

***CITY OF AURORA, OREGON  
ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2020***

**CITY OF AURORA, OREGON**  
**CITY OFFICIALS**  
**JUNE 30, 2020**

---

<u>Name</u>	<i>MAYOR</i>	<u>Term</u>
Bryan Asher		January 2021

***CITY COUNCIL MEMBERS***

Tara Weidman		January 2023
John Berard		January 2023
Mercedes Rhoden-Feely		January 2021
Tom Heitmanek		January 2021

**CITY ADMINISTRATION**

***City Recorder***

Stuart A. Rodgers

***Finance Officer***

Mary Lambert

***Officials and City Staff can be contacted at:***

21420 Main Street NE  
Aurora, Oregon 97002

**CITY OF AURORA, OREGON**

**TABLE OF CONTENTS**

---

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position (Modified Cash Basis)	8
Statement of Activities (Modified Cash Basis)	9
Fund Financial Statements	
Balance Sheet (Modified Cash Basis) - Governmental Funds	10
Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) - Governmental Funds	11
Statement of Fund Net Position (Modified Cash Basis) - Enterprise Funds	12
Statement of Revenues, Expenditures and Changes in Fund Net Position (Modified Cash Basis) - Enterprise Funds	13
Statement of Cash Flows (Modified Cash Basis) - Enterprise Funds	14
Notes to Basic Financial Statements	15-26
Supplemental Information	
Governmental Funds - Statements and Schedules	
Combining Balance Sheet (Budgetary Basis) - Nonmajor Funds	27
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Budgetary Basis) - Nonmajor Funds	28
Schedules of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis) - Budget and Actual	
General Fund	29
Street/Storm Operating Fund	30
City Hall Building Fund	31
Aurora Colony Days	32
Park SDC Fund	33
Park Reserve Fund	34
Street/Storm SDC Fund	35
Street/Storm Reserve Fund	36
Enterprise Funds - Statements and Schedules	
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Budgetary Basis) - Water Operations Funds	37
Schedules of Revenues, Expenditures and Changes in Fund Balances (Budgetary Basis) - Budget and Actual	
Water Operating Fund	38
Water Reserve Fund	39
Water SDC Fund	40
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Budgetary Basis) - Sewer Operations Funds	41
Schedules of Revenues, Expenditures and Changes in Fund Balances (Budgetary Basis) - Budget and Actual	
Sewer Operating Fund	42
Sewer Reserve Fund	43
Sewer SDC Fund	44
G.O. Waste Water Bond Fund	45
<b>COMPLIANCE SECTION</b>	
Independent Auditor's Report Required by Oregon State Regulations	46-47



# GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

[www.gmscpa.com](http://www.gmscpa.com)

(503) 581-7788 • FAX (503) 581-0152

475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

## ***INDEPENDENT AUDITOR'S REPORT***

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, 2020, 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, 2020, 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.

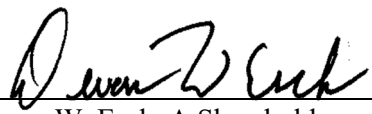
The supplemental information as listed in the table of contents is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures 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 December 21, 2020, 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  
December 21, 2020

CITY OF AURORA, OREGON  
 Management's Discussion and Analysis  
 June 30, 2020

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, 2020.

**Financial Highlights**

	June 30,		change
	2020	2019	
Net position	\$ 2,704,526	\$ 2,367,003	\$ 337,523
Change in net position	337,523	236,740	100,783
Governmental net position	1,421,353	1,312,157	109,196
Proprietary net position	1,283,173	1,054,846	228,327
Change in governmental net position	109,196	112,811	(3,615)
Change in proprietary net position	228,327	123,929	104,398

**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,

	2020			2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,421,353	\$ 1,283,173	\$ 2,704,526	\$ 1,312,157	\$ 1,054,846	\$ 2,367,003
Liabilities	-	-	-	-	-	-
Net Position:						
Restricted	491,057	279,277	770,334	466,566	265,088	\$ 731,654
Unrestricted	930,296	1,003,896	1,934,192	845,591	789,758	\$ 1,635,349
Total Net Position	\$ 1,421,353	\$ 1,283,173	\$ 2,704,526	\$ 1,312,157	\$ 1,054,846	\$ 2,367,003

