) and proprietary type funds (enterprise). Major individual governmental funds and proprietary operations are reported as separate columns in the fund financial statements.

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures / expenses. The various funds are reported by generic classification within the financial statements.

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures / expenses of either fund category or the government and enterprise combined) for the determination of major funds.

The City reports the following governmental funds as major funds:

General Fund

This fund accounts for the basic governmental financial operations of the City. Principal sources of revenues are property taxes, licenses and permits, fines and forfeitures and State shared revenues. Primary expenditures are for administration, park service, community development, public facilities and municipal court.

Street/Storm Operating Fund

Gas tax apportionments received from the State are recorded in this fund. Expenditures are for road construction and maintenance.

City Hall Building Fund

This fund accounts for monies set aside by the City for the replacement of the City Hall building.

The City reports each of its proprietary operations. They are used to account for the acquisition, operation, and maintenance of the sewer and water systems. These operations are entirely or predominantly self-supported through user charges to customers. The City reports the following major proprietary activities:

Sewer Operations

Accounts for the operations, maintenance, and capital construction projects for wastewater system, which is funded through utility fees, systems development charges, and property taxes.

Water Operations

Accounts for the operations, maintenance, debt service, and capital construction projects for water system, which is funded through utility fees and systems development charges.

Fund Balance

Fund balance is reported as non-spendable when the resources cannot be spent because they are either in a legally or contractually required to be maintained intact or non-spendable form. Resources in non-spendable form include inventories, prepaids and deposits, and assets held for resale.

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council takes formal action that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City's Finance Officer uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

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

Definitions of Governmental Fund Types

The General Fund is used to account for the basic operations of the City, which include general government, public safety, highways and streets, and community development.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

In the government-wide Statement of Net Position (Modified Cash Basis) and Statement of Activities (Modified Cash Basis), both governmental and business-type activities are presented using the economic resource measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an economic resource measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, change in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include:

1. Interfund receivables and payables that are temporary borrowing and result from transactions involving cash or cash equivalents are recognized.
2. Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, external cash pools, and marketable investments) that arise from transactions and events involving cash or cash equivalents are recognized.
3. Liabilities for cash (or cash equivalents) held on behalf of others or held in escrow are recognized.

The modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods and services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Additionally, long-term liabilities such as debt are only reported in the notes to the financial statements.

If the City utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the modified accrual basis of accounting, and the fund financial statements for the enterprise funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The City's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Enterprise funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses result from providing services to customers in connection with ongoing utility operations. The principal operating revenues are charges to customers for service. Operating expenses include payroll and related costs, materials and supplies, and capital outlay. All revenues not considered operating are reported as non-operating revenues.

Cash and Cash Equivalents

The City maintains cash and cash equivalents in a common pool that is available for use by all funds. Each fund type's portion of this pool is displayed as cash and cash equivalents. The City considers cash on hand, demand deposits and savings accounts, and short-term investments with an original maturity of three months or less from the date of acquisition to be cash and cash equivalents.

Oregon Revised Statutes authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, and the State Treasurer's Local Government Investment Pool, among others.

Investments in the Local Government Investment Pool are stated at cost, which approximates fair value.

Property Taxes

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15 and May 15. The City's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

Capital Assets

The City does not maintain historical cost or depreciation records for capital assets. Therefore, capital assets are not reported on the government-wide Statement of Net Position or the proprietary funds statements of Fund Net Position or in the notes to the financial statements.

Long-Term Debt

Long-term debt is presented only in the notes to the financial statements. Payments of principal and interest are recorded as expenditures / expenses when paid.

Accrued Compensated Absences

Accumulated unpaid vacation pay is not accrued. Earned but unpaid sick pay is recorded as an expenditure / expense when paid.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget and Budgetary Accounting

The City adopts the budget on an object basis; therefore, expenditures of a specific object within a fund may not legally exceed that object’s appropriations. The City Council may amend the budget to expend unforeseen revenues by supplemental appropriations. All supplemental appropriations are included in the budget comparison statements. Appropriations lapse at year end and may not be carried over. The City does not use encumbrance accounting.