**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 \$2,704,526 as of June 30, 2020.

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,**

	2020			2019		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
<b>Revenues</b>						
Program revenues						
Charges for service	\$ 142,395	\$ 721,663	\$ 864,058	\$ 118,901	\$ 697,297	\$ 816,198
Operating grants	70,765	-	70,765	71,548	-	\$ 71,548
Capital grants	61,404	18,847	80,251	10,210	15,150	\$ 25,360
General revenues						
Taxes and assessments	312,594	350,674	663,268	306,830	355,358	\$ 662,188
Franchise taxes	71,433	-	71,433	67,026	-	\$ 67,026
Intergovernmental	35,274	-	35,274	34,243	-	\$ 34,243
Miscellaneous	91,634	29,224	120,858	84,337	31,563	\$ 115,900
<i>Total revenues</i>	785,499	1,120,408	1,905,907	693,095	1,099,368	1,792,463
<b>Expenses</b>						
General government	171,836	-	171,836	160,272	-	\$ 160,272
Public safety	198,404	-	198,404	189,010	-	\$ 189,010
Highways and streets	132,829	-	132,829	79,513	-	\$ 79,513
Community development	173,234	-	173,234	151,489	-	\$ 151,489
Water	-	286,032	286,032	-	293,197	\$ 293,197
Sewer	-	606,049	606,049	-	682,242	\$ 682,242
<i>Total expenses</i>	676,303	892,081	1,568,384	580,284	975,439	1,555,723
Change in net position	109,196	228,327	337,523	112,811	123,929	\$ 236,740
Net position, beginning of year	1,312,157	1,054,846	2,367,003	1,199,346	930,917	\$ 2,130,263
Net position, end 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>

**Statement of Activities (modified cash basis).** During the current fiscal year, the City's total net position increased by \$337,523 to \$2,704,526 from \$2,367,003 at the beginning of the year. The key elements of the change in the City's net position for the year ended June 30, 2020 are as follows:

*Governmental activities* - The City's net position increased by \$109,196 from governmental activities. The increase was primarily due to the increase in capital grants and charges for services within the current year.

*Business type activities* - The City's net position increased by \$288,327 from business type activities. Revenues increased by approximately \$20,000 compared to the prior year, and expenses decreased by approximately \$80,000 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, 2020, the City’s governmental funds reported combined ending fund balances of \$1,421,353, an increase of \$109,196 over the prior year.

**Business-type funds.** The business-type funds account for the City’s water and sewer operations. Revenues exceeded expenses by \$228,327 for the year ended June 30, 2020.

### **General Fund Budgetary Highlights**

The governing body made no changes to the General Fund budget for the fiscal year ended June 30, 2020.

### **Significant Fund Transactions**

#### *Major Governmental Funds:*

*General Fund.* The General Funds is the primary operating funds of the City. The fund balance was \$643,409 as of June 30, 2020. The fund balance decreased \$4,430 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 122% of total expenditures.

*Street/Storm Operating Fund.* The Street/Storm Operating Fund accounts for street maintenance and improvements. The fund balance increased by \$27,525. Charges for services and State gas tax revenues exceeded street-related expenditures.

*City Hall Building Fund* – The fund balance increased by \$89,109 due primarily to transfers in of \$80,000 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 increased \$114,238 during the year due to operating income in excess of debt payments and capital acquisition.

*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 \$114,089 during the year due to net operating income of \$109,209. Net nonoperating revenue and expenses were \$816.

### **Debt Administration**

The City had total debt outstanding of \$1,482,958 at the end of the current fiscal year.

During the current fiscal year, the City’s total debt decreased by \$309,226 (21%).

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, 2020.

**City of Aurora  
Outstanding Debt**

	<u>Business-type Activities</u>	
	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 1,275,000	\$ 1,570,000
Loans	207,958	222,184
Total	<u>\$ 1,482,958</u>	<u>\$ 1,792,184</u>

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 2020-21 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, 2020**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,421,353	\$ 1,283,173	\$ 2,704,526
<b>LIABILITIES</b>	-	-	-
<b>NET POSITION</b>			
Restricted for:			
Customer deposits	-	9,045	9,045
Debt service	-	19,368	19,368
Capital acquisitions	182,453	250,864	433,317
Community development	9,831	-	9,831
Streets	298,773	-	298,773
Unrestricted	930,296	1,003,896	1,934,192
<i>Total Net Position</i>	<u>\$ 1,421,353</u>	<u>\$ 1,283,173</u>	<u>\$ 2,704,526</u>

*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, 2020

	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
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental activities:</b>							
General government	\$ 171,836	\$ 12,667	\$ -	\$ 11,500	\$ (147,669)	\$ -	\$ (147,669)
Public safety	198,404	31,835	-	-	(166,569)	-	(166,569)
Highways and streets	132,829	32,871	69,765	47,699	17,506	-	17,506
Community development	173,234	65,022	1,000	2,205	(105,007)	-	(105,007)
<i>Total Governmental activities</i>	676,303	142,395	70,765	61,404	(401,739)	-	(401,739)
<b>Business-type activities:</b>							
Water	286,032	370,580	-	14,783	-	99,331	99,331
Sewer	606,049	351,083	-	4,064	-	(250,902)	(250,902)
<i>Total Business-type activities</i>	892,081	721,663	-	18,847	-	(151,571)	(151,571)
<i>Total Activities</i>	<u>\$ 1,568,384</u>	<u>\$ 864,058</u>	<u>\$ 70,765</u>	<u>\$ 80,251</u>	(401,739)	(151,571)	(553,310)
<b>General Revenues:</b>							
Property taxes					312,594	350,674	663,268
Franchise taxes					71,433	-	71,433
Intergovernmental					35,274	-	35,274
Miscellaneous					91,634	29,224	120,858
<i>Total General Revenues</i>					510,935	379,898	890,833
<b>Change in net position</b>					109,196	228,327	337,523
<b>Net Position - beginning of year</b>					1,312,157	1,054,846	2,367,003
<b>Net Position - end of year</b>					<u>\$ 1,421,353</u>	<u>\$ 1,283,173</u>	<u>\$ 2,704,526</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, 2020**

	<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>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 643,409	\$ 215,803	\$ 285,650	\$ 276,491	\$ 1,421,353
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance</b>					
Restricted for:					
Capital acquisitions	-	-	-	182,453	182,453
Community development	-	-	-	9,831	9,831
Streets	-	215,803	-	82,970	298,773
Committed to:					
Capital acquisitions	-	-	285,650	1,237	286,887
Unassigned	643,409	-	-	-	643,409
<b>Total Fund Balance</b>	<b>643,409</b>	<b>215,803</b>	<b>285,650</b>	<b>276,491</b>	<b>1,421,353</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 643,409</b>	<b>\$ 215,803</b>	<b>\$ 285,650</b>	<b>\$ 276,491</b>	<b>\$ 1,421,353</b>

*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, 2020*

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Street / Storm Operating</u>	<u>City Hall Building</u>	<u>Governmental Funds</u>	
<b>REVENUES</b>					
Taxes and assessments	\$ 312,594	\$ -	\$ -	\$ -	\$ 312,594
Fines and forfeitures	31,835	-	-	-	31,835
Licenses and permits	145,989	-	3,133	11,565	160,687
Charges for services	-	18,589	-	14,282	32,871
Intergovernmental	47,774	111,664	-	1,250	160,688
Miscellaneous	58,048	-	-	5,620	63,668
Interest earnings	13,050	4,130	5,976	-	23,156
<i>Total Revenues</i>	<u>609,290</u>	<u>134,383</u>	<u>9,109</u>	<u>32,717</u>	<u>785,499</u>
<b>EXPENDITURES</b>					
General government	171,836	-	-	-	171,836
Public safety	198,404	-	-	-	198,404
Highways and streets	-	64,879	-	-	64,879
Community development	85,106	-	-	16,755	101,861
Park services	48,173	-	-	-	48,173
Capital outlay	23,201	41,979	-	25,970	91,150
<i>Total Expenditures</i>	<u>526,720</u>	<u>106,858</u>	<u>-</u>	<u>42,725</u>	<u>676,303</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	82,570	27,525	9,109	(10,008)	109,196
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	80,000	7,000	87,000
Transfers out	(87,000)	-	-	-	(87,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(87,000)</u>	<u>-</u>	<u>80,000</u>	<u>7,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,430)	27,525	89,109	(3,008)	109,196
<b>FUND BALANCE, beginning of year</b>	647,839	188,278	196,541	279,499	1,312,157
<b>FUND BALANCE, end of year</b>	<u>\$ 643,409</u>	<u>\$ 215,803</u>	<u>\$ 285,650</u>	<u>\$ 276,491</u>	<u>\$ 1,421,353</u>