Use of Estimates

The preparation of basic financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following at June 30, 2021:

Cash	
Cash on hand	\$ 400
Deposits with financial institutions	108,284
Investments	
Local Government Investment Pool	2,525,917
	<hr/>
	\$ 2,634,601
	<hr/> <hr/>

Deposits

The City's deposits with various financial institutions had a book value of \$108,284 and a bank balance of \$156,269 as of June 30, 2021. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions for up to \$250,000 for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected.

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk – Deposits (Continued)

Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2021, all of the City's bank balances were covered by FDIC insurance.

Local Government Investment Pool

The State Treasurer of the State of Oregon maintains the Oregon Short Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2021, the fair value of the position in the Oregon State Treasurer's Short Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short Term Fund is not subject to risk evaluation. The LGIP is not rated for credit quality. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting its investments to the LGIP.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments.

The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

CITY OF AURORA, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2021

LONG-TERM DEBT

As a result of the use of the modified cash basis of accounting in this report, obligations related to long-term debt and other obligations are not reported as liabilities in the financial statements. Long-term debt transactions for the year were as follows:

	<i>Outstanding July 1, 2020</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2021</i>	<i>Due Within One Year</i>
<i>Business-type activities - direct borrowings</i>					
2009 General Obligation Bonds	\$ 1,275,000	\$ -	\$ (310,000)	\$ 965,000	\$ 335,000
Safe Drinking Water Loan	207,958	-	(14,653)	193,305	15,093
	<u>\$ 1,482,958</u>	<u>\$ -</u>	<u>\$ (324,653)</u>	<u>\$ 1,158,305</u>	<u>\$ 350,093</u>

Debt payments on the general obligation bonds are made from the G.O. Waste Water Bond Fund.

Direct Borrowings – Business-type Activities

2009 G. O. Bonds: On May 28, 2009 the City issued \$3,530,000 of general obligation bonds for sewer system capital improvements. The bonds call for annual payments ranging from \$287,374 to \$383,350 including interest at rates ranging from 2.5% to 4.5%. The bonds mature on June 1, 2024. The loan is secured by tax increment revenues, and, in the event of default, the bonds are not subject to acceleration.

Safe Drinking Water Loan: On July 31, 2009 the City entered into a loan agreement with the Oregon Economic and Community Development Division (subsequently renamed Oregon Business Development Division) in the amount of \$330,812 with annual payments of \$20,892 which include interest at 3% through December 1, 2030. The purpose of the loan was for water system capital improvements. In the event of default, the lender may declare all amounts immediately due and payable and may exercise any remedy available at law or in equity.

Future debt service requirements are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	\$ 350,093	\$ 49,224	\$ 399,317
2023	370,546	33,696	404,242
2024	291,012	17,254	308,266
2025	16,492	4,400	20,892
2026	16,987	3,905	20,892
2027-2031	92,892	11,567	104,459
2032	20,283	607	20,890
	<u>\$ 1,158,305</u>	<u>\$ 120,653</u>	<u>\$ 1,278,958</u>

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

PENSION PLAN

Plan Description - City employees are provided pension benefits through the Oregon Public Employees Retirement System (PERS). PERS is a cost-sharing multiple-employer defined benefit pension plan for units of state and local government in Oregon, containing multiple actuarial pools. Benefits are established and amended by the Oregon State Legislature pursuant to ORS Chapters 238 and 238A. The legislature has delegated the authority to administer and manage PERS to the Public Employees Retirement Board. PERS issues a publicly available financial report that can be found at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits Provided - PERS provides retirement, disability, and death benefits which vary based on a qualified employee's hiring date and employment class (general service or police/fire). All City employees are eligible to participate after six months of covered employment. Details applicable to police/fire employees are noted in [square brackets] where different.