*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, 2020**

---

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 694,089	\$ 589,084	\$ 1,283,173
<b>LIABILITIES</b>	-	-	-
<b>FUND NET POSITION</b>			
Restricted for:			
Customer deposits	9,045	-	9,045
Debt service	-	19,368	19,368
Capital acquisitions	182,979	67,885	250,864
Unrestricted	502,065	501,831	1,003,896
<i>Total Fund Net Position</i>	<u>\$ 694,089</u>	<u>\$ 589,084</u>	<u>\$ 1,283,173</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 POSITON****(MODIFIED CASH BASIS) - ENTERPRISE FUNDS****YEAR ENDED JUNE 30, 2020**

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>Total</i>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 370,580	\$ 351,083	\$ 721,663
Miscellaneous	1,576	-	1,576
<i>Total Operating Revenues</i>	372,156	351,083	723,239
<b>OPERATING EXPENSES</b>			
Personal services	104,829	116,961	221,790
Materials and services	119,852	124,913	244,765
<i>Total Operating Expenses</i>	224,681	241,874	466,555
<b>OPERATING INCOME</b>	147,475	109,209	256,684
<b>NONOPERATING REVENUES/EXPENSES</b>			
Taxes and assessments	-	350,674	350,674
Interest revenue	13,331	14,317	27,648
Capital acquisitions	(40,459)	-	(40,459)
Debt payments			
Principal	(14,226)	(295,000)	(309,226)
Interest	(6,666)	(69,175)	(75,841)
<i>Total Nonoperating Revenues/Expenses</i>	(48,020)	816	(47,204)
<b>NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	99,455	110,025	209,480
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	14,783	4,064	18,847
<b>CHANGE IN FUND NET POSITION</b>	114,238	114,089	228,327
<b>FUND NET POSITION, beginning of year</b>	579,851	474,995	1,054,846
<b>FUND NET POSITION, end of year</b>	\$ 694,089	\$ 589,084	\$ 1,283,173

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, 2020**

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>Total</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 372,156	\$ 351,083	\$ 723,239
Cash paid to employees and others for salaries and benefits	(104,829)	(116,961)	(221,790)
Cash paid to suppliers and others	(119,852)	(124,913)	(244,765)
<i>Net Cash Provided by Operating Activities</i>	147,475	109,209	256,684
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Taxes and assessments	-	350,674	350,674
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(40,459)	-	(40,459)
Principal paid on debt	(14,226)	(295,000)	(309,226)
Interest paid on debt	(6,666)	(69,175)	(75,841)
Capital contributions	14,783	4,064	18,847
<i>Net Cash Used for Capital and Related Financing Activities</i>	(46,568)	(360,111)	(406,679)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	13,331	14,317	27,648
<i>Increase in Cash and Cash Equivalents</i>	114,238	114,089	228,327
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	579,851	474,995	1,054,846
<b>CASH AND CASH EQUIVALENTS, End of year</b>	\$ 694,089	\$ 589,084	\$ 1,283,173
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 147,475	\$ 109,209	\$ 256,684

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, 2020

---

**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, 2020

---

**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, 2020

---

**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, 2020

---

**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.

**CITY OF AURORA, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

---

**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, 2020:

**Cash**

Cash on hand	\$	400
Deposits with financial institutions		62,944

**Investments**

Local Government Investment Pool		2,641,182
----------------------------------	--	-----------

---

\$ 2,704,526

---

*Deposits*

The City's deposits with various financial institutions had a book value of \$62,944 and a bank balance of \$110,569 as of June 30, 2020. 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, 2020

---

**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, 2020, 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, 2020, 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, 2020

**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:

	<u>Outstanding July 1, 2019</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2020</u>	<u>Due Within One Year</u>
<i>Business-type activities</i>					
2009 General Obligation Bonds	\$ 1,570,000	\$ -	\$ (295,000)	\$ 1,275,000	\$ 310,000
Safe Drinking Water Loan	222,184	-	(14,226)	207,958	14,653
	<u>\$ 1,792,184</u>	<u>\$ -</u>	<u>\$ (309,226)</u>	<u>\$ 1,482,958</u>	<u>\$ 324,653</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:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 324,653	\$ 63,614	\$ 388,267
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
2026-2030	90,186	14,273	104,459
2031-2032	39,976	1,806	41,782
	<u>\$ 1,482,958</u>	<u>\$ 184,267</u>	<u>\$ 1,667,225</u>

## **CITY OF AURORA, OREGON**

*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*

*YEAR ENDED JUNE 30, 2020*

---

### **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, 2020

---

**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 2020 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 \$5,617 for fiscal year ended June 30, 2020.

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 2020 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, 2020, the City reported a net pension liability of \$168,660 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on a December 31, 2016 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 0.00097505% as of the June 30, 2019 measurement date, compared to 0.001691% as of June 30, 2018.

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2017 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 RP-2014 sex-distinct mortality tables, with generational adjustments per scale BB. These assumptions were based on the results of an actuarial experience study for the four-year period ending December 31, 2016.

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, 2020

**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%.

	<b>1% Decrease (6.20%)</b>	<b>Discount Rate (7.20%)</b>	<b>1% Increase (8.20%)</b>
Proportionate share of the net pension liability	\$ 270,095	\$ 168,660	\$ 83,774

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

Defined Contribution Plan – PERS-eligible employees are statutorily required to contribute 6% of their annual covered salary to the OPSRP Individual Account Program (IAP), a defined contribution pension plan. Benefits terms, including contribution requirements, are established by the Oregon Legislature. The City has opted to not pick-up the contributions on behalf of employees. PERS contracts with VOYA Financial to administer the IAP.

**TRANSFERS (BUDGETARY BASIS)**

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General	\$ -	\$ 87,000
City Hall Building	80,000	-
Aurora Colony Days	7,000	-
Sewer	-	20,000
Sewer Reserve	20,000	-
	<b>\$ 107,000</b>	<b>\$ 107,000</b>

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, 2020*

---

**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.

**SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 21, 2020, the date on which the financial statements were available to be issued. 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.

***SUPPLEMENTAL INFORMATION***

**CITY OF AURORA, OREGON**

**COMBINING BALANCE SHEET (BUDGETARY BASIS) - NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2020**

	<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>	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 9,831	\$ 62,051	\$ 1,237	\$ 82,970	\$ 120,402	\$ 276,491
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance:</b>						
Restricted for:						
Capital acquisitions	-	62,051	-	-	120,402	182,453
Streets	-	-	-	82,970	-	82,970
Community development	9,831	-	-	-	-	9,831
Committed to:						
Capital acquisitions	-	-	1,237	-	-	1,237
<i>Total Fund Balance</i>	9,831	62,051	1,237	82,970	120,402	276,491
<i>Total Liabilities and Fund Balance</i>	\$ 9,831	\$ 62,051	\$ 1,237	\$ 82,970	\$ 120,402	\$ 276,491



**CITY OF AURORA, OREGON**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - NONMAJOR

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2020

	<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>	
<b>REVENUES</b>						
Licenses and permits	\$ 3,560	\$ 2,205	\$ -	\$ 5,800	\$ -	\$ 11,565
Charges for services	-	-	-	-	14,282	14,282
Miscellaneous	1,250	-	-	-	-	1,250
Interest earnings	263	1,269	26	1,696	2,366	5,620
<i>Total Revenues</i>	5,073	3,474	26	7,496	16,648	32,717
<b>EXPENDITURES</b>						
Community development	16,755	-	-	-	-	16,755
Capital acquisitions	-	-	-	-	25,970	25,970
<i>Total Expenditures</i>	16,755	-	-	-	25,970	42,725
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(11,682)	3,474	26	7,496	(9,322)	(10,008)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	7,000	-	-	-	-	7,000
<b>NET CHANGE IN FUND BALANCE</b>	(4,682)	3,474	26	7,496	(9,322)	(3,008)
<b>FUND BALANCE, beginning of year</b>	14,513	58,577	1,211	75,474	129,724	279,499
<b>FUND BALANCE, end of year</b>	\$ 9,831	\$ 62,051	\$ 1,237	\$ 82,970	\$ 120,402	\$ 276,491

**CITY OF AURORA, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**(BUDGETARY BASIS) - BUDGET AND ACTUAL - GENERAL FUND**

**YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 304,034	\$ 304,034	\$ 312,594	\$ 8,560
Fines and forfeitures	20,500	20,500	31,835	11,335
Licenses and permits	121,000	121,000	145,989	24,989
Intergovernmental	70,000	70,000	47,774	(22,226)
Miscellaneous	72,700	72,700	58,048	(14,652)
Interest earnings	12,000	12,000	13,050	1,050
<i>Total Revenues</i>	600,234	600,234	609,290	9,056
<b>EXPENDITURES</b>				
Administration	397,898	397,898	171,836	226,062
Community development	198,800	198,800	85,106	113,694
Municipal court	10,500	10,500	198,404	(187,904)
Public facilities	29,350	29,350	23,201	6,149
Park services	86,896	86,896	48,173	38,723
Contingency	398,790	398,790	-	398,790
<i>Total Expenditures</i>	1,122,234	1,122,234	526,720	595,514
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(522,000)	(522,000)	82,570	604,570
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(87,000)	(87,000)	(87,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	(609,000)	(609,000)	(4,430)	604,570
<b>FUND BALANCE, beginning of year</b>	609,000	609,000	647,839	38,839
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 643,409	\$ 643,409