The Tier One/Tier Two Retirement Plan applies to qualifying employees hired before August 29, 2003 and is closed to new members.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.67% [2.00%]. Benefits may also be based on a money match computation, or formula plus annuity (for members contributing before August 21, 1981), if a greater benefit results. Employees are fully vested after making contributions in each of five calendar years, and are eligible to retire at age 55 [50]. Tier One benefits are reduced if retirement occurs prior to age 58 [55] with less than 30 [25] years of service; Tier Two benefits are reduced for retirement prior to age 60.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. Disability benefits are determined in the same manner as retirement benefits with service time computed to age 58 [55].

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance. The beneficiary may also receive a matching lump-sum payment from employer funds if the member was in covered employment at the time of death, or if the member died less than 120 days after termination, while on official leave of absence, or as a result of a job-related injury.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238.360).

The Oregon Public Service Retirement Plan (OPSRP) applies to qualifying employees hired on or after August 29, 2003.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.50% [1.80%]. Employees are fully vested after completing 600 hours of service in each of five calendar years and are eligible to retire at age 58 [53] with 30 [25] years of service, or at age 65 [60] otherwise.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. The benefit is 45% of the employee's salary during the last full month of employment before the disability occurred.

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

PENSION PLAN (Continued)

Upon the death of a non-retired member, the beneficiary receives a monthly benefit equal to 50% of the retirement benefit that would have been paid to the member.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238A.210).

Contribution Requirements – As a participating employer, the City is required to make monthly contributions to PERS based on actuarially determined percentages of covered payroll. Rates in effect for fiscal year 2021 were 10.35% for Tier One/Tier Two employees, 2.86% for OPSRP general service employees, and 7.49% for OPSRP police/fire employees. The City's total contributions to PERS were \$8,134 for fiscal year ended June 30, 2021.

Contribution requirements are established by Oregon statute and may be amended by an act of the Oregon State Legislature. Employer contribution rates for fiscal year 2021 were based on the December 31, 2017 actuarial valuation using the entry age normal actuarial cost method. It is important to note that the actuarial valuations used for rate setting are based on different methods and assumptions than those used for financial reporting which are described later in this note.

Employee contributions are set by statute at 6% of salary and are remitted by participating employers, who may agree to make employee contributions on the employee's behalf. Prior to January 1, 2004, employee contributions were credited to the defined benefit pension plan. Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan described further at the end of this note.

Pension Assets/Liabilities, Pension Expense, and Pension-Related Deferrals – At June 30, 2021, the City reported a net pension liability of \$401,492 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on a December 31, 2018 actuarial valuation, rolled forward to the measurement date.

The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to PERS relative to the projected contributions of all participating employers, as actuarially determined. The City's proportion was 0.00184% as of the June 30, 2020 measurement date, compared to 0.00098% as of June 30, 2019.

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2018 actuarial valuation was determined using the entry age normal method and the following actuarial assumptions, applied to all periods included in the measurement: inflation rate of 2.50%, projected salary increases of 3.50%, investment rate of return of 7.20%, and mortality rates based on the Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs. These assumptions were based on the results of the December 31, 2018 actuarial experience study.

The long-term expected rate of return on pension plan investments was developed by combining estimated rates of return for each major asset class weighted by target asset allocation percentages and adjusting for inflation.

Target allocations and estimated geometric rates of return for each major asset class are available in the PERS publicly available financial report previously mentioned.

CITY OF AURORA, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2021

PENSION PLAN (Continued)

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following chart shows the sensitivity of the net pension liability (asset) to changes in the discount rate, based on calculations using the discount rates of 6.20%, 7.20%, and 8.20%.

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Proportionate share of the net pension liability	\$ 596,183	\$ 401,492	\$ 238,235

Pension Plan Fiduciary Net Position – Detailed information about PERS’ net position is available in its separately issued financial report.