**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, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 17,172	\$ 17,172	\$ 18,589	\$ 1,417
Intergovernmental	173,000	173,000	111,664	(61,336)
Miscellaneous	100	100	-	(100)
Interest earnings	4,000	4,000	4,130	130
<i>Total Revenues</i>	194,272	194,272	134,383	(59,889)
<b>EXPENDITURES</b>				
Street/Storm				
Personal services	28,841	28,841	24,634	4,207
Materials and services	69,500	69,500	40,245	29,255
Capital outlay	133,000	133,000	41,979	91,021
Contingency	151,931	151,931	-	151,931
<i>Total Expenditures</i>	383,272	383,272	106,858	276,414
<b>NET CHANGE IN FUND BALANCE</b>	(189,000)	(189,000)	27,525	216,525
<b>FUND BALANCE, beginning of year</b>	189,000	189,000	188,278	(722)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 215,803	\$ 215,803

**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, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 4,000	\$ 4,000	\$ 3,133	\$ (867)
Miscellaneous	100	100	-	(100)
Interest earnings	4,500	4,500	5,976	1,476
<i>Total Revenues</i>	8,600	8,600	9,109	509
<b>EXPENDITURES</b>				
Public Facilities				
Capital outlay	285,600	285,600	-	285,600
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(277,000)	(277,000)	9,109	286,109
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	80,000	80,000	80,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(197,000)	(197,000)	89,109	286,109
<b>FUND BALANCE, beginning of year</b>	197,000	197,000	196,541	(459)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 285,650	\$ 285,650

**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, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 2,575	\$ 2,575	\$ 3,560	\$ 985
Miscellaneous	11,575	11,575	1,250	(10,325)
Interest earnings	200	200	263	63
<i>Total Revenues</i>	14,350	14,350	5,073	(9,277)
<b>EXPENDITURES</b>				
Aurora Colony Days				
Personal services	2,934	2,934	2,343	591
Materials and services	17,300	17,300	14,412	2,888
Contingency	12,616	12,616	-	12,616
<i>Total Expenditures</i>	32,850	32,850	16,755	16,095
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(18,500)	(18,500)	(11,682)	6,818
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	7,000	7,000	7,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(11,500)	(11,500)	(4,682)	6,818
<b>FUND BALANCE, beginning of year</b>	11,500	11,500	14,513	3,013
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 9,831	\$ 9,831

**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, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 8,820	\$ 8,820	\$ 2,205	\$ (6,615)
Interest earnings	1,200	1,200	1,269	69
<i>Total Revenues</i>	10,020	10,020	3,474	(6,546)
<b>EXPENDITURES</b>				
Parks				
Capital outlay	66,288	66,288	-	66,288
<b>NET CHANGE IN FUND BALANCE</b>	(56,268)	(56,268)	3,474	59,742
<b>FUND BALANCE, beginning of year</b>	56,268	56,268	58,577	2,309
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 62,051	\$ 62,051

**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, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Interest earnings	\$ 25	\$ 25	\$ 26	\$ 1
<b>EXPENDITURES</b>				
Parks				
Capital outlay	1,235	1,235	-	1,235
<b>NET CHANGE IN FUND BALANCE</b>	(1,210)	(1,210)	26	1,236
<b>FUND BALANCE, beginning of year</b>	1,210	1,210	1,211	1
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 1,237	\$ 1,237

**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, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 11,600	\$ 11,600	\$ 5,800	\$ (5,800)
Interest earnings	1,600	1,600	1,696	96
<i>Total Revenues</i>	13,200	13,200	7,496	(5,704)
<b>EXPENDITURES</b>				
Street/Storm Capital outlay	88,503	88,503	-	88,503
<b>NET CHANGE IN FUND BALANCE</b>	(75,303)	(75,303)	7,496	82,799
<b>FUND BALANCE, beginning of year</b>	75,303	75,303	75,474	171
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 82,970	\$ 82,970