TRANSFERS (BUDGETARY BASIS)

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 112,000
City Hall Building	105,000	-
Aurora Colony Days	7,000	-
	<u>\$ 112,000</u>	<u>\$ 112,000</u>

Transfers are used to (1) move resources from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move revenues restricted to debt service from the funds collecting the revenues to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF AURORA, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

CONTINGENCIES

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

RISKS OF UNCERTAINTIES

As a result of the recent coronavirus pandemic (COVID-19), numerous sectors of the economy are suffering damage and long-term economic and business consequences of this remain unknown. The extent to which this will impact the District is uncertain.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 10, 2021, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

CITY OF AURORA, OREGON

COMBINING BALANCE SHEET (BUDGETARY BASIS) - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2021

	<i>Special Revenue</i>		<i>Capital Projects</i>			<i>Total</i>
	<i>Aurora Colony Days</i>	<i>Park SDC</i>	<i>Park Reserve</i>	<i>Street / Storm SDC</i>	<i>Street / Storm Reserve</i>	
ASSETS						
Cash and cash equivalents	\$ 12,412	\$ 73,621	\$ 1,247	\$ 95,435	\$ 135,683	\$ 318,398
LIABILITIES AND FUND BALANCE						
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance:						
Restricted for:						
Capital acquisitions	-	73,621	-	-	135,683	209,304
Streets	-	-	-	95,435	-	95,435
Community development	12,412	-	-	-	-	12,412
Committed to:						
Capital acquisitions	-	-	1,247	-	-	1,247
<i>Total Fund Balance</i>	12,412	73,621	1,247	95,435	135,683	318,398
<i>Total Liabilities and Fund Balance</i>	\$ 12,412	\$ 73,621	\$ 1,247	\$ 95,435	\$ 135,683	\$ 318,398

CITY OF AURORA, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - NONMAJOR
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	<i>Special Revenue</i>	<i>Capital Projects</i>				<i>Total</i>
	<i>Aurora Colony Days</i>	<i>Park SDC</i>	<i>Park Reserve</i>	<i>Street / Storm SDC</i>	<i>Street / Storm Reserve</i>	
REVENUES						
Licenses and permits	\$ -	\$ 11,025	\$ -	\$ 11,760	\$ -	\$ 22,785
Charges for services	-	-	-	-	14,298	14,298
Interest earnings	116	545	10	705	983	2,359
<i>Total Revenues</i>	116	11,570	10	12,465	15,281	39,442
EXPENDITURES						
Community development	4,535	-	-	-	-	4,535
REVENUES OVER (UNDER) EXPENDITURES	(4,419)	11,570	10	12,465	15,281	34,907
OTHER FINANCING SOURCES (USES)						
Transfers in	7,000	-	-	-	-	7,000
NET CHANGE IN FUND BALANCE	2,581	11,570	10	12,465	15,281	41,907
FUND BALANCE, beginning of year	9,831	62,051	1,237	82,970	120,402	276,491
FUND BALANCE, end of year	\$ 12,412	\$ 73,621	\$ 1,247	\$ 95,435	\$ 135,683	\$ 318,398

CITY OF AURORA, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(BUDGETARY BASIS) - BUDGET AND ACTUAL - GENERAL FUND****YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 316,536	\$ 316,536	\$ 324,537	\$ 8,001
Fines and forfeitures	23,200	23,200	53,810	30,610
Licenses and permits	120,000	120,000	155,582	35,582
Intergovernmental	60,000	110,000	81,811	(28,189)
Miscellaneous	83,100	83,100	59,917	(23,183)
Interest earnings	8,000	8,000	4,369	(3,631)
<i>Total Revenues</i>	610,836	660,836	680,026	19,190
EXPENDITURES				
Administration	420,629	420,629	199,952	220,677
Community development	195,280	245,280	158,791	86,489
Municipal court	12,100	12,100	203,097	(190,997)
Public facilities	59,900	59,900	39,548	20,352
Parks	88,115	88,115	62,273	25,842
Contingency	349,312	349,312	-	349,312
<i>Total Expenditures</i>	1,125,336	1,175,336	663,661	511,675
REVENUES OVER (UNDER) EXPENDITURES	(514,500)	(514,500)	16,365	530,865
OTHER FINANCING SOURCES (USES)				
Transfers out	(112,000)	(112,000)	(112,000)	-
NET CHANGE IN FUND BALANCE	(626,500)	(626,500)	(95,635)	530,865
FUND BALANCE, beginning of year	626,500	626,500	643,409	16,909
FUND BALANCE, end of year	\$ -	\$ -	\$ 547,774	\$ 547,774