**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, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 14,310	\$ 14,310	\$ 14,282	\$ (28)
Interest earnings	2,500	2,500	2,366	(134)
<i>Total Revenues</i>	16,810	16,810	16,648	(162)
<b>EXPENDITURES</b>				
Streets/Storm				
Capital outlay	146,410	146,410	25,970	120,440
<b>NET CHANGE IN FUND BALANCE</b>	(129,600)	(129,600)	(9,322)	120,278
<b>FUND BALANCE, beginning of year</b>	129,600	129,600	129,724	124
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 120,402	\$ 120,402

**CITY OF AURORA, OREGON**

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

**YEAR ENDED JUNE 30, 2020**

	<u>Water</u>	<u>Water Reserve</u>	<u>Water SDC</u>	<u>Total</u>
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ 14,783	\$ 14,783
Charges for services	370,580	-	-	370,580
Miscellaneous	1,576	-	-	1,576
Interest earnings	7,442	2,197	3,692	13,331
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	379,598	2,197	18,475	400,270
<b>EXPENDITURES</b>				
Personal services	104,829	-	-	104,829
Materials and services	119,852	-	-	119,852
Debt service				
Principal	14,226	-	-	14,226
Interest	6,666	-	-	6,666
Capital outlay	40,459	-	-	40,459
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	286,032	-	-	286,032
<b>CHANGE IN FUND BALANCE</b>	93,566	2,197	18,475	114,238
<b>FUND BALANCE, beginning of year</b>	313,217	102,130	164,504	579,851
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, end of year</b>	\$ 406,783	\$ 104,327	\$ 182,979	\$ 694,089
	<hr/>	<hr/>	<hr/>	<hr/>

**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, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 377,496	\$ 377,496	\$ 370,580	\$ (6,916)
Miscellaneous	1,665	1,665	1,576	(89)
Interest earnings	6,500	6,500	7,442	942
<i>Total Revenues</i>	<u>385,661</u>	<u>385,661</u>	<u>379,598</u>	<u>(6,063)</u>
<b>EXPENDITURES</b>				
Water Operating				
Personal services	122,499	122,499	104,829	17,670
Materials and services	192,250	192,250	119,852	72,398
Capital outlay	55,000	55,000	40,459	14,541
Debt service				
Principal	14,226	14,226	14,226	-
Interest	6,666	6,666	6,666	-
Contingency	195,020	195,020	-	195,020
<i>Total Expenditures</i>	<u>585,661</u>	<u>585,661</u>	<u>286,032</u>	<u>299,629</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(200,000)</u>	<u>(200,000)</u>	<u>93,566</u>	<u>293,566</u>
<b>FUND BALANCE, beginning of year</b>	<u>300,000</u>	<u>300,000</u>	<u>313,217</u>	<u>13,217</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 406,783</u>	<u>\$ 306,783</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, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Interest earnings	\$ 2,200	\$ 2,200	\$ 2,197	\$ (3)
<b>EXPENDITURES</b>				
Water				
Capital outlay	104,200	104,200	-	104,200
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(102,000)	(102,000)	2,197	104,197
<b>FUND BALANCE, beginning of year</b>	102,000	102,000	102,130	130
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 104,327	\$ 104,327

**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, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 22,172	\$ 22,172	\$ 14,783	\$ (7,389)
Interest earnings	3,600	3,600	3,692	92
<i>Total Revenues</i>	25,772	25,772	18,475	(7,297)
<b>EXPENDITURES</b>				
Water				
Capital outlay	190,014	190,014	-	190,014
<b>CHANGE IN FUND BALANCE</b>	(164,242)	(164,242)	18,475	182,717
<b>FUND BALANCE, beginning of year</b>	164,242	164,242	164,504	262
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 182,979	\$ 182,979

**CITY OF AURORA, OREGON**

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

**YEAR ENDED JUNE 30, 2020**

	<i>Sewer</i>	<i>Sewer Reserve</i>	<i>Sewer SDC</i>	<i>General Obligation Wastewater Bond</i>	<i>Eliminations</i>	<i>Total</i>
<b>REVENUES</b>						
Taxes and assessments	\$ -	\$ -	\$ -	\$ 350,674	\$ -	\$ 350,674
Licenses and permits	-	-	4,064	-	-	4,064
Charges for services	351,083	-	-	-	-	351,083
Interest earnings	8,034	727	1,395	4,161	-	14,317
<i>Total Revenues</i>	359,117	727	5,459	354,835	-	720,138
<b>EXPENDITURES</b>						
Personal services	116,961	-	-	-	-	116,961
Materials and services	124,913	-	-	-	-	124,913
Debt service						
Principal	-	-	-	295,000	-	295,000
Interest	-	-	-	69,175	-	69,175
<i>Total Expenditures</i>	241,874	-	-	364,175	-	606,049
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	117,243	727	5,459	(9,340)	-	114,089
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	20,000	-	-	(20,000)	-
Transfers out	(20,000)	-	-	-	20,000	-
<i>Total Other Financing Sources (Uses)</i>	(20,000)	20,000	-	-	-	-
<b>CHANGE IN FUND BALANCE</b>	97,243	20,727	5,459	(9,340)	-	114,089
<b>FUND BALANCE, beginning of year</b>	370,110	13,751	62,426	28,708	-	474,995
<b>FUND BALANCE, end of year</b>	\$ 467,353	\$ 34,478	\$ 67,885	\$ 19,368	\$ -	\$ 589,084

**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, 2020

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 349,000	\$ 349,000	\$ 351,083	\$ 2,083
Miscellaneous	500	500	-	(500)
Interest earnings	8,000	8,000	8,034	34
<i>Total Revenues</i>	357,500	357,500	359,117	1,617
<b>EXPENDITURES</b>				
Sewer Operations				
Personal services	135,479	135,479	116,961	18,518
Materials and services	211,400	211,400	124,913	86,487
Capital outlay	41,500	41,500	-	41,500
Contingency	199,121	199,121	-	199,121
<i>Total Expenditures</i>	587,500	587,500	241,874	345,626
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(230,000)	(230,000)	117,243	347,243
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(20,000)	(20,000)	(20,000)	-
<b>CHANGE IN FUND BALANCE</b>	(250,000)	(250,000)	97,243	347,243
<b>FUND BALANCE, beginning of year</b>	350,000	350,000	370,110	20,110
<b>FUND BALANCE, end of year</b>	\$ 100,000	\$ 100,000	\$ 467,353	\$ 367,353

**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, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Interest earnings	\$ 10	\$ 10	\$ 727	\$ 717
<b>EXPENDITURES</b>				
Sewer				
Capital outlay	22,010	22,010	-	22,010
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(22,000)	(22,000)	727	22,727
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	20,000	20,000	20,000	-
<b>CHANGE IN FUND BALANCE</b>	(2,000)	(2,000)	20,727	22,727
<b>FUND BALANCE, beginning of year</b>	2,000	2,000	13,751	11,751
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 34,478	\$ 34,478



**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, 2020**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Licenses and permits	\$ 8,128	\$ 8,128	\$ 4,064	\$ (4,064)
Interest earnings	1,500	1,500	1,395	(105)
<i>Total Revenues</i>	9,628	9,628	5,459	(4,169)
<b>EXPENDITURES</b>				
Sewer				
Capital outlay	71,998	71,998	-	71,998
<b>CHANGE IN FUND BALANCE</b>	(62,370)	(62,370)	5,459	67,829
<b>FUND BALANCE, beginning of year</b>	62,370	62,370	62,426	56
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 67,885	\$ 67,885

**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, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 344,675	\$ 344,675	\$ 350,674	\$ 5,999
Interest earnings	3,500	3,500	4,161	661
<i>Total Revenues</i>	348,175	348,175	354,835	6,660
<b>EXPENDITURES</b>				
Debt service				
Principal	295,000	295,000	295,000	-
Interest	69,175	69,175	69,175	-
<i>Total Expenditures</i>	364,175	364,175	364,175	-
<b>CHANGE IN FUND BALANCE</b>	(16,000)	(16,000)	(9,340)	6,660
<b>FUND BALANCE, beginning of year</b>	26,000	26,000	28,708	2,708
<b>FUND BALANCE, end of year</b>	\$ 10,000	\$ 10,000	\$ 19,368	\$ 9,368

***COMPLIANCE SECTION***



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

[www.gmscpa.com](http://www.gmscpa.com)

(503) 581-7788 • FAX (503) 581-0152

475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

### ***INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS***

Honorable Mayor and Council Members  
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, 2020, and have issued our report thereon dated December 21, 2020.

#### ***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.

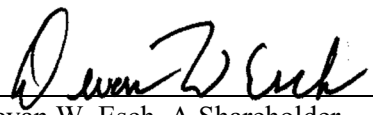
***Internal Control Over Financial Reporting***

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  
December 21, 2020