CITY OF AURORA, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) - BUDGET AND ACTUAL - STREET/STORM OPERATING FUND

YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 17,280	\$ 17,280	\$ 18,574	\$ 1,294
Intergovernmental	170,000	170,000	70,865	(99,135)
Miscellaneous	100	100	651	551
Interest earnings	2,500	2,500	1,519	(981)
<i>Total Revenues</i>	189,880	189,880	91,609	(98,271)
EXPENDITURES				
Street/Storm				
Personal services	31,899	31,899	27,490	4,409
Materials and services	74,000	74,000	61,304	12,696
Capital outlay	162,500	162,500	52,500	110,000
Contingency	128,481	128,481	-	128,481
<i>Total Expenditures</i>	396,880	396,880	141,294	255,586
NET CHANGE IN FUND BALANCE	(207,000)	(207,000)	(49,685)	157,315
FUND BALANCE, beginning of year	207,000	207,000	215,803	8,803
FUND BALANCE, end of year	\$ -	\$ -	\$ 166,118	\$ 166,118

CITY OF AURORA, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) - BUDGET AND ACTUAL - CITY HALL BUILDING FUND

YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 4,000	\$ 4,000	\$ 4,242	\$ 242
Miscellaneous	100	100	-	(100)
Interest earnings	300	300	3,048	2,748
<i>Total Revenues</i>	4,400	4,400	7,290	2,890
EXPENDITURES				
Public Facilities				
Capital outlay	394,950	394,950	-	394,950
REVENUES OVER (UNDER) EXPENDITURES	(390,550)	(390,550)	7,290	397,840
OTHER FINANCING SOURCES (USES)				
Transfers in	105,000	105,000	105,000	-
NET CHANGE IN FUND BALANCE	(285,550)	(285,550)	112,290	397,840
FUND BALANCE, beginning of year	285,550	285,550	285,650	100
FUND BALANCE, end of year	\$ -	\$ -	\$ 397,940	\$ 397,940

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - BUDGET AND ACTUAL - AURORA COLONY DAYS FUND
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 2,825	\$ 2,825	\$ -	\$ (2,825)
Miscellaneous	8,175	8,175	-	(8,175)
Interest earnings	125	125	116	(9)
<i>Total Revenues</i>	<u>11,125</u>	<u>11,125</u>	<u>116</u>	<u>(11,009)</u>
EXPENDITURES				
Aurora Colony Days				
Personal services	3,443	3,443	2,805	638
Materials and services	16,700	16,700	1,730	14,970
Contingency	7,782	7,782	-	7,782
<i>Total Expenditures</i>	<u>27,925</u>	<u>27,925</u>	<u>4,535</u>	<u>23,390</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(16,800)</u>	<u>(16,800)</u>	<u>(4,419)</u>	<u>12,381</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,000	7,000	7,000	-
NET CHANGE IN FUND BALANCE	<u>(9,800)</u>	<u>(9,800)</u>	<u>2,581</u>	<u>12,381</u>
FUND BALANCE, beginning of year	<u>9,800</u>	<u>9,800</u>	<u>9,831</u>	<u>31</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,412</u>	<u>\$ 12,412</u>

CITY OF AURORA, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) - BUDGET AND ACTUAL - PARK SDC FUND

YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 22,050	\$ 22,050	\$ 11,025	\$ (11,025)
Interest earnings	800	800	545	(255)
<i>Total Revenues</i>	22,850	22,850	11,570	(11,280)
EXPENDITURES				
Parks				
Capital outlay	84,832	84,832	-	84,832
NET CHANGE IN FUND BALANCE	(61,982)	(61,982)	11,570	73,552
FUND BALANCE, beginning of year	61,982	61,982	62,051	69
FUND BALANCE, end of year	\$ -	\$ -	\$ 73,621	\$ 73,621

CITY OF AURORA, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) - BUDGET AND ACTUAL - PARK RESERVE FUND

YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Interest earnings	\$ 13	\$ 13	\$ 10	\$ (3)
EXPENDITURES				
Parks				
Capital outlay	1,249	1,249	-	1,249
NET CHANGE IN FUND BALANCE	(1,236)	(1,236)	10	1,246
FUND BALANCE, beginning of year	1,236	1,236	1,237	1
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,247	\$ 1,247

CITY OF AURORA, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) - BUDGET AND ACTUAL - STREET/STORM SDC FUND

YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 37,700	\$ 37,700	\$ 11,760	\$ (25,940)
Interest earnings	1,300	1,300	705	(595)
<i>Total Revenues</i>	39,000	39,000	12,465	(26,535)
EXPENDITURES				
Street/Storm Capital outlay	121,874	121,874	-	121,874
NET CHANGE IN FUND BALANCE	(82,874)	(82,874)	12,465	95,339
FUND BALANCE, beginning of year	82,874	82,874	82,970	96
FUND BALANCE, end of year	\$ -	\$ -	\$ 95,435	\$ 95,435

CITY OF AURORA, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - BUDGET AND ACTUAL - STREET/STORM RESERVE FUND
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 14,400	\$ 14,400	\$ 14,298	\$ (102)
Interest earnings	1,200	1,200	983	(217)
<i>Total Revenues</i>	15,600	15,600	15,281	(319)
EXPENDITURES				
Streets/Storm Capital outlay	135,945	135,945	-	135,945
NET CHANGE IN FUND BALANCE	(120,345)	(120,345)	15,281	135,626
FUND BALANCE, beginning of year	120,345	120,345	120,402	57
FUND BALANCE, end of year	\$ -	\$ -	\$ 135,683	\$ 135,683

CITY OF AURORA, OREGON

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - WATER OPERATIONS FUNDS**

YEAR ENDED JUNE 30, 2021

	<u>Water</u>	<u>Water Reserve</u>	<u>Water SDC</u>	<u>Total</u>
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 22,172	\$ 22,172
Charges for services	372,177	-	-	372,177
Miscellaneous	3,575	-	-	3,575
Interest earnings	3,123	776	1,447	5,346
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	378,875	776	23,619	403,270
EXPENDITURES				
Personal services	112,878	-	-	112,878
Materials and services	144,666	-	-	144,666
Debt service				
Principal	14,653	-	-	14,653
Interest	6,239	-	-	6,239
Capital outlay	55,357	72,286	154,700	282,343
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<i>Total Expenditures</i>	333,793	72,286	154,700	560,779
CHANGE IN FUND BALANCE	45,082	(71,510)	(131,081)	(157,509)
FUND BALANCE, beginning of year	406,783	104,327	182,979	694,089
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ 451,865	\$ 32,817	\$ 51,898	\$ 536,580
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CITY OF AURORA, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) - BUDGET AND ACTUAL - WATER OPERATING FUND

YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 382,000	\$ 382,000	\$ 372,177	\$ (9,823)
Miscellaneous	1,875	1,875	3,575	1,700
Interest earnings	4,000	4,000	3,123	(877)
<i>Total Revenues</i>	<u>387,875</u>	<u>387,875</u>	<u>378,875</u>	<u>(9,000)</u>
EXPENDITURES				
Water Operating				
Personal services	137,029	137,029	112,878	24,151
Materials and services	187,475	187,475	144,666	42,809
Capital outlay	80,000	80,000	55,357	24,643
Debt service				
Principal	14,653	14,653	14,653	-
Interest	6,239	6,239	6,239	-
Contingency	163,979	163,979	-	163,979
<i>Total Expenditures</i>	<u>589,375</u>	<u>589,375</u>	<u>333,793</u>	<u>255,582</u>
CHANGE IN FUND BALANCE	(201,500)	(201,500)	45,082	246,582
FUND BALANCE, beginning of year	<u>401,500</u>	<u>401,500</u>	<u>406,783</u>	<u>5,283</u>
FUND BALANCE, end of year	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 451,865</u>	<u>\$ 251,865</u>

CITY OF AURORA, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) - BUDGET AND ACTUAL - WATER RESERVE FUND

YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Interest earnings	\$ 1,200	\$ 1,200	\$ 776	\$ (424)
EXPENDITURES				
Water				
Capital outlay	105,500	105,500	72,286	33,214
CHANGE IN FUND BALANCE	(104,300)	(104,300)	(71,510)	32,790
FUND BALANCE, beginning of year	104,300	104,300	104,327	27
FUND BALANCE, end of year	\$ -	\$ -	\$ 32,817	\$ 32,817

CITY OF AURORA, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) - BUDGET AND ACTUAL - WATER SDC FUND

YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 72,059	\$ 72,059	\$ 22,172	\$ (49,887)
Interest earnings	500	500	1,447	947
<i>Total Revenues</i>	72,559	72,559	23,619	(48,940)
EXPENDITURES				
Water				
Capital outlay	255,446	255,446	154,700	100,746
CHANGE IN FUND BALANCE	(182,887)	(182,887)	(131,081)	51,806
FUND BALANCE, beginning of year	182,887	182,887	182,979	92
FUND BALANCE, end of year	\$ -	\$ -	\$ 51,898	\$ 51,898

CITY OF AURORA, OREGON

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - SEWER OPERATIONS FUNDS
YEAR ENDED JUNE 30, 2021**

	<u>Sewer</u>	<u>Sewer Reserve</u>	<u>Sewer SDC</u>	<u>General Obligation Wastewater Bond</u>	<u>Total</u>
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 363,189	\$ 363,189
Licenses and permits	-	-	8,128	-	8,128
Charges for services	376,470	-	-	-	376,470
Miscellaneous	1,741	-	-	-	1,741
Interest earnings	3,760	267	568	1,362	5,957
<i>Total Revenues</i>	<u>381,971</u>	<u>267</u>	<u>8,696</u>	<u>364,551</u>	<u>755,485</u>
EXPENDITURES					
Personal services	125,936	-	-	-	125,936
Materials and services	178,247	-	-	-	178,247
Debt service					
Principal	-	-	-	310,000	310,000
Interest	-	-	-	57,375	57,375
Capital outlay	5,220	-	-	-	5,220
<i>Total Expenditures</i>	<u>309,403</u>	<u>-</u>	<u>-</u>	<u>367,375</u>	<u>676,778</u>
CHANGE IN FUND BALANCE	72,568	267	8,696	(2,824)	78,707
FUND BALANCE, beginning of year	<u>467,353</u>	<u>34,478</u>	<u>67,885</u>	<u>19,368</u>	<u>589,084</u>
FUND BALANCE, end of year	<u>\$ 539,921</u>	<u>\$ 34,745</u>	<u>\$ 76,581</u>	<u>\$ 16,544</u>	<u>\$ 667,791</u>

CITY OF AURORA, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) - BUDGET AND ACTUAL - SEWER OPERATING FUND

YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 361,000	\$ 361,000	\$ 376,470	\$ 15,470
Miscellaneous	250	250	1,741	1,491
Interest earnings	3,000	3,000	3,760	760
<i>Total Revenues</i>	<u>364,250</u>	<u>364,250</u>	<u>381,971</u>	<u>17,721</u>
EXPENDITURES				
Sewer Operations				
Personal services	152,237	152,237	125,936	26,301
Materials and services	205,750	205,750	178,247	27,503
Capital outlay	240,000	240,000	5,220	234,780
Contingency	229,263	229,263	-	229,263
<i>Total Expenditures</i>	<u>827,250</u>	<u>827,250</u>	<u>309,403</u>	<u>517,847</u>
CHANGE IN FUND BALANCE	(463,000)	(463,000)	72,568	535,568
FUND BALANCE, beginning of year	<u>463,000</u>	<u>463,000</u>	<u>467,353</u>	<u>4,353</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 539,921</u>	<u>\$ 539,921</u>

CITY OF AURORA, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) - BUDGET AND ACTUAL - SEWER RESERVE FUND

YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Interest earnings	\$ 350	\$ 350	\$ 267	\$ (83)
EXPENDITURES				
Sewer				
Capital outlay	34,802	34,802	-	34,802
CHANGE IN FUND BALANCE	(34,452)	(34,452)	267	34,719
FUND BALANCE, beginning of year	34,452	34,452	34,478	26
FUND BALANCE, end of year	\$ -	\$ -	\$ 34,745	\$ 34,745

CITY OF AURORA, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) - BUDGET AND ACTUAL - SEWER SDC FUND

YEAR ENDED JUNE 30, 2021

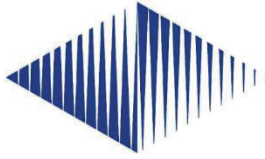
	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 26,416	\$ 26,416	\$ 8,128	\$ (18,288)
Interest earnings	1,100	1,100	568	(532)
<i>Total Revenues</i>	27,516	27,516	8,696	(18,820)
EXPENDITURES				
Sewer				
Capital outlay	95,506	95,506	-	95,506
CHANGE IN FUND BALANCE	(67,990)	(67,990)	8,696	76,686
FUND BALANCE, beginning of year	67,990	67,990	67,885	(105)
FUND BALANCE, end of year	\$ -	\$ -	\$ 76,581	\$ 76,581

CITY OF AURORA, OREGON

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - BUDGET AND ACTUAL - G.O. WASTE WATER BOND FUND
YEAR ENDED JUNE 30, 2021*

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 355,375	\$ 355,375	\$ 363,189	\$ 7,814
Interest earnings	2,000	2,000	1,362	(638)
<i>Total Revenues</i>	<u>357,375</u>	<u>357,375</u>	<u>364,551</u>	<u>7,176</u>
EXPENDITURES				
Debt service				
Principal	310,000	310,000	310,000	-
Interest	57,375	57,375	57,375	-
<i>Total Expenditures</i>	<u>367,375</u>	<u>367,375</u>	<u>367,375</u>	<u>-</u>
CHANGE IN FUND BALANCE	(10,000)	(10,000)	(2,824)	7,176
FUND BALANCE, beginning of year	<u>20,000</u>	<u>20,000</u>	<u>19,368</u>	<u>(632)</u>
FUND BALANCE, end of year	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 16,544</u>	<u>\$ 6,544</u>

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

City of Aurora
21420 Main Street NE
Aurora, Oregon 97002

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Aurora, Oregon as of and for the year ended June 30, 2021, and have issued our report thereon dated November 20, 2021.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

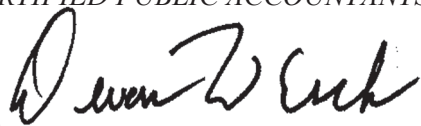
Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Restriction on Use

This report is intended solely for the information and use of the City Council and management of the City of Aurora, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Devan W. Esch, A Shareholder
November 10, 2